



457(b) FICA Alternative Plan and Trust

What is a 457(b) FICA Alternative?

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

Benefits of Contributing to a 457(b) FICA Alternative Plan

- Bridge your retirement income gap
- Lower your taxes
- Automatic savings via payroll deductions

Important Points About Your 457(b) FICA Alternative

Eligibility: An employee is required to participate in the FICA Alternative 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.tcgservices.com website.

Distributions: The employee or their beneficiary will receive the FICA Alternative Plan account balance when an employee becomes eligible for a distribution 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)

If there have been no contributions to the account for two (2) years and the account balance is less than \$5,000, the employee may be able to request a distribution.

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Additional Important Points About Your 457(b) FICA Alternative

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.tcgservices.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, a company 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 TCG Advisory Services, LLC.

Plan Information: For a detailed explanation of the plan rules and fees, you may access the Summary Plan Description at www.tcgservices.com 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 on the TCG website by accessing your account as described below.

Account Access: To review your account balance or request a distribution, you can access your account on the TCG website at www.tcgservices.com. Please follow the steps below to access your account online.

1. Click the **Login** button in the upper right-hand corner
2. Click the **Group Retirement Plans** box
3. User Name will be your Social Security Number (no spaces or dashes): #####
4. Password will be your date of birth (MMDDYYYY): #####

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Remember all investing involves risk.