



May 17, 2023

New Enterprise Stone & Lime Co., Inc.
P.O. Box 77
New Enterprise, PA 16664

Dear NESL Team,

We hope this message finds you well. We would like to provide you with important information regarding the taxability of supplemental unemployment benefits that are being provided to eligible employees. Please take a moment to review the following details:

- 1. Background.** As you may be aware, NESL has implemented a supplemental unemployment benefits program to support employees during periods of unemployment. These benefits are provided through a funded trust, which is specifically designed to distribute these funds to eligible employees.
- 2. Taxability of Supplemental Unemployment Benefits.** It is important to note that, in accordance with current tax regulations, supplemental unemployment benefits provided through a funded trust are generally subject to federal income taxes. These benefits should be treated as taxable income, similar to regular wages. However, we are pleased to inform you that these benefits are exempt from FICA taxes, which include social security and Medicare taxes. Please also note that payments are not subject to self-employment taxes.
- 3. Pennsylvania State Income Tax Exemption.** We want to emphasize that the supplemental unemployment benefits provided through the funded trust are exempt from Pennsylvania state income tax, so you will not be required to pay Pennsylvania state income tax on these benefits.
- 4. Reporting.** To ensure accurate reporting and compliance with tax regulations, the supplemental unemployment benefits you receive will be reported on a Form 1099-MISC at the end of the tax year. This form will provide you with the necessary information to accurately report these benefits on your personal tax return.
- 5. Seek Professional Advice.** We understand tax matters can be complex and vary depending on individual circumstances. If you have any questions or concerns regarding the taxability of the supplemental unemployment benefits, we strongly encourage you to consult with a tax advisor or seek professional tax guidance to ensure compliance with your specific tax obligations.

We appreciate your attention to this matter and your commitment to staying informed about the tax implications of the supplemental unemployment benefits provided by our Plan. Should you have any further questions or require additional clarification, please do not hesitate to reach out to your human resources department.

Sincerely,

Tom Santa Barbara, AIF®, CPFA®
Senior Vice President

Jeff Bennett, AIF®, MBA
Senior Vice President