



BUNTING BEARINGS LLC

Certified to ISO 9001
1001 Holland Park Boulevard
Holland, Ohio 43528
Phone 419-866-7000 Fax 419-866-0653
Visit us at: www.buntingbearings.com

PRE-TAX PREMIUM PLAN

Dear Employee:

We are pleased to provide you with an innovative employee benefit which increases your take-home pay. It's called the Pre-Tax Premium Plan.

You have the opportunity to pay for a portion of your benefit costs with pre-tax dollars instead of after-tax dollars.

What does this mean to you? It means your take-home pay will increase since your premium payments are subtracted from your gross pay before federal, state, and local withholding and FICA taxes are applied. Therefore, your salary dollars will stretch further for you than if you paid for your premiums with after-tax dollars.

There are a few additional points you'll need to know about the Pre-Tax Premium Plan:

- **Social Security Taxes:** The old age, survivor and disability insurance portion is reduced on salary amounts up to and including \$53,400 (wage base for 1991) and Medicare portion is reduced on salary amounts up to and including \$125,000 (wage base for 1991);
- Your annual tax withholding (W-2) statements will reflect your reduced taxable income;
- Participation in the plan does NOT affect your current group insurance benefits;
- GROSS annual earnings will be used to determine benefit levels and future salary considerations;
- Premium costs you pay through the Plan are treated as employer premium contributions according to tax regulations.

Due to the favorable tax advantages, we expect all employees with benefit cost contributions to participate in the Plan. However, participation is voluntary. We feel this is a valuable innovation in our benefit program. We are committed to look for opportunities which will help you get the most out of your benefit dollars.