FICA Alternative Plan

FOR PART-TIME, SEASONAL, AND TEMPORARY EMPLOYEES

The Omnibus Budget Reconciliation Act of 1990 (OBRA 90) mandates that employees of public agencies, including school districts who are not members of the employer's existing retirement system as of January 1, 1992, be covered under Social Security or a qualifying alternate plan. The 457(b) FICA Alternative Plan satisfies federal requirements and provides substantial cost savings compared to Social Security.

An employee is required to participate in the FICA Alternative Plan if they meet one of the eligibility requirements listed below.

- Part-time (20 hours or less per week)
- Seasonal (five months or less per year)
- Temporary (contract of two years or less in duration)
- Not covered by TRS in a position otherwise covered by TRS

Contributions & Enrollment

Social Security requires that the equivalent of 12.4% of an employee's salary be contributed each month (6.2% employee, 6.2% employer). However, the FICA Alternative Plan requires only a 7.5% contribution to a retirement account. Enrollment in this plan is automatic. The deferrals are made on a "pre-tax" basis, unlike Social Security, which are made on an "after-tax" basis.

Visit **www.region10rams.org** for account access.

Investments

The FICA Alternative investment portfolio is selected by the employer and directly overseen by an Investment Advisory Committee. The portfolio is comprised of a broad range of stock and bond mutual funds, as well as individual bonds typically held to maturity. The portfolio is periodically adjusted to adapt to changing market conditions. You can view the investments as of the end of each calendar quarter and the asset performance data online.

Distributions

The employee or their beneficiary will receive the FICA Alternative Plan account balance when an employee becomes eligible for a distribution for any of the following reasons: Termination of Employment, Death, Permanent and Total Disability, Retirement, Changed employment status to a position covered by another retirement system (e.g., TRS).