



Fall 2004

Issue 1 Nr 1

Hello and Welcome!

We are pleased to present to you this initial newsletter for our Livingston employees! This newsletter is intended to provide you with information about various parts of our business. Our intent is to publish this newsletter quarterly.

From time to time, it will contain information about individuals, departments, or topics of interest. We also plan to include schedules of upcoming events that may be of interest to many of you. Last, but not least, this will also provide us a way to answer many commonly asked questions.

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2004- Where Did It Go?

Jeff Segars



2004 was a fast paced and exciting year that everyone here at the Livingston Plant has helped to make a success for Foster Farms. I would like to **Thank** everyone for your efforts and dedication in making this happen. Without everyone's commitment, we could not have accomplished

the things that we did! Looking back, we have many accomplishments to be excited about:

- ◆ **Safety**- Injuries have been reduced by 53% from 2003. This is directly due to all employees helping to identify conditions that needed to be addressed and to committing themselves to be aware of their work environment. We appreciate the suggestions we have received and the changes that were made based on these. We are not where we want to be and will continue to work to get there. We need everyone's Help!!
- ◆ **Employee Advocates**- Based on feedback that we needed to be more responsive to your needs and concerns, we established a new program to focus in this area. Gloria

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Sosa and Maria Hernandez are now on staff to handle this, and based on the number of people they have helped so far, the program is getting off to a strong start. We are committed to making sure that your concerns are addressed! Anyone needing to reach them can do so by calling extension 6779 or stopping by their office in plant II.

- ◆ **NCDC II** opened and the Livingston Loading Dock operation moved into the facility on November 1st. Everyone involved has done a great job making a smooth transition possible.
- ◆ **Processing volume** is projected to be well above what was planned at the beginning of the year. We have been able to do this while maintaining our quality and customer service at levels that we all should be proud!!

These are just a few of the accomplishments for the year. Every day good things are happening. 2005 is shaping up to be another fast paced and exciting year. There will be changes along the way and everyone's help will be needed to continue the successes that we have experienced. If you have questions about items in your workplace or have ideas to make the Livingston Plant a better place to work, please don't hesitate to ask. Your supervisor, the employee advocates, or any member of the management team, myself included, will be more than happy to listen.

Thanks again for all you bring to the Team!

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Happy Holidays!

No matter how you celebrate them, we here on your newsletter staff wish all of you our fellow employees, and your families, a most enjoyable and safe holiday season.

Lanita Chambers
Ana Perez
Marty Jakosa

Jim Collins
Alma Zaragoza

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Safety – Our Safety Audit Process

Tom Talbot



We always tell you how we are committed to providing a safe working atmosphere for all of our employees, I would like the chance to tell you a little bit about our safety auditing process, which is one of the most useful things we do to identify and correct safety problems in the

workplace.

Every week, each Supervisor, Dept. Supervisor, Superintendent and Manager conducts a half hour safety audit somewhere in the plant. They take a clipboard, and select an area where people are working. Then, they watch the people in that area work for ½ hour. When you see this happening, what they are doing is watching people work and trying to identify any situation that could result in an employee getting injured, and then do whatever we need to do so no one gets hurt.

It is usually pretty easy to spot when these audits are taking place as you will see your supervisor or another manager standing very still for a long time with a clipboard in their hands.

In the Livingston plant alone, there are an average of 90 audits completed every week. At ½ hour each, that is 45 hours of safety auditing every week, just in this plant! On an annual basis that adds up to over 2,340 hours of safety auditing. I think you have to agree that with over 2,000 hours of auditing, it gives us the opportunity to identify and resolve many safety issues before someone gets hurt.

And our results show that these audits are one piece of a program that is showing us some good improvement this year. From Jan 1 through now 2004 vs. 2003, total new incidents reported in the Livingston plant are **down 53% from last year!**

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That means for every two injuries reported last year there is only one this year.

In order for us to continue lowering the number of injuries, it is very important that we all do our part. If there is something about your job that is unsafe or needs attention, let your supervisor know, so we can get it resolved.

Thanks very much for your ongoing efforts to help keep our workplace safe.

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Benefits

FSA – What’s That?!

FSA stands for Flexible Spending Account and it’s one of those benefits we have that many of us do not understand and therefore, do not use. This is sad because, depending on your situation, FSA could save you big bucks every year.

FSA is an account where you deposit money every month. This money is used for certain health care costs. It is managed ADP, a company separate from Foster Farms. The money transferred to your account is taken from your gross paycheck; that is, before taxes are paid. This is the “secret” to its benefit. Because the money is pre-tax, it reduces the amount you pay in taxes at the end of the year. For a single person in good health, this may be a very small amount not worth the effort; but for a family with children and possibly elderly relatives needing care, the savings can be substantial.

There are two types of spending accounts:

- A *Health Care Spending Account (HCSA)* can be used to pay for expenses not covered by your health plan such as: deductibles, co-pays, prescriptions, dental services, contacts, and many others plus some over-the-counter medicines such as pain relievers and cold medicine. You can set aside up to \$4000 a year to pay for these.
- A *Dependent Care Spending Account (DCSA)* can be used to pay for such things as: after-school care, day care, and elder care

expenses. You can set aside up to \$5000 a year for these but please note the following restrictions:

Both spouses must be working or going to school fulltime. Any dependent for whom care is claimed must be listed on your income tax return. Any child whose expenses you are claiming must be under age 13 (unless disabled).

So how much can you save? That depends on your individual circumstances but let’s look at what might be a typical example. Let’s say that both you and your spouse work at Foster Farms. You make \$10.20/hr and your spouse makes \$9.00/hr. Working full-time and with some overtime (20 Saturdays, for example), your annual incomes would be \$21,522 and \$18,990. This works out to an average monthly gross income of \$1793.50 and \$1582.50. Let’s make two other assumptions. That you have two children under age 13 with day-care expenses of \$400 a month and you have estimated family health care expenses of \$75 a month. Using the calculator available on the Internet at http://www.probusiness.com/fsa_cobra/tax_savings_worksheet.asp?Calculate produces the following results:

\$10.20/hr	Without SA	With SA
Monthly Income	\$1,793.50	\$1,793.50
Pre-tax contribution	\$0.00	\$400.00
Taxable Income	\$1,793.50	\$1,393.50
Federal Income Tax	\$639.38	\$496.78
Take-home Pay	\$1,154.12	\$896.72
After-tax expenses	\$400.00	\$0.00
Net take-home pay	\$754.12	\$896.72
Increase in monthly spendable income	\$0.00	\$142.60
Increase in annual spendable income	\$0.00	\$1,711.20

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\$9.00/hr	Without SA	With SA
Monthly Income	\$1,582.50	\$1,582.50
Pre-tax contribution	\$0.00	\$75.00
Taxable Income	\$1,582.50	\$1,507.50
Federal Income Tax	\$564.16	\$537.42
Take-home Pay	\$1,018.34	\$970.08
After-tax expenses	\$75.00	\$0.00
Net take-home pay	\$943.34	\$970.08
Increase in monthly spendable income	\$0.00	\$26.74
Increase in annual spendable income	\$0.00	\$320.85
Total annual increase in family income	\$0.00	\$2032.05

What are the drawbacks to FSA's? Well, first and most important, you must accurately determine how much you will spend in advance. Your tax deduction is based on your actual spending, not how much is taken from your check. So if you have \$900 taken out (as in the example above) but you only spend \$600, your tax savings is based on the \$600. The \$300 that you didn't spend is kept by ADP for "administrative fees." This is why it is called a "use it or lose it" program.

Another possible problem is paperwork. For the HCSA, there is a set of typical charges that ADP will automatically allow. These are based on standard fees for co-pays and similar items. The problem arises when you use your FSA card to pay for something that doesn't match a standard amount. You will have to send them a copy of the receipt in order to qualify the payment. So, for example, if you buy some cold medicine and an antacid and the total comes to \$21.73, you will get a notice from ADP that this doesn't match the standard amounts and they require a copy of the receipt to verify it is a qualified expense. If you buy a lot of medicines or have other expenses that are different from the standard amounts, this can turn into a lot of paperwork.

Also, the money in your HCSA must remain separate from your DCSA. This means that you may not use dollars from your HCSA to pay for

dependent care expenses, or dollars in your DCSA to pay for health care expenses.

If you can access the Internet, there are two websites that will provide additional information and help:

- At <http://www.probusiness.com/> use the search block in the lower left hand corner to search "FSA" and a number of different links to screens with helpful information will be displayed.
- If you already have an FSA account, you can go to <https://www.flexdirect.adp.com/>, register as a new user with a unique user ID and password and then be able to view your individual spending account status at any time.

The bottom line is that this can be either a terrific benefit or a time waster; each person will have to look at their individual situation. However, since the savings in taxes can be very large, I would strongly encourage everyone to take the time to investigate if an FSA plan is worthwhile for you. You can sign up for an FSA during the next open enrollment period. If you already have an FSA, this is also the time you can make changes to the amounts you have deposited to your accounts.

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NCDC II

We thought you would like some updated information on the new NCDC II. The building is up and running and ready to be filled with Foster Farms Poultry products. Finishing touches are being done as this is being written.

The old NCDC has 19 dock doors while the new NCDC II has 32. There are 5300 pallet spaces in the old NCDC and 13,000 in NCDC II. NCDC II also has flow through and push back racking to best utilize cooler and freezer space and also help insure proper rotation of product. The square footage has gone from 78,000 to a whopping 207,000. There is a 300 foot long refrigerated tunnel (conveyor) that connects the Livingston Weigh/Price to the NCDC II. We no longer have to use shuttle trailers.

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