

What You Need to Know About Your Retention Payment

Eligible ABX Air full-time and part-time employees will receive their retention checks on August 14. For every full month that you were employed in an eligible full-time or part-time position from July 2008 through July 2009, you will receive 2 weeks of pay. If you have been in an eligible position the whole time, that means 26 weeks of pay. That is a big amount, and there are things you need to know about how the payment is being handled so you know what to expect. This sheet will explain what is being deducted, what is not being deducted, and why. ABX cannot offer investment or tax planning advice, but if you feel you need help, this sheet will also answer many of the questions that an accountant or income tax preparer will have.

The Paycheck

The Retention Payment will be included in your regular paycheck on August 14. This check will include your wages for the two weeks from July 24 through August 9. Your Retention Payment will be included as an additional amount.

Health Insurance Deductions

Since the August 14 check is a regular paycheck, it will have all of the same deductions that you would expect of a regular check, including your insurance deduction. The insurance deduction will be the same amount that is deducted from a typical paycheck.

Spousal and Child Support

Since the August 14 check is a regular paycheck, it will have all of the same deductions that you would expect of a regular check. If you typically have a deduction for spousal or child support, the same amount will be deducted from this check.

Wage Garnishments

Since the August 14 check is a regular paycheck, it will have all of the same deductions that you would expect of your regular check, including wage garnishments. If the court ordered the garnishment as a specific dollar amount, then that is the amount that will be deducted, and it will be the same amount that comes from a typical paycheck. However, if the court ordered the garnishment as a percent of pay, the amount that is deducted from this check will be much larger than comes from a typical paycheck.

Taxes

Your tax withholding is based on your wages and the number of exemptions that you claim on your Form W-4. If you have earned several weeks of Retention Payment, your paycheck will be much larger on August 14 than it typically is. The payroll system will calculate your taxes for this pay period as if you always earn that amount. As a result, you will be taxed at a higher level on this check than you typically are.

If you want to change your deductions, you need to have a new Form W-4 to Payroll by August 6. Copies of Form W-4 are available in the form bin on Payroll's door or online at MyABX.com/Forms/2008W4.pdf.

None of us like to pay higher taxes, but if you have earned several weeks of Retention Payment, it will put you in a higher tax bracket for 2009 than you would otherwise have been in. The higher amount withheld from the August 14 check will help offset your increased tax liability at the end of the year.

How much more will you owe in 2009? That question can only be answered on a case-by-case basis by an accountant or tax consultant. It depends on the amount you earn, and the amount of your Retention Payment. Please do not ask Payroll Department employees to advise you about how to handle your tax withholding. They are not allowed to give financial advice.

Pension Plan

The Retention Payment is not considered pensionable earnings. This means that it will not be included in your 2009 earnings when calculating your pension benefit.

401-k

Since the August 14 check is a regular paycheck, it will have all of the same deductions that you would expect of a regular check, including your 401-k deduction. The Retention Payment is not considered pensionable earnings, so the 401-k deduction will not be deducted from the Retention amount.

Please forward your questions to your management, Employee Relations, our CEO Joe.Hete@abxair.com, our President John.Grabner@abxair.com, or our Vice President of Human Resources John.Starkovich@abxair.com.