

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-CREF). This institution has been in existence since 1918 and is considered the leading private retirement/investment provider in higher education today.

On your first day of employment please contact TIAA-CREF at 1-800-842-2776 and set up your account. You will need to let them know the Eastern Florida State College plan number which is 102649. Please ensure you do this in a timely manner, if your account is not set up for your first pay date the monies deducted and sent to TIAA-CREF from your check will be returned to the college.

You are encouraged to study the literature to better understand the benefits that this plan will bring to you. Below are some questions and answers that may address some of your initial questions.

If you have other questions regarding this plan, I encourage you to contact TIAA-CREF at 1-800-842-2776.

ALTERNATIVE SOCIAL SECURITY PLAN FREQUENTLY ASKED QUESTIONS

Can I choose to remain with Social Security as an adjunct faculty member?

The IRS mandates that when this type of plan is in use, it must be administered to an entire class of employees that are not otherwise eligible for retirement benefits. As long as you are classified as an adjunct faculty member at EFSC you will be enrolled in this plan.

I already have a tax-deferred annuity with a different company. Can I use them instead of TIAA-CREF? EFSC was required to select an administrator for this plan. TIAA-CREF was selected based on their excellent track record and low cost administration. All contributions made through this plan must be kept with TIAA-CREF.

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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.

When can I withdraw the money from the retirement account?

IRS regulations state that you can begin withdrawals at age 59 ½ without penalty. Earlier withdrawals may be possible, but only as a result of separation from service, disability, death, or hardship. You may incur tax penalties if you make early withdrawals.

What happens if I stop teaching as an adjunct faculty member?

Although your contributions will stop, your account will continue to grow based on your investment selection until you start making retirement withdrawals.

Can I receive earnings credits for Social Security purposes?

Although you don't receive earnings credits while you're in the Alternative Plan, you retain all of the earnings credits (and Social Security benefits) you accumulated prior to joining the Alternative Plan as well as any you may earn in other jobs.

Where can I get more information?

For any other questions you may contact TIAA-CREF at 1-800-842-2776.

Please Note:

Remember, you will be required to contact TIAA-CREF to set up your account on your first day of work. The plan number for Eastern Florida State College is: 102649.