

# BLOOMINGDALE UTILITY DISTRICT

3212 Bloomingdale Pike • Phone 288-6551

KINGSPORT, TENNESSEE 37660

March 14, 1994

TO ALL UTILITY DISTRICT MANAGERS:

RE: EMPLOYEE BENEFIT SPECIALISTS, INC.

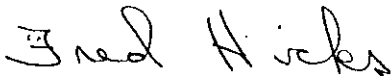
In August of 1993 we attended a TAUD function entitled "The Everyday Business of Running a Utility". Like most TAUD programs there were many new ideas shared with the managers. One idea sounded too good to be true, so I want to tell you about it.

John Smyth, with Employee Benefit Specialists, Inc., was on one panel discussing employee benefits. He shared 2 tax plans with the managers that are a big benefit for Utilities. The first was Section 125 sometimes called a cafeteria plan. This plan will allow employees to have their insurance premiums deducted before taxes from their paycheck. This, in turn, saves tax dollars for the employee. The other tax code was section 457, deferred compensation. This is a pre-taxed investment exclusively for government non-profits. It is similar to a 401 (k) like a for profit company would have.

EBS would do the Section 125 plan for free for the opportunity to offer the Section 457 plan. Yes, this means that there was no cost to the Utilities.

No cost, it gives a pay raise to the employees, and allows for a pre-taxed supplemental retirement. Now you see why it sounded too good to pass up. Our Utility put both plans in place the first of 1994. Let me assure all managers that the plans are well received by the employees.

If you have not been contacted by EBS, I'm sure you will be soon. Don't be quick to push them aside. Listen to what they have to offer. You'll be glad you did.



Fred Hicks  
Manager