FOSTER & WOOD™

Retirement Plan Advisors

Santé Operations LLC 401(k)
Profit Sharing Plan and Trust
Summary Guide
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Foster Wealth, Inc. is a Registered Investment Advisor

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Welcome to the Santé Operations 401(k) Plan

Congratulations on taking your first steps towards a secure life when you retire. This guide includes all the materials you need to get started. We recognize that investing for your retirement can sometimes be confusing. Likely the most important thing to know is that our plan has appointed Foster & Wood as our advisors. Foster & Wood bring 30 years of combined experience in managing retirement plans. Because they do not allow commissions or any other conflicts of interest in the plans they manage you can confidently ask them questions or seek their advice without worrying about "what's in it for them."

In this guide you will also find an enrollment form, a beneficiary form, fee disclosures and other information, including the plan's new website, to help you along the way.

Please feel free to contact Tim Wood or David Foster with any questions about investment strategy, filling out the forms, etc.

- Tim Wood | 971-266-3134 | tim@fosterandwood.com
- David Foster | 971-266-0704 | david@fosterandwood.com

Welcome to our retirement plan and congratulations on taking this additional step in your career with us.

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Plan Highlights – Basic Rules

- Contribution Maximums
  - Maximum 2020 contribution is $19,500, not to exceed 95% of pay
  - A catch-up contribution of $6,500 is available to those over 50 years old
- Eligibility
  - Age 18 over
  - 2 months of service for salary deferrals. 1 year of service for profit sharing.
  - Plan entry is the 1st day of the calendar quarter after service requirement is met
- Rollovers of previous 401k plan balances are allowed at ***any time***
  - Don't need to wait for eligibility listed above
  - Call Foster & Wood for assistance with your forms
- Loans are available.
  - Minimum loan balance is $1,000
  - Maximum loan balance is $50,000
  - Can't exceed 50% of your vested balance
- In service distributions are available to employees who are at least 59 ½

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Plan Highlights - Investments

- All mutual funds are low cost, no commission funds
  - reviewed by your plan's trustees every three months to ensure that the investment options continue to have great long-term performance.

- Five risk based model portfolios are available, or can choose your own mix of funds.

- Our plan's advisory firm, Foster & Wood, serves our plan as a fiduciary
  - Available to you to answer any questions you may have
  - Help you decide on a long term investment strategy best for you and your circumstances
  - Help you with any other investing or retirement readiness question you may have

- Contact information:
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  - David Foster | 971-266-0704 | david@fosterandwood.com

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Plan Highlights – Automatic Enrollment

- **Automatic Enrollment** – Once you are eligible, if you do nothing, you will be automatically enrolled at 1% of your pay (pre-tax) and your savings will be invested for you in the Qualified Default Investment Alternative.

- **Automatic Escalation** – Every year your contribution increases by 1% of your pay on January 1 up to 6% of your pay at which points the escalation stops.
  - It is your right to request not to be enrolled if you prefer and you have 60 days after a contribution has been made to request a distribution. **AFTER THIS PERIOD, ANY INVESTED FUNDS MUST REMAIN IN THE PLAN UNTIL RETIREMENT OR YOU CHANGE EMPLOYERS UNDER FEDERAL LAW.**

Plan Highlights – Roth 401(k)

- Traditional 401(k)
  - Tax deduction when you contribute
  - Reduces the tax you pay every pay period
  - In the future, withdrawals are taxed as income

- Roth 401(k)
  - No tax deduction when you contribute
  - Money comes out tax free

- Company contributions are never Roth. Matching and Profit Sharing are always counted as Traditional, even if your contributions are Roth contributions.

- You can make traditional contributions, Roth contributions, or a mixture of both, subject to the maximums.

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Roth vs. Traditional IRA / 401(k)

Example: Your tax rate now vs. later is the most important consideration
If your tax rate now vs. later is the same, the options are similar

25% Tax at Contribution **25% Tax at Withdrawal**

Traditional IRA / 401(k) Grows 10x over many years Money to spend after taxes

$4,000 → $40,000 → $30,000

$10,000 to taxes

Roth IRA / 401(k)

$4,000 → $30,000 → $30,000

0% Tax on Roth IRA / Roth 401(k)

$1,000 to taxes

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How Can Auto Features Work For Me?

	Gross Pay	401k Contribution	Taxable Income	State & Federal Taxes	Net Pay	Savings @ 5 Years	Savings @ 10 Years	Savings @ 25 Years
Wage of 10.50 Per Hour	$840.00	$ -	$ 840.00	$ 108.19	$731.81	$ -	$ -	$ -
Wage of 10.50 Per Hour	$840.00	$ 8.40	$ 831.60	$ 107.11	$724.49	$1,310.59	$ 3,168.52	$ 14,829.31
Difference In Take Home Pay					$ 7.32			
Contribution @ 5%	$840.00	$ 42.00	$ 798.00	$ 102.78	$695.22	$6,552.00	$ 15,842.00	$ 74,146.00
Contribution @ 7%	$840.00	$ 58.80	$ 781.20	$ 100.62	$680.58	$9,169.00	$ 22,168.00	$103,750.00

Illustration assumes 7% annualized, 2.88% Arizona State Income Tax, and 10% Federal Income Tax

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Can I Save Even More On Taxes?

Tax Savers Credit for Qualified Plan Contributions

Requires Form 1040A and Form 8880

Figures are Modified Adjusted Gross Income for 2015 Income

	Married Filing Jointly	Head of Household	Single
Up To $18,250	50%	50%	50%
$18,250 to $19,750	50%	50%	20%
$19,759 to $27,375	50%	50%	10%
$27,325 to $29,625	50%	20%	10%
$29,625 to $30,500	50%	10%	
$30,500 to $36,500	50%	10%	
$36,500 to $39,500	20%	10%	
$39,500 to $45,750	10%	10%	
$45,750 to $61,000	10%		

What is a QDIA?

- A Qualified Default Investment Alternative (QDIA) is the default fund for the plan and is only used when an employee does not make an affirmative investment selection. If you end up in the QDIA, you can change it any time.

- The QDIA for the Santé Operations 401(k) Plan is the Vanguard Balanced Index Fund.
  - More information can be found Yahoo! Finance or your plan's website.
  - A QDIA notice will be sent to each of you following this presentation.

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Plan Website – Login Set Up

- Sante401k.fosterandwood.com
- Select Participant Login – links to benefits.paychex.com where you can access retirement benefits.
- Register for New Account
  - Retirement Services
  - Enroll Now

- Select Login / Participant Login

  - Username: Social Security Number without dashes
  - Password: Birthday DDMMYYYY

  - You will then be prompted to set up your account with a unique username and password, security questions and contact information.

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Call or Email Anytime!

- Update your retirement plan
- Help with your contribution level or traditional vs. Roth contributions
- Help picking your investment portfolio
- General investment questions
- Contact information:
  - Tim Wood | 971-266-3134 | tim@fosterandwood.com
  - David Foster | 971-266-0704 | david@fosterandwood.com
  - Link to Foster & Wood at http://sante401k.fosterandwood.com