

State of Florida



# Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD  
TALLAHASSEE, FLORIDA 32399-0850

**-M-E-M-O-R-A-N-D-U-M-**

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**DATE:** March 4, 2024

**TO:** Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

**FROM:** Christopher R. Richards, Public Utility Analyst III, Division of Accounting & Finance *CR*

**RE:** Docket No. 20230071-WU – Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC.

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Please place the attached Salary Compensation Study and Employer Sample IRA Plan, in the above referenced docket. These documents are originally taken from Document No. 08830-2022, in Docket No. 20220026-WU.

Attachments.

**ATTACHEMENT A**

**SALARY COMPENSATION STUDY**

MEMBERS:  
JEFFERY SMALL  
JASON SMITH



9525 GRAYSTOKE LANE  
ORLANDO, FLORIDA 32817  
(407) 377-5400

## *OCBOA Consulting, LLC*

September 20, 2022

Michael Smallridge  
Florida Utility Services 1, LLC  
5911 Trouble Creek Rd.  
New Port Richey, FL 34652

OCBOA Consulting, LLC (OCBOA) is pleased to provide the following summary with recommendations on Florida Utility Services 1, LLC (FUS1) current salary compensation levels.

### **Summary of Proposal and Methodology:**

OCBOA conducted a comprehensive compensation study for the employees currently working for FUS1 and one new proposed position.<sup>1</sup> The study involved obtaining, current job information from FUS1 for each employee, Florida Public Service Commission (FPSC) documents related to FUS1 owned or managed utility's that addressed employee compensation, 2021 American Water Works Association (AWWA) Compensation Survey for Rural Water and Wastewater Utilities, and FPSC documents related to the use of AWWA Compensation Surveys to evaluate salary levels in utility rate proceedings. The focus of our study was to develop a competitive salary range for FUS1 employees that encompass established FPSC policies using the 2021 AWWA industry benchmarks for employee compensation.

### **Compensation Survey Results:**

A competitive average salary range was developed using the 2021 AWWA Compensation Survey for each FUS1 position. See Table 1 that follows. The use of average salary ranges for evaluating salary levels is consistent with the FPSC practice in multiple rate case proceedings.

- The minimum average salary range was used for evaluating new or entry level employees that perform the minimum skills required for the respective position.
- The median average salary range was used for evaluating established employees that have obtained and generally perform the skills required for the respective position.
- The maximum average salary range was used for evaluating officers and executive level employees that have obtained and perform the advanced skills required for the respective position.

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<sup>1</sup> See Appendix 1 for a list of FUS1 employee positions with duties.

**Table 1**

<b>Position</b>		<b>Current Approved Salary</b>	<b>Increase</b>	<b>Requested Salary</b>
President Chief Operating Office	a	\$80,000	\$19,900	\$99,900
Chief Financial Officer	b	\$54,366	\$19,081	\$73,447
Office Manager	b	\$42,344	\$12,832	\$55,176
Customer Service Representative	b	\$34,000	\$8,897	\$42,897
Customer Billing Representative	b	\$24,128	\$12,296	\$36,424
Compliance Technician	b	\$45,000	\$2,250	\$47,250
Payroll/Benefits		New position	\$21,720	\$21,720
Operations Supervisor/ Maintenance Technician	b	\$51,364	\$7,545	\$58,909
Maintenance Technician	b	\$48,410	\$7,694	\$56,104
Maintenance Technician	b	\$37,900	\$14,682	\$52,582
Maintenance Technician	b	\$37,900	\$14,682	\$52,582
<b>Total</b>		<b>\$445,412</b>	<b>\$141,579</b>	<b>\$596,991</b>
<b>Percentage (With new position)</b>			<b>31.79%</b>	
<b>Percentage (Without new position)</b>			<b>26.91%</b>	

a) See Dkt#20170230-WU, Order No. PSC-2018-0439-PAA-WU.

b) See Dkt# 20200152-WS, Order No. PSC-2020-0396-PAA-WS.

FUS1 current base salary level, as of August 31, 2021, is approximately \$460,848. This salary level is \$15,436 or 3.35 percent above the salary levels that were reviewed and approved for FUS1 employees in the rate proceedings indicated above.

Table 1 above represents the average competitive range of salaries for each FUS1 employee position based on our review. The average salaries were determined using data from the 2021 AWWA Compensation Survey, unless otherwise indicated, based on the position descriptions, assigned duties and responsibilities, that were provided for each FUS1 employee.<sup>2</sup> The requested salary for the position, Payroll & Benefits Administer, was determined using

<sup>2</sup> See Appendix 2 for calculations and references.

information obtained from Indeed.com. We conducted a search of similar positions, located within the State of Florida, with a minimum of two years of experience for the position. Our search results are attached.

**Additional Information:**

FUS1's desire to add a new part-time position to administer bi-weekly payroll and benefits is reasonable based on the needs of FUS1. Under the current economic climate and the company's continued growth, FUS1's ability to retain and attract qualified employees will become a real challenge without expanding the benefits afforded to its existing and future employees. Additionally, considering the workloads of FUS1 existing executive and office staff employees, the need for a new staff member to administer the newly created retirement benefits program as well as to take over the bi-weekly payroll responsibilities is critical to FUS1 continued success at serving its customers. It's imperative that this position be filled with an experienced candidate that appreciates and understands the sensitive and fiduciary responsibilities of the position.

OCBOA has provided a recommended salary range for each position based on our review of the materials cited above. The actual salary for each position should be determined by you and may include other factors that were beyond the scope of our review, such as an employee's length of service and their actual job performance.

Thank you for allowing us to provide this service.

Sincerely,

*J. Small*

Jeffery Small  
OCBOA Consulting, LLC  
Managing Member

**Appendix 1**

**Florida Utility Services 1, LLC: Allocation of Employee Time**

<b>NAME/TITLE</b>	<b>YEARS WITH FUS</b>	<b>TIME ALLOCATION</b>	<b>DESCRIPTION (All Employees are Full-Time)</b>
Marianne McDonald Accountant (CFO)	5	65%	Maintain the books and records for 18 utilities and process payments for payroll and vendor accounts.
		25%	Prepare financial statements, annual reports, index adjustments and assist with other filings.
		10%	Manage cash flows and bank accounts to ensure liquidity and timely payment of debt obligations.
Ericka Dominguez Donahue Office Manager	6	50%	Supervise office staff and coordinate customer contacts, responses and refunds
		40%	Provide customer service support (billing inquires, turn on/off, new accounts, etcetera)
		5%	Make deposits
		5%	Maintain office and order supplies
Jacqueline McCallister Compliance Manager	5	50%	Track potable and environmental water testing at all locations
		30%	Ensure that state laws and regulations are followed by the utilities
		20%	Supervise the operations of the utilities by licensed operators
Erica Morales Customer Service Rep	1	45%	Provide customer service support (billing inquires, turn on/off, new accounts, etcetera)
		40%	Prepare and process monthly customer bills
		5%	Make deposits
		5%	Respond too and coordinate line locates initiated by calls to 811 (call before you dig)
		5%	Other duties assigned
Jane Tate Customer Billing Rep	2	50%	Prepare and process monthly customer bills
		40%	Prepare, process and coordinate monthly cut-off notices
		5%	Prepare and process daily office mail
		5%	Other duties assigned
Jackie Love Operations Supervisor	8	30%	Supervise maintenance staff and coordinate daily work flow for maintenance request and utility projects
		40%	Provide daily maintenance and repairs for all utility systems
		25%	Process new service connections and respond to requests for disconnects/reconnects
		5%	Other duties assigned
Antonio Camarillo Karam Maintenance Technician	6	50%	Provide daily maintenance and repairs for all utility systems
		30%	Process new service connections and respond to requests for disconnects/reconnects
		10%	Provide landscape maintenance for all utility systems
		5%	Provide maintain and repairs for utility tools and equipment
		5%	Other duties assigned
Juan Quintana Alvarez Maintenance Technician	2	50%	Provide daily maintenance and repairs for all utility systems
		30%	Process new service connections and respond to requests for disconnects/reconnects
		15%	Provide landscape maintenance for all utility systems
		5%	Other duties assigned
Robert Ryan Maintenance Technician	1	50%	Provide daily maintenance and repairs for all utility systems
		30%	Process new service connections and respond to requests for disconnects/reconnects
		15%	Provide landscape maintenance for all utility systems
		5%	Other duties assigned

**Appendix 2**

**Determination of 2021 AWWA Average Compensation Range**

Name	Title	Approved Base Salary	Current Base Salary	Requested Salary	Total Increase Requested
Mike	Owner/President	\$80,000	\$80,000	\$99,900	\$19,900
Marianne	Chief Financial Officer	\$54,366	\$56,264	\$73,447	\$19,081
Erica D.	Office Manager	\$42,344	\$48,880	\$55,176	\$12,832
Erica M.	Customer Service Rep	\$34,000	\$39,312	\$42,897	\$8,897
Jane	Customer Billing	\$24,128	\$32,760	\$36,424	\$12,296
Jacqueline	Compliance Tech	\$45,000	\$39,312	\$47,250	\$2,250
New (PT)	Payroll/Benefits Admin			\$21,720	\$21,720
Jackie	Operations Supervisor	\$51,364	\$42,120	\$58,909	\$7,545
Antonio	Maintenance Tech(1)	\$48,410	\$46,280	\$56,104	\$7,694
Juan	Maintenance Tech(2)	\$37,900	\$37,960	\$52,582	\$14,682
Robert	Maintenance Tech(2)	\$37,900	\$37,960	\$52,582	\$14,682
<b>Total</b>		<b>\$455,412</b>	<b>\$460,848</b>	<b>\$596,991</b>	<b>\$141,579</b>

Owner/President	Requested salary based on 2021 AWWA Compensation study for S100-Small System General Manager. Calculated as the average compensation for the Mid & Max average salary range $((\$92,671 + \$107,128)/2)$
Chief Financial Officer	Requested salary based on 2021 AWWA Compensation study for S150-Small System Bookkeeper. Calculated as the Max average salary range plus 5.00% for additional executive level responsibilities.
Office Manager	Requested salary based on 2021 AWWA Compensation study for S140-Small System Office Manager. Calculated as the Min average salary range.
Customer Service Rep	Requested salary based on 2021 AWWA Compensation Study for S160-Small System Accounting Clerk. Calculated as the Mid-point average salary range.
Customer Billing	Requested salary based on 2021 AWWA Compensation Study for S160-Small System Accounting Clerk. Calculated as the Min average salary range.
Compliance Tech	Calculated with 5.00% increase over current approved salary.
Payroll/Benefits Administrator	New position salary based on estimated salary for position in Florida from Indeed website. Estimated salary from Indeed web site for positions in Fla with 2+ years of experience. Part time 20hrs/wk
Operations Supervisor	Requested salary based on 2021 AWWA Compensation study for S200-Small System Maintenance. Calculated as the Max average salary range plus 5.00% for supervisory responsibilities.
Maintenance Tech (1)	Requested salary based on 2021 AWWA Compensation study for S200-Small System Maintenance Technician. Calculated as the Max average salary range.
Maintenance Tech (2)	Requested salary based on 2021 AWWA Compensation study for S200-Small System Maintenance Technician. Calculated as the average compensation for the Mid & Max average salary range $((\$49,060 + \$56,104)/2)$

AWWA Compensation Survey Salary Range (All Participants)

Position Description	Average Annual Salary			Average Hourly Salary		
	Minimum	Mid-Point	Maximum	Minimum	Mid-Point	Maximum
<i>S100 Small System General Manager</i>						
By customer < 5,000	\$74,191	\$89,787	\$105,028	\$35.67	\$43.17	\$50.49
By Employment < 25	\$80,144	\$92,671	\$107,128	\$38.53	\$44.55	\$51.50
Responsible for office and field administration, planning, reporting and policy administration. Hires and terminates employees and determines compensation. Responsible for public relations and compliance policies. Reports directly to board of directors or city council and may supervise contract, office, plant, distribution and operations employees.						
<i>S150 Small System Bookkeeper</i>						
By customer < 5,000	\$47,998	\$58,521	\$69,696	\$23.08	\$28.14	\$33.51
By Employment < 25	\$50,832	\$59,994	\$69,949	\$24.44	\$28.84	\$33.63
Responsible for maintaining the system's financial accounts. Typically pays vendor and utility bills, processes receivables and deposits and maintains accurate records of all financial transactions. Is not required to possess an accounting certificate.						
<i>S140 Small System Office Manager</i>						
By customer < 5,000	\$52,413	\$61,860	\$72,000	\$25.20	\$29.74	\$34.62
By Employment < 25	\$55,176	\$64,112	\$74,532	\$26.53	\$30.82	\$35.83
Responsible for supervision of all administrative functions at the utility, including maintaining office supplies and coordinating office administrative schedules. May also be responsible for certain accounting activities, including billing, processing utility payments, bank deposits, drawing warrants for payment of delinquent bills, and processing payroll, along with taking minutes and serving as receptionist.						
<i>S160 Small System Accounting Clerk</i>						
By customer < 5,000	\$37,663	\$45,151	\$48,919	\$18.11	\$21.71	\$23.52
By Employment < 25	\$36,424	\$42,897	\$50,743	\$17.51	\$20.62	\$24.40
Responsible for assisting the bookkeeper or office manager with billing functions. May assist customers who pay in person by collecting cash and checks, processing credit cards, issuing receipts and fielding questions and complaints. May also collect and process meter reading reports.						

Source: 2021 AWWA Compensation Survey of Small Water and Wastewater Utilities serving populations under 10,000.  
Effective Date: February 2021 Date Published December 2021



**AWWA Compensation Survey Salary Range (All Participants)**

Position Description	Average Annual Salary			Average Hourly Salary		
	Minimum	Mid-Point	Maximum	Minimum	Mid-Point	Maximum
<i>S200 Small System Maintenance Technician</i>						
By customer < 5,000	\$39,639	\$47,579	\$55,802	\$19.06	\$22.87	\$26.83
By Employment < 25	\$40,793	\$49,060	\$56,104	\$19.61	\$23.59	\$26.97
Responsible for planning, scheduling, and performing preventative and regular maintenance work. May hold a state operators license or operate water and wastewater components under the supervision of a licensed operator. Must possess strong working knowledge of line maintenance, valves, meters, chemicals, controls, and other treatment procedures.						

*Source: 2021 AWWA Compensation Survey of Small Water and Wastewater Utilities serving populations under 10,000.  
 Effective Date: February 2021                      Date Published December 2021*

**Attachment 2**

**Indeed.com Search Results**

<b>Position Title</b>	<b>Experience</b>	<b>Average Base/Hr</b>	<b>Annual</b>	
			<b>Full Time</b>	<b>Part Time</b>
Benefits Specialist	2yrs	\$20.35	\$42,328	\$21,164
Payroll Administrator	2yrs	\$21.42	\$44,554	\$22,277
		\$41.77	\$86,882	\$43,441
<b>Average</b>		<b>\$20.89</b>	<b>\$43,441</b>	<b>\$21,720</b>

*Part Time is defined as 20 hours per week.*

Build a career you'll love

Benefit specialist

📍 Florida

Overview

Salaries

Skills

Jobs

Questions

[Home](#) [Career Explorer](#) [Benefit Specialist](#)

### What does a Benefit Specialist do?

A benefits specialist, also known as a remuneration professional, works in a human resources department to ensure the best possible health, retirement and overall work benefits for a company's employees. They research different benefits plans and recommend options to organization leaders. Creating these benefits packages for a company is a high stakes process that helps attract and retain top talent.

Source:

Is this useful?  Maybe

#### Working as a Benefit Specialist

Working as a benefits specialist requires being able to:

- Confirm that employees understand benefits and how to use them.
- Ensure that benefits comply with state and federal laws.
- Perform cost-benefit analyses.
- Advise management on benefit issues.
- Research benefits packages and industry benefit trends.
- Maintain relationships with outside vendors, like investment brokers.
- Design overall benefits packages that change with the workforce.

[Get career advice for Benefit Specialists](#) →

Is this useful?  Maybe

### How much does a Benefit Specialist make in Florida?

Average base salary

**\$20.35**

Per hour

↑ 11% above national average

## Build a career you'll love

**Payroll administrator**  
📍 Florida

- Overview**
- Salaries
- Skills
- Jobs
- Questions

Home Career Explorer Payroll Administrator

### What does a Payroll Administrator do?

Payroll administrators are professionals who track employees' rates of pay, vacation, sick time, overtime and disperse payroll checks. They're often responsible for updating records related to changes in employees' addresses or withholdings.

Source:

Is this useful? Maybe

**Working as a Payroll Administrator**  
A payroll administrator may be responsible for the following:

- Calculating wages and payroll deductions
- Making sure employee addresses and withholdings are kept up to date
- Submitting tax documents
- Processing wage garnishments
- Tracking vacation time

[Get career advice for Payroll Administrators](#) →

Is this useful? Maybe

### How much does a Payroll Administrator make in Florida?

Average base salary

**\$21.42** Per hour

same as national average

**ATTACHMENT B**

**EMPLOYER SIMPLE IRA PLAN**

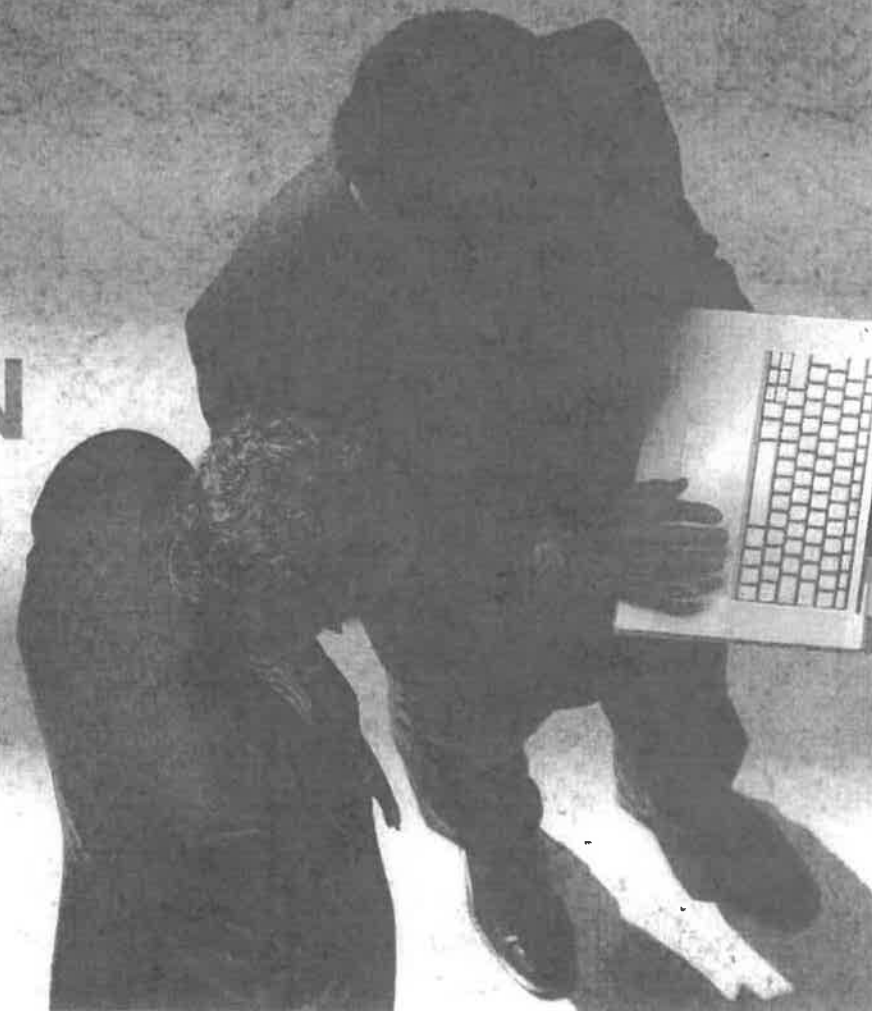


# SIMPLE IRA PLAN

Business Owner Guidebook

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- Benefits to investing
- Options for investing
- Begin the process
- General information



## **WELCOME.**

When you commit to saving for retirement, you want to invest with a company that shares your dedication to hard work and results. At T. Rowe Price, we've spent years developing a strategy that pursues competitive long-term returns while seeking to carefully manage risk.

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## PUT OUR RESOURCES AND INVESTMENT APPROACH TO WORK FOR YOUR RETIREMENT GOALS.

When you invest with T. Rowe Price, you can take advantage of:

- **Strong Commitment to Proprietary Research**

We believe strongly in independent research and have developed one of the largest and most respected teams in the industry.

- **Seasoned Managers and Analysts**

T. Rowe Price works hard to hold on to good people; our portfolio managers average more than 17 years\* of experience with the company.

- **Sophisticated Risk Management Process and Control**

Our investment style focuses on reduced risk where possible in an attempt to deliver consistent returns.

- **Strict Adherence to Investment Style**

We believe in our investment strategy and adhere to it in every market climate.

Retirement savings can be one of the most valuable assets for you and your employees, so it pays to think carefully before choosing your retirement plan provider. That's a good reason to invest with T. Rowe Price and enjoy our combination of experience and commitment to long-term investing.

### **Track our fund performance at a glance.**

Visit [troweprice.com/funds](http://troweprice.com/funds) to view our fund returns over various periods. Please remember that past performance cannot guarantee future results. All investments involve risk, including possible loss of principal. Diversification cannot assure a profit or protect against loss in a declining market.

\*As of December 31, 2020.

For more information on saving for retirement with a SIMPLE IRA, visit [troweprice.com/simple](http://troweprice.com/simple).

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## ★ **START INVESTING FOR THE FUTURE.**

Establishing a retirement plan is one of the most important steps you can take to help ensure a financially secure future. A SIMPLE IRA is a cost-effective plan that covers you and your employees. There are no setup costs or sales commissions, so you can keep your costs down.

A SIMPLE IRA can be a good choice for any small business owner who has 100 or fewer employees who earn \$5,000 or more in compensation from you during the year. These employees cannot be receiving contributions or accruing benefits in another employer-sponsored retirement plan (such as a 401(k) or SEP-IRA) maintained by the same employer in the same calendar year.

A SIMPLE IRA offers:

### ■ **Tax savings**

Employers can save in taxes while saving for retirement, and employer contributions generally are deductible as a business expense. Employers have the option of making nonelective contributions or matching contributions to employees' accounts. For matching contributions, salary reduction contributions are matched dollar for dollar, up to the first 3% of each employee's compensation.\* For nonelective contributions, you contribute an amount equal to 2% of each eligible employee's compensation.\*\*

### ■ **Plan Sponsor Website (PSW)**

PSW is a free, Web-based service that makes it easy to submit contributions through a secure server. You can use PSW to establish accounts for you and your employees and to download plan reports. You can also grant an agent or other third party access to PSW.

\*The match may be reduced to as little as 1% in no more than 2 of 5 calendar years.

\*\*The maximum eligible compensation that can be used in determining nonelective contributions is \$290,000 for 2021.

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### ■ Voluntary participation

Employees choose if and how much they want to contribute to the plan, and there is no required level of participation. Employee contributions—up to \$13,500 in 2021 for participants under age 50 and \$16,500 for those age 50 and older—can lower a participant's current taxable income as well.

*Note: Employer contributions may be required for all employees whether they participate or not; please refer to the instructions in the IRS form.*

### ■ Great service and investment education

Our client services representatives are available to help you and your employees review investment options. Participants can also check balances and make transactions on our participant website at [rps.troweprice.com](https://rps.troweprice.com).

### Low costs.

There are no costs to start the plan, and we keep our mutual fund expenses low to help you save even more.

An annual \$20 account service fee is charged for each mutual fund account with a balance below \$10,000. The annual account service fee will be automatically deducted from the account's assets. The \$20 account service fee will be waived for the following circumstances: subscribe to electronic delivery of statements and confirmations;\*\*\* maintain an individual combined balance of \$50,000 or more for all T. Rowe Price accounts (including mutual funds, Brokerage, and Small Business Retirement Plans); or qualify for T. Rowe Price Select Client Services. If the Participant Account is closed during the year, a \$20 closeout fee will be deducted automatically from the proceeds of the total redemption. However, the closeout fee is waived when an account service fee was previously assessed to the participant for that year or when the proceeds are being used for a rollover, transfer, or conversion to a T. Rowe Price retirement plan account or a T. Rowe Price IRA.

\*\*\*Participants can subscribe to paperless delivery via the T. Rowe Price website once their account is established.

**GO PAPERLESS FOR SECURE ONLINE ACCESS**

Sign up for E-Delivery to view your statements and documents instantly.





## YOUR OPTIONS FOR RETIREMENT INVESTING.

Invest for retirement with a diversified fund series.

If you want a portfolio that automatically adjusts over time, you may want to consider investing in a pre-assembled T. Rowe Price target date fund that provides a diversified portfolio to—and through—retirement.

We offer three distinct types of T. Rowe Price target date funds:

### Retirement Funds

Retirement Funds are designed to provide you with an age-based diversified portfolio that you can carry to and through retirement—making them a one-stop approach to retirement investing. The Retirement Funds offer higher potential long-term growth and volatility by maintaining an emphasis on stocks before and after the target retirement date.

### Target Funds

Target Funds seek to reduce volatility as you near retirement and may better support withdrawals over a shorter time period. These funds offer lower volatility and lower potential long-term growth by emphasizing bonds near the target date.

### Retirement Blend Funds

Retirement Blend Funds leverage a substantially similar investment structure as our Retirement series, but with an increased use of passively managed underlying holdings to achieve lower fees. They are designed for those clients who are focused on growth for retirement but who place a greater emphasis on overall cost.

*The visual on page 8 shows the distinct characteristics of these fund series and how they progress over time. For more information on these funds, visit [troweprice.com/targetdatefunds](http://troweprice.com/targetdatefunds).*

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### **Individual investment.**

If your employees want to select and control their own investments, T. Rowe Price can help find the funds that best fit their retirement goals. We offer more than 100 professionally managed mutual funds, as well as investment education from our client services representatives. To get more information on SIMPLE IRA plans, call us at **1-800-638-3804**.

*Call 1-800-638-3804 to request a prospectus or summary prospectus; each includes investment objectives, risks, fees, expenses, and other information that you should read and consider carefully before investing.*

*All investments involve risk, including possible loss of principal. Diversification cannot assure a profit or protect against loss in a declining market.*



Welcome

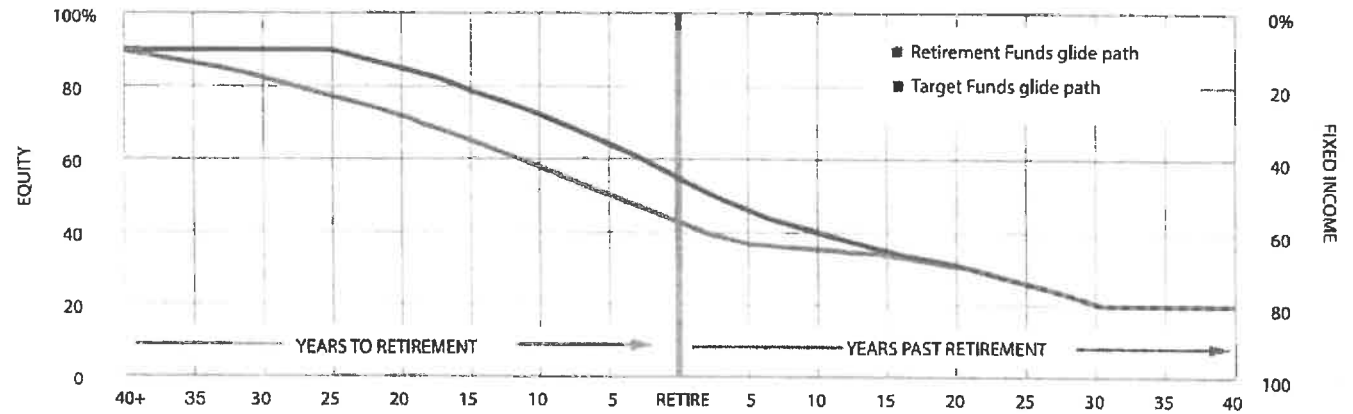
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## Comparing asset allocations for our target date funds.



This chart shows the neutral allocations for the funds as of 2021. The allocation for each fund may vary from the long-term neutral allocation. Call 1-800-541-8803 for the most current asset allocation.

The principal value of the Retirement Funds, Retirement Blend Funds and Target Funds (collectively, the "target date funds") is not guaranteed at any time, including at or after the target date, which is the approximate year an investor plans to retire (assumed to be age 65) and likely stop making new investments in the fund. If an investor plans to retire significantly earlier or later than age 65, the funds may not be an appropriate investment even if the investor is retiring on or near the target date. The target date funds' allocations among a broad range of underlying T. Rowe Price stock and bond funds will change over time. The Retirement Funds and Retirement Blend Funds emphasize potential capital appreciation during the early phases of retirement asset accumulation, balance the need for appreciation with the need for income as retirement approaches, and focus on supporting an income stream over a long-term retirement withdrawal horizon.

The Target Funds emphasize asset accumulation prior to retirement, balance the need for reduced market risk and income as retirement approaches, and focus on supporting an income stream over a moderate postretirement withdrawal horizon. The target date funds are not designed for a lump-sum redemption at the target date and do not guarantee a particular level of income. The key difference between the Retirement Funds/Retirement Blend Funds and the Target Funds is the overall allocation to equity; although they each maintain significant allocations to equities both prior to and after the target date, the Retirement Funds/Retirement Blend Funds maintain a higher equity allocation, which can result in greater volatility over shorter time horizons.

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## START YOUR SIMPLE IRA PLAN.

### Step 1—Determine which SIMPLE IRA plan is right for you.

When choosing a SIMPLE IRA plan, you have a few choices to consider:

- SIMPLE IRA plan with IRS Form 5305-SIMPLE: Enter T. Rowe Price as the designated financial institution, and all contributions will be made into T. Rowe Price funds.
- SIMPLE IRA plan with IRS Form 5304-SIMPLE: It allows each eligible employee to select the financial institution for his or her SIMPLE IRA contributions.

To establish your SIMPLE IRA with T. Rowe Price, you must first adopt a SIMPLE IRA plan by completing either the IRS Form 5305-SIMPLE or the IRS Form 5304-SIMPLE. **You don't need to file this plan document with the IRS.** Make a copy of the document and follow the instruction in Step 2 for returning the original IRS Form 5305-SIMPLE, or a copy of IRS Form 5304-SIMPLE, to T. Rowe Price.

You can establish your plan anytime between January 1 and October 1 (an exception applies for new businesses established after October 1). The document must be signed by the employer prior to October 1 for a plan that is to become effective in the current calendar year. The document must also be signed on or before the effective date of the plan.

If you have an existing employer-sponsored retirement plan or are making changes to your existing SIMPLE IRA plan, please contact a client services representative at **1-800-638-3804**.



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### **Determine your plan's eligibility requirements.**

In Article I of the IRS form, you must select your employee eligibility requirements. Generally, any employee who earned at least \$5,000 during any two prior calendar years and who is also expected to earn \$5,000 in the current year is eligible to participate. You can allow employees with less than \$5,000 in earnings to participate or make the calendar year requirement less restrictive, but you cannot make the requirements more restrictive (for example, you cannot require that employees earn \$10,000 before they can join the plan).

You may choose to exclude union employees who are eligible for retirement benefits under a collective bargaining agreement.



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## **Step 2—Complete the Information and Services Agreement.**

Please review the T. Rowe Price SIMPLE IRA Disclosure Statement and Custodial Agreement before completing the Information and Services Agreement.

Fill out the Information and Services Agreement and mail it back to us at the address listed below.

Return the original IRS Form 5305-SIMPLE (or a copy of IRS Form 5304-SIMPLE) and the Information and Services Agreement to T. Rowe Price. Keep the Model Notification to Eligible Employees and the Model Salary Reduction Agreement forms. You are required to notify all eligible employees of the opportunity to contribute to the plan before its effective date.

If you establish your plan using IRS Form 5305-SIMPLE, we'll complete the acknowledgment of designated financial institution and will return the form to you for your records.

Return completed forms here:

T. Rowe Price  
P.O. Box 17350  
Baltimore, MD 21297-1479

### **Express delivery only:**

T. Rowe Price  
Mail Code 17350  
4515 Painters Mill Road  
Owings Mills, MD 21117-4903





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### **Step 3—Notify each eligible employee of his or her right to participate.**

Once your SIMPLE IRA has been established with T. Rowe Price, you should notify each eligible employee of his or her right to participate (refer to Article I of the IRS form for the plan's eligibility requirements) by providing each with:

1. A copy of the completed IRS Form 5305-SIMPLE (or 5304-SIMPLE).
2. The Model Notification to Eligible Employees form detailing the employer contribution election for the calendar year.
3. The Model Salary Reduction Agreement form to allow employees to enter into a salary reduction agreement.
4. A notice of an enrollment period (generally 60 days) during which employees can join the SIMPLE IRA plan and elect their salary deferral amounts. This period must include either the date your employees become eligible to join the plan or the day before that date.
5. Once the plan is established, provide a copy of the following to eligible employees:
  - SIMPLE IRA Employee Guidebook
  - SIMPLE IRA Summary and Agreement
  - Participant Application

We offer more than 100 professionally managed mutual funds, as well as investment education from our client services representatives. To get more information on SIMPLE IRA plans, call us at **1-800-638-3804**.



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#### **Step 4—Begin using Plan Sponsor Web (PSW) to administer your plan online.**

PSW login information will be mailed to the plan sponsor once T. Rowe Price has established the SIMPLE IRA plan. There's no fee for this service, and online administration allows you to make changes when it's convenient for you.

Features include:

- Real-time contributions
- Set up new accounts and participants
- Perform updates and maintenance on accounts
- Research important plan information
- Access on-demand reports

Representatives are available to walk you through the enrollment process or answer any questions you have about PSW. Call us at **1-800-492-7670** Monday through Friday from 8 a.m. to 8 p.m. ET.





## GENERAL INFORMATION.

The IRS requires that you submit your employees' salary deferral contributions as soon as possible but no later than 30 days after the end of the month in which the money normally would have been paid to the employee. For example, an employee's contribution for a pay period ending June 30 must be remitted as soon as possible but never later than July 30.

Employer contributions can be made either each pay period or in a lump sum, as long as the contributions are deposited before your business tax filing deadline (including extensions). You'll be using PSW to submit contributions to T. Rowe Price via the Automated Clearing House.

Remember, if you want all participants to direct their contributions to T. Rowe Price, then you should establish your plan using IRS Form 5305-SIMPLE. If you establish your plan using IRS Form 5304-SIMPLE, then participants can choose which financial institution they want their plan contributions invested with.

Employees are immediately 100% vested in their current account balances in the plan.

A retirement account should be considered a long-term investment. Retirement accounts generally have expenses and account fees, which may impact the value of the account. Early withdrawals are subject to taxes and possible penalties. For more detailed information about taxes, consult a tax or legal professional.

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