

## Discount Capital Credit Program Frequently Asked Questions

### **What are Capital Credits?**

Allocated but unretired patronage Capital Credits are the operating capital of the Cooperative retained to finance the electric plant. Over the past few years, financial conditions have allowed the Board to retire Capital Credits over an approximate fifteen (15) year cycle. Members paid patronage Capital Credits through the normal retirement process receive the full value as an owner of the Cooperative.

### **When did the Discount Capital Credit Program begin and why?**

In 2012, The Board of Trustees adopted the Discount Capital Credit Program to provide members and former members an option to participate in a voluntary program to receive the present day value of their patronage Capital Credits. This new program was brought about by a 2011 change in the SC law governing electric cooperatives. When patronage Capital Credits are retired by the Board, some former members cannot be found. In the past, money for these lost, former members was turned over to the State Treasurer for safekeeping - this is known as *escheatment*. Under the new law, the Cooperative is now responsible for safekeeping the money for lost, former members who reside in SC. This new duty comes at significant administrative costs to the Cooperative. The Discount Capital Credit Program gives the Cooperative an opportunity to avoid these additional administrative costs. Along with avoiding the potentially significant administrative costs of safekeeping money for lost, former members, the Board adopted the Discount Capital Credit Program to provide an opportunity to zero out former members. Reducing the administrative costs relating to lost, former members and the potential savings from early retirement of patronage Capital Credits both represent sound business practices and serve the overall mission of providing low cost electric service.

### **Are all members required to participate in the Discount Capital Credit Program?**

No, the Discount Capital Credit Program is completely voluntary. No member, former member, or deceased member's estate is required to participate. The ability to choose how patronage Capital Credits may be retired is an additional benefit to both current and former members.

### **How do you sign up to participate in the Discount Capital Credit Program?**

You may choose to participate or choose not to participate in the Discount Capital Credit Program at any time. If you elect to participate in the Discount Capital Credit Program, the current discount rate is 8% calculated over a fifteen (15) year period. You should look at both the face value and the present day value of your patronage capital credits to determine if participation in the Discount Capital Credit Program is a good financial decision for you.

If you are interested in receiving additional information regarding your patronage Capital Credits, contact the Cooperative office at (803) 469-8060.