

SICK PAY DEFERRAL PLAN NOTIFICATION

On December 31, 1999, the Suwannee County School Board approved a Sick Leave Pay Deferral Plan and Social Security Alternative Plan with regard to lump sum payment for sick or annual leave and retirement bonuses. This plan allows both the employee and the district to permanently save the social security and medicare tax on these dollars. This treatment will also affect DROP participants who receive a percentage of their sick leave on their DROP anniversary date.

The amount paid for such leave or bonus will be deducted from your paycheck and deposited in a Special Pay Deferral Plan administered by Bencor Administrative Services. The federal withholding tax will be deferred, and under current IRS provisions, you will not have to pay social security or medicare tax on these dollars. Additionally, the amount which will be directed to the Special Pay Deferral Plan may be impacted by any contribution made by you to a tax deferred 403b or 457 plan.

This treatment of payout for leave subject to the Plan will apply if you retire, are participating in DROP, or resign and request payment for leave.

Only those employees who have any amount greater than \$1,000 will be placed in the Plan. For total amounts due of \$1,000 or less, the funds will be paid directly to the employee with all applicable taxes deducted.

In the event you have questions, please contact Karen Bates at 386-647-4612.