

Memorandum for the Qualified Non-Elective Contribution
(Commonly referred to as “QNEC Payment”)
Effective October 1, 2007

To: All Program Managers/Project Managers and Assistants

From: Leigh Rapier, Sr. Human Resource Manager

Date: September 18, 2009

Effective October 1, 2007, all New SCA Employees were required to receive the “Acknowledgement of the Qualified Non-Elective Contribution (QNEC Payment) that will affect how the Health & Welfare is paid for the 1st hour of work performed under the Contract they have been hired until their Insurance Coverage begins. **The process will entail the employee being put on notice that their Insurance Coverage will begin at the *first of the month following 30 days of active duty* and will be required to sign the acknowledgment and return it with the New Hire Employment Package.** Therefore, all Health & Welfare owed the SCA employee under the applicable Wage Determination will be paid in the form of a QNEC Payment into the 401K Plan.

The following paragraph will be read to the new employee either telephonically, or in person prior to their 1st day at the government facility:

“The position you have been hired to fill, falls under the Service Contract Act of 1965. As an SCA employee you are entitled to specific Fringe Benefits set forth in the Wage Determination that I have provided to you. Under the Wage Determination, you receive after the completion of your 1st full year, 80 hours of vacation, and (10 or 11 whichever is applicable) Holiday Days. Additionally, the Wage Determination you are entitled to Health & Welfare at the rate of (FY10 beginning 10/1/09 is \$3.35 per hour or \$134.00 per week or \$580.66 per month). Under your contract, our company will be providing various benefits such as Major Medical, Dental, Vision, Life Insurance, Accidental Death & Dismemberment Short and Long Term Disability, and after the applicable waiting period the options to participate the in the 401K Retirement Plan. If these benefits do not reach the minimum required by the Department of Labor, they will be paid as a Qualified Non-Elective Contribution QNEC into the 401K Plan. During the waiting period until you become eligible for the Medical Package, all of the Health & Welfare will be paid into the 401K Plan in form of a QNEC.”