

What is the plan?

The FICA Alternative Plan allows employers to defer Social Security contributions, for employees who would not otherwise be eligible for defined retirement plans, for the purpose of purchasing a tax-sheltered annuity.

Who administers the plan?

BENCOR, Inc. specializes in the design, implementation, and administration of qualified and non-qualified retirement plans for both private and public employees. Throughout the U.S., BENCOR has successfully coordinated the implementation and operation of FICA Alternative Plans since 1994. The firm is staffed with experienced and qualified investment, legal, and accounting professionals, dedicated to providing quality service.

Who is eligible to participate?

The following classes of employees have been approved to participate in this plan:

- Adjunct instructors, substitute instructors, applied music instructors, and part-time instructional assistants;
- Instructors filling a 4-month temporary, full-time contract;
- Temporary, full-time employees filling a position for six months or less;
- Part-time hourly employees who have not completed 2080 hours of employment and are not enrolled in the Florida Retirement System

How does the plan work?

Employees, in the classes listed, will not be required to contribute 6.2% of salary to Social Security. Instead, they will contribute 7.5% of salary to the FICA Alternative Plan to purchase tax-sheltered annuities. Employees are required by law, however, to pay the Medicare portion of Social Security which is currently 1.45%. Since the 7.5% contribution to BENCOR will be made with pre-tax dollars, there will be very little difference in net take home pay, as illustrated below:

	<u>FICA</u>	<u>BENCOR</u>
Gross Earnings	\$1,000.00	\$1,000.00
Less 7.5% Contribution (BENCOR)	0.00	75.00
Taxable Income	1,000.00	925.00
Less 15% Income Tax (assumed rate)	150.00	138.75
Less 6.2% FICA Withholding	62.00	0.00
Less 1.45% Medicare Withholding	14.50	13.41
Net Take-Home Pay	773.50	772.84
Accumulated Savings		+ 75.00
Total Net-Pay + Accumulated Savings= \$847.84		

What are the advantages?

	BENCOR FICA Alternative Plan	Social Security
Deduction	7.5% deduction of gross earnings <u>before</u> taxes	6.2% withholding rate
Tax Sheltered	Yes; plan qualifies under Section 403(b) of IRC	No
Vesting	Immediate	After 10 years (40 quarters)
Enrollment	Automatic	After completion of application
Status of Account	Available any time	Upon written request
Beneficiary Designation	May be designated or your estate will be beneficiary	Pre-designated
Investment Options	Yes	No
Impact on Take Home Pay	About the same as SS	About the same as BENCOR FICA Alternative Plan

How is the account set up?

Initially, all participants will be placed in a fixed annuity account, but this may be changed to other investments at the option of the employee.

Your enrollment will be reflected in your first paycheck, and BENCOR will send additional materials explaining more about the plan and available options.

Can someone opt out of the plan?

Florida's state insurance laws require BENCOR to advise new participants of their *30 Day Right to Cancel*; however since the program is mandatory, **anyone who cancels will no longer be eligible for employment with the College.**

Is the plan portable?

Yes. Not only may employees shift investments within BENCOR to produce the best returns, they can also take their plans with them after employment at Valencia.

How does a person contact BENCOR?

To check the status of an account or change investment options, you may call BENCOR at (888) 258-3422 or visit their website at www.bencor.com.

For a BENCOR FICA Alternative Plan brochure, contact Human Resources at x8033.

***FICA
ALTERNATIVE
PLAN***

**VALENCIA
Community College**

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