

457(b) FICA Alternative Plan and Trust

What is the 457(b) FICA Alternative Plan? The Omnibus Budget Reconciliation Act of 1990 (OBRA 90) mandates that employees of public agencies that are not members of the employer's existing retirement system (TRS) as of January 1, 1992 be covered under Social Security or a qualifying alternative plan. San Felipe Del Rio CISD has adopted the FICA Alternative Plan for substitutes and temporary employees.

Who is required to participate in the FICA Alternative Plan? You are required to participate in the Plan if you are an active employee and are not eligible to participate in the TRS Pension Plan.

How much do I contribute to the FICA 457(b) Alternative Plan? The FICA Alternative Plan requires a 7.5% pre-taxed contribution by the employee.

What are the advantages of participating in the FICA Alternative Plan?

- You are 100% immediately vested (meaning you own the money) on your contribution to the Plan.
- The Plan lowers your current income taxes since contributions to the Plan are made on a "pretax" basis, unlike Social Security withholdings, which are made on an "after-tax" basis
- When you leave your employer, you can rollover your account balance to an Individual Retirement Account or another qualified retirement plan, or take a cash distribution subject to taxation.
- There is no IRS penalty for taking a cash distribution prior to retirement.
- If you become eligible later for TRS, you can use your Plan account balance to purchase service credit.
- Plan assets are managed by a professional registered investment advisor, National Benefit Services.

How do I designate a beneficiary? Your spouse if married or estate if not married is automatically defaulted as your beneficiary. If you would like to change this default, you may contact National Benefit Services (NBS) at (800) 274-0503 or you may download the FICA Alternative Retirement Plan Automatic Enrollment Notification and Change Form by visiting www.nbsbenefits.com.

Do I still pay the Medicare portion of FICA? Yes, Medicare withholding will be made from your paycheck in addition to the contribution to the 457 (b) FICA Alternative Plan.

How do I find out how much money is in my account? You will receive annual statements from NBS, the plan administrator, outlining your account activity. You may also go on line to www.nbsbenefits.com or call (800) 274-0503, to find out your account balance.

How do I withdraw or rollover my money? Upon termination of employment, attainment of retirement age, or in the event of permanent disability or death, you will have access to the funds in the account 12 months after the date when employment at SFDRSISD is terminated. If there is a status change to full time, the waiting period is 24 months.

Administered by:

Administration Company
National Benefit Services (NBS):
8523 South Redwood Road West Jordan, UT 84088
(800) 274-0503