

# 2023 DISCOUNTED CAPITAL CREDIT BUYOUT

## FAQ FOR Members

### What is the Discounted Capital Credit Buyout?

- All remaining Unretired Capital Credits for the years 2002-2022 are eligible to be paid out at a discounted rate of 50%.
- Garden Valley Members will receive 50% of their unretired amount, the remaining 50% will be forfeited back to the Cooperative.
- Members capital credits for the years 2002-2022 will be considered retired in full, and their capital credit balance will be reduced to \$0.00.

### How much is being paid out?

- Total cash refunded will be capped at \$3 million.
- This will be on a FIRST COME, FIRST SERVED BASIS.

### Who is eligible?

- All GVT members who have remaining capital credits for the years 2002-2022 with an unretired balance.
- Members with an unpaid write-off amount will have the write-off amount applied to the 50% discounted payout. Any remaining balance after the write-off is applied will be sent to the member by check.
- Members must have a social security number or Federal Tax ID on file to be eligible to participate in this program.

### Is this required?

- No, this is completely voluntary, members do not have to participate in this payout opportunity.
- If they choose not to participate, the full amount of their capital credits will remain in their capital credit account to be paid out in full through regular payouts in the future.

### When is this happening?

- Letters will be mailed to all members with a capital credit balance on Monday, September 18, 2023.
- Applications will be accepted between Monday, October 9, 2023 at 9:00 a.m. and Thursday, October 12, 2023 at 5:00 p.m. at any of GVT's three retail store locations and online at [www.gvtel.com/capitalcredits](http://www.gvtel.com/capitalcredits).
- Applications received outside of this timeframe will not be accepted.

### How do I know what I have for capital credits?

- Allocation statements were mailed to all members on Friday, May 19, 2023.

- Letters will also be mailed September 18, 2023 and will include members' capital credit balance information, including their total balance and what the 50% discounted payout would be if they choose to participate.
- Members may also call the office and ask for this information.

### **How can I apply?**

- The preferred and recommended method is to complete and submit an application online at [www.gvtel.com/capitalcredits](http://www.gvtel.com/capitalcredits).
- Applications can also be dropped off at one of our three retail locations during the time frame set forth in "When is this happening?" (above).
- Applications by mail will NOT be accepted.

### **Do I have to cash out all of my capital credits?**

- Yes. If you choose to participate, it will be for your entire capital credit account balance through 2022. You cannot choose to do just a portion of that balance.

### **How does GVT determine who is included in the payout?**

- Applications will be accepted on a first come, first served basis.
- Applications will be date and time stamped when they are accepted at one of our three retail locations during the time frame set forth in "When is this happening?" (above).
- Applications received online, between Monday, October 9th at 9:00 a.m. and Thursday, October 12th at 5:00 p.m., will automatically be date and time stamped.
- Applications received in the Erskine drop box between those dates will be date and time stamped in no particular order on the date that they are retrieved from the drop box.
- Applications received outside of the application window will not be accepted.

### **Can I change my mind?**

- After an application is submitted, your election to participate is final and cannot be changed.

### **Will I be notified if I'm being included in the payout?**

- Members who qualify and submitted their application before GVT hit the \$3M cap will be notified by email in November and will receive a check in the mail the beginning of December.
- Members who did not qualify, or submitted their application after GVT surpassed the \$3M cap, will receive an email in November letting them know they will not be getting a 50% discounted capital credit payment.
- Email is the only way we will reach out to members. If there is no email address included in the application, you will not be notified but could still receive a check if you meet the requirements.

### **Are capital credit refunds taxable?**

- Capital credits are a return of money paid for telephone, Internet, video, and cellular service and are generally not taxable to residential customers.

- For businesses, if the services were claimed as a business expense, capital credit refunds may be taxable.
- All members with questions about taxable income should discuss capital credit refunds with their tax advisers.

### **Will I get a 1099-MISC for capital credit refunds?**

- All businesses who make payments to another person totaling \$600 or more are required by the IRS to report those payments. Therefore, if the capital credit payout is over \$600, GVT will send a 1099-MISC to the member.
- The Cooperative does not know if you are deducting the services for businesses purposes, so is required to send out a 1099-MISC to all members who have received \$600 or more in payments during the year.
- All members with questions about taxable income should discuss capital credit refunds with their tax advisers.

### **If I do the discounted payout will I earn capital credits in the future?**

- Yes, all members will resume earning capital credits in 2023.

### **Why is GVT doing a Discounted Capital Credit Payout?**

- It allows members the choice to either receive the discounted value of their current capital credits this year or to receive a series of smaller retirements in the future.
- It allows newer members to be eligible to receive a capital credit refund years earlier than the typical retirement cycle.

### **Why is it only capital credits from 2002-2022?**

- This is the window of capital credits that GVT still owes members for. Everything before 2002 has already been paid out, and GVT can't pay 2023 capital credits until the entire year of allocations has been realized.

### **Will GVT do this every year?**

- That has not been decided at this time. It is up to the Garden Valley Technologies Board of Directors to decide what capital credits are paid out each year.

### **What happens to the forfeited capital credits?**

- The discounted portion of the capital credit balance that is forfeited by the member is transferred to the Cooperative's equity.

## **JOINT ACCOUNTS**

- Joint accounts must include signatures of both members on the application.

- Divorced individuals with an Inactive Joint account who request to split the capital credits must complete the Statement of Agreement for Splitting Capital Credit Dividends application.
- Each spouse must also complete the Discounted Capital Credit Payout Application.
- Individual Discounted Capital Credit Buyout Offer amounts for each individual will be calculated after the dividends have been split.
- Original application will serve as the received date and time, completed Statement of Agreement for Splitting Capital Credit Dividends application and the Discounted Capital Credit Payout Applications must be completed and received by 5:00 p.m. on Thursday, October 12, 2023 to be considered for this payout.
- Once the Statement of Agreement for Splitting Capital Credit Dividends application is completed, the Discounted Capital Credit Payout Applications will be considered individually.
  - If one spouse returns their form within the required time frame, that spouse will qualify to be considered for the discounted payout.
  - If one spouse does not return their form within the required time frame, that spouse will not qualify to be considered for the discounted payout.

## **BUSINESS ACCOUNTS**

- Businesses with either Active or Inactive accounts are eligible to complete the Discounted Capital Credit Payout Application.
- The same rules and regulations apply to business accounts.

## **DECEASED MEMBER ACCOUNTS**

- Representatives for deceased individuals must complete the Estates Application form.
- These applications will not be included in the Discounted Payout but will instead be paid out at 100% with the usual monthly Estate retirements.