FICA Alternative Plan

FOR PART-TIME, SEASONAL, AND TEMPORARY EMPLOYEES

What is a 457(b) FICA Alternative Plan?

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 ESC Region 10 457(b) FICA Alternative Plan satisfies federal requirements and provides substantial cost savings compared to Social Security.

Eligibility

An employee is eligible to participate in the 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

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. The deferrals are made on a "pretax" basis, unlike Social Security, which are made on an "after-tax" basis.

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 for the quarter, year to date and other time periods on the **www.ramsretirement.com** website.

Distributions

Employees or their beneficiares will receive the FICA Alternative Plan account balance when an employee eligibility is met for any of the following reasons:

- Termination of Employment
- Permanent and Total Disability
- Death
- Retirement
- Changed employment status to a position covered by another retirement system (e.g., TRS)**
    - **Note: For these employees, if there have been no contributions to the account for two (2) years and the account balance is less than $5,000, they may be able to request a distribution.

Taxation

When the employee begins to receive benefits, the funds received become taxable income. If the taxable portion of the account balance exceeds $200, the employee can avoid immediate taxation by directing the account balance to:

- A traditional IRA
- An eligible employer plan that accepts the rollover (i.e., TRS, 403(b), 457, etc.)

Designating a Beneficiary

If the employee dies while a participant in the Plan, the account balance will be distributed to the employee's beneficiary. If the employee is married at the time of death, the spouse is automatically the beneficiary. If the employee wishes to designate someone other than the spouse as beneficiary, the employee must do so in writing and the spouse must sign a spousal consent form. If the employee is unmarried at the time of death, the account balance will be paid to the employee's estate unless another beneficiary has been designated. To designate a beneficiary, please login to your account at **www.ramsretirement.com** using the instructions under "Account Access" below.

Company Offering Services

The company chosen to provide the 457(b) FICA Alternative Plan is TCG Administrators, an organization with many years of proven expertise in administering retirement plans to public sector employees.

Protection from Liability

The District as a 457(b) plan sponsor is responsible for the types of investments offered to participants. Most 457(b) plans do not protect the District from fiduciary liability. The 457(b) FICA Alternative Retirement Plan offers fiduciary protection for the District through an Investment Advisory Agreement with HUB Investment Partners, LLC.

Fees & Plan Information

For a detailed explanation of the plan rules and fees, you may access the Summary Plan Description at **www.ramsretirement.com/documents** by searching your employer's plan name. TCG Administrators will send a statement to you at the end of the plan year. However, you may view your account value updated daily online using steps from the following section.

Account Access

To review your account balance or request a distribution, you can access your account on the Region 10 RAMS website. Please follow the steps below to access your account:

1. Visit **www.ramsretirement.com**
2. Click the **Login** button in the upper right-handcorner
3. Use the following credentials to access your account:
   User Name: Your Social Security Number (no spaces or dashes)
   Password: Your date of birth (MMDDYYYY)
4. Done! You should now have full access to your account

Get started at www.ramsretirement.com

Virtual assistance is available at **www.ramsretirement.com/appointment** or by calling the Customer Service at 800-943-9179.

Region 10 RAMS | 900 S. Capital of Texas Hwy, Suite 350, Austin, TX 78746
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Investment advisory services offered through HUB Investment Partners LLC, an SEC registered investment advisor. Insurance Services offered through HUB International. HUB International, owns and operates several other entities which provide various services to employers and individuals across the U.S.