

# FOSTER & WOOD

investment fiduciaries



**Santé Operations LLC 401(k)  
Profit Sharing Plan and Trust  
Summary Guide  
01/01/2021**

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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 over 35 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](mailto:tim@fosterandwood.com)
- David Foster | 971-266-0704 | [david@fosterandwood.com](mailto:david@fosterandwood.com)

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

## 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 1<sup>st</sup> 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**

## Plan Highlights – Portability

- 401(k) balances are portable with you throughout your career.
- **You don't lose your account balance if you leave.**
- You keep 100% of your contributions, plus or minus investment gain or loss.
- **If you spend the money before age 59 ½, you pay a 10% penalty, plus income tax.**
- You can move it to a retirement plan at a new company, or open your own Individual Retirement Account (also called an "IRA").
- **No penalty to move the money as long as it stays in retirement accounts.**

## 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.

### Three Ways to Invest in the Plan

- **Five risk-based model portfolios are available.**
- **A world class of suite of age-based Target Date Funds from Vanguard are available.**
- **Choose your own mix of the asset class mutual funds available.**
- **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.

## 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.**

# Roth 401(k) and/or Traditional 401k

- **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
  - **“Seasoning Requirement” Account must be established for 5 years prior to distribution without penalty.**
- **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.**

## 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
<b>Wage of 10.50 Per Hour</b>	\$840.00	\$ -	\$ 840.00	\$ 108.19	\$731.81	\$ -	\$ -	\$ -
<b>Wage of 10.50 Per Hour</b>	\$840.00	\$ 8.40	\$ 831.60	\$ 107.11	\$724.49	\$1,310.59	\$ 3,168.52	\$ 14,829.31
<b>Difference In Take Home Pay</b>					\$ 7.32			
<b>Contribution @ 5%</b>	\$840.00	\$ 42.00	\$ 798.00	\$ 102.78	\$695.22	\$6,552.00	\$ 15,842.00	\$ 74,146.00
<b>Contribution @ 7%</b>	\$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



# It is Tax Season – Beware of “Free Offers”

## 2021 Adjusted Gross Income

Credit Rate	Married Filing Jointly	Head of Household	All Other Filers*
50% of your contribution	AGI not more than \$39,500	AGI not more than \$29,625	AGI not more than \$19,750
20% of your contribution	\$39,501 - \$43,000	\$29,626 - \$32,250	\$19,751 - \$21,500
10% of your contribution	\$43,001 - \$66,000	\$32,251 - \$49,500	\$21,501 - \$33,000
0% of your contribution	more than \$66,000	more than \$49,500	more than \$33,000

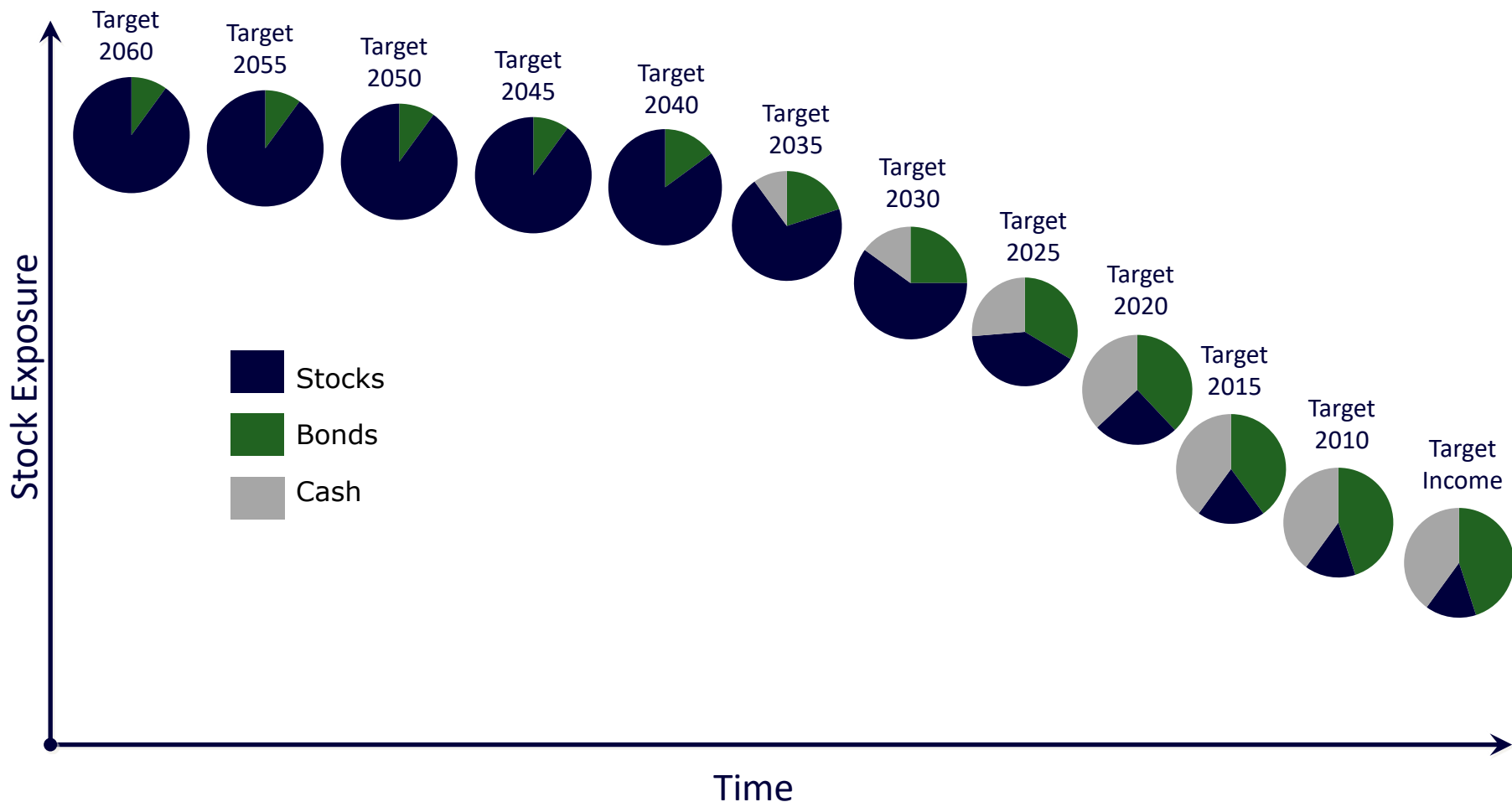
\*Single, married filing separately, or qualifying widow(er)

To receive the credit, taxpayers must file form 8880 with their tax return. Most federal free filing offers will file the additional schedule.

## 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.

# Target Date Funds



Target date funds become more conservative as you age by reducing your exposure to stock market investments.

## 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

Welcome to Paychex Employee Services!

User Name:

Password:

[Where do I enter my SSN?](#)  
[Forgot username, password or image?](#)


New User?

[Register for a new account.](#)

Takes you to “Create My Account”

### Create My Account

Please provide the following information to create your Paychex Employee Services account. All fields with an asterisk (\*) are required.

Please click on the question mark  for more information on the required field.

## 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](mailto:tim@fosterandwood.com)
  - David Foster | 971-266-0704 | [david@fosterandwood.com](mailto:david@fosterandwood.com)
  - Link to Foster & Wood at <http://sante401k.fosterandwood.com>