

MANDATORY FICA ALTERNATIVE PLAN

This memorandum introduces you to our retirement coverage for adjunct faculty members and your responsibilities in setting it up when you begin working. Eastern Florida State College provides an Alternative Social Security Plan instead of sending contributions to Social Security. This plan does not affect your Social Security coverage or contribution through any other employer.

The plan works as follows. Typically an employer withholds 6.2% of after tax dollars from your paycheck and sends that amount to Social Security. The EFSC Alternative Social Security Plan (a 403B plan) instead withholds approximately the same dollar amount by using pre-tax dollars at the rate of 7.5% and pays it into an individual investment account, which you own. The 7.5% deduction is required by the IRS for this type of plan.

This program is designed so that you will own your retirement plan rather than the dollars going to Social Security. The account is like a tax sheltered annuity, and you will have a choice of investment funds. The account will continue to be owned by you, even after leaving EFSC employment. Since you own the retirement plan, you will be asked to designate a beneficiary for the account.

The alternative plan is administered by the Teachers Insurance and Annuity Association/College Retirement Equities Fund (TIAA-

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How will this affect my paycheck?

Although the net pay may vary a small amount, there typically is not a significant change in your paycheck. The primary difference is that you will own a retirement annuity whose funds otherwise would have gone to Social Security.

Are there any other effects on my income tax?

Please consult your tax professional for more advice in this area.

How will this affect my Social Security benefits?

Benefits to be received from Social Security are typically not affected, assuming you have accumulated the required 40 quarterly earning credits for participation.

Does TIAA-CREF charge anything to administer the account?

There are no expenses or sales charges deducted from contributions. Administrative expenses are deducted from annual earnings of the funds. The expenses incurred by TIAA-CREF in the past have been much lower than the national average. TIAA-CREF is committed as a non-profit institution to keep these expenses as low as possible.