eBacon Fringe Trust — Just the Facts

Trusts are a great way to pay fringe benefits because they provide employer-side savings on taxes, workers' compensation and general liability. Some companies don't utilize trusts for their fringe benefit payments because:

- They think fringe benefit trusts are too complicated.
- They think providing benefits through a trust is too expensive.
- They don't realize they can save money and still comply with all laws.
- Their employees expect fringe in cash, and trusts don't do that.

Fortunately, there IS a better fringe trust available with eBacon.

How an eBacon fringe trust is different

We're a third-party administrator and a software company, so we can do things that other companies can't. We've automated much of the administrative work that it takes to distribute funds, and we have the built-in ability to deliver them. This makes it easy for us to give employees the option to leave their fringe payments in the trust or take them out each week.

How it works

Companies put their fringe benefit payments into our bona fide fringe trust, which is a traditional 401(k) plan. This means that companies using our trust get to use pre-tax dollars to handle their fringe obligations. The savings can be huge, and it's completely compliant with all applicable laws, including:

- ✓ Employee Retirement Income Security Act (ERISA)
- ✓ Internal Revenue Service rules and regulations outlined in Section 401(k)
- ✓ Davis-Bacon and Related Act regulations

This is NOT a safe-harbor match or a deferred payment plan. It is a pre-tax employer **contribution** into a qualifying 401(k) plan followed by an **optional distribution.**

Employees can then choose traditional benefits like health, FSA or a retirement plan or they can have the money distributed via direct deposit or to a pay card each week. IF they withdraw funds, all required taxes are paid at that time and it's reported to the IRS on a 1099-R, with all required information.