

FICA ALTERNATIVE PLAN

Frequently Asked Questions

What is the FICA Alternative Plan?

The FICA Alternative Plan is a defined contribution plan authorized under Section 401(a) of the Internal Revenue Code. Adjunct faculty, post-docs, house staff, and hourly and most exempt OPS employees are eligible to participate in the FICA Alternative Plan. The plan is mandatory for eligible employees, who will be automatically enrolled or un-enrolled based on their salary plan status during the affected pay period. There is no minimum age or service requirement.

BENCOR, Inc. is the plan administrator for the University of Florida. BENCOR Administrative Services (BAS) is a recordkeeping and administrative firm that specializes in qualified retirement plans. They provide services to over 3200 plans in 40 states. For more information about individual investments, participants may contact BENCOR Administrative Services at 1-888-258-3422, or access their website: <http://www.bencorplans.com/>

How does the plan work?

Social Security payroll taxes are collected under authority of the Federal Insurance Contributions Act (FICA). Social Security is currently withheld at 6.2% of eligible wages and matched by the university. FICA Alternative Plan participants will no longer contribute to the Social Security Administration, nor will the amount contributed by the employee be matched by the university. Instead, participants will contribute 7.5% of their wages into an investment account in their name. Medicare contributions at 1.45% will continue to be withheld and matched by the employer.

What are the advantages of the FICA Alternative Plan?

- Contributions to this plan are pre-tax; therefore, the total amount of taxes paid will be reduced. No taxes are paid on the contributions until they are withdrawn.
- Participating employees are not subject to Social Security taxes while covered by this plan, and Social Security taxes are never due on these funds.
- Any benefits previously earned under another retirement plan (including Social Security) will not be reduced by participation in this plan.

May I decide not to participate in the FICA Alternative Plan?

No; the IRS regulations for the 401(a) plan require that all eligible employees participate for the agency to participate. Therefore, if you are in an eligible OPS salary plan, participation is mandatory.

Are there forms I should complete?

Once a contribution has been made to the plan, the employee will receive an Enrollment/Designation of Beneficiary form and an introduction letter from BENCOR, the plan administrator. This form allows the employee to choose between a Guaranteed Pooled Fund (an interest bearing account) and a variable investment option, as well as identify a beneficiary.

What if I do not complete the enrollment form?

The enrollment form designates your investment choice and a beneficiary. If an investment choice is not selected, the contributions will automatically be placed into the Guaranteed Pooled Fund which has a minimum guaranteed interest rate for calendar year 2009 of 3.85%.

How do I access my account information with BENCOR?

You may access your account online with a PIN number. It is established originally as the last 4 digits of your social security number, but we encourage you to change that when you log in the first time. You will also get an annual statement mailed to you from BENCOR.

BENCOR representatives are on-site each Monday afternoon in the HRS Building at 903 West University Avenue. You may call (386)365-4448 or (386)344-3788 to arrange an appointment.

Is there a charge from BENCOR to establish an account, switch between investment plans, or to withdraw funds?

No, there are no charges from BENCOR as long as contributions are being made. After 24 consecutive months of inactivity, there will be a nominal fee of \$.33 each month. There are also some small fees associated with the mutual fund options.

Will my FICA Alternative contribution impact the amount I may contribute to an individual IRA?

Yes it may, depending on your adjusted gross income and your tax filing status. If you also contribute to an IRA, you are encouraged to check with a tax professional.

How and when can I withdraw funds from my account?

Withdrawals from the plan may be made at the following times:

- Separation/termination of employment (Note: A 10% IRS penalty will apply if you are younger than 55 years of age.)
- Retirement
- After age 70 ½ or retirement, if later, when the IRS requires that the minimum distributions be made to the participant each year
- Participant's total disability
- Participant's death

Withdrawals from your account may be made in a lump-sum cash payment (see above note regarding IRS penalty), or plan balances may be rolled over to an IRA or other eligible retirement plan. No IRS penalty applies to these transfers.

To request a withdrawal, download a Distribution Request Form from our website at <http://hr.ufl.edu/retirement> and submit it to University Retirement (attach rollover account information, if applicable). Retirement Services will certify your termination date and forward to Bencor, Inc. **Departmental administrators should not sign these forms.**

Fax to (352) 392-5166, or mail to: Retirement Services * PO Box 115005 * Gainesville, FL 32611-5005

All forms received by Bencor, Inc. by the last day of each month will be processed for payment on the 15th of the following month.

Bencor, Inc. will mail a check to the address noted on the Distribution Request Form.