

# FICA Alternative Update

School District	FICA Alternative	Social Security	Provider
*Allen ISD	X		National Benefits
*Birdville ISD	X		JEM Resource
*Carrollton/Farmers Branch ISD	X		JEM Resource
Cedar Hill ISD	X		First Financial
Desoto ISD	X		First Financial
Duncanville ISD	X		Mid-America
*Eagle Mountain-Saginaw ISD	X		Mid-America
Ennis ISD	X		JEM Resource
Ferris ISD	X		
Fort Worth ISD	X		
*Frisco ISD	X		
Garland ISD	X		PARS
Grapevine-Colleyville ISD	X		Mid-America
*HEB ISD	X		
Highland Park ISD	X		Mid-America
Italy ISD	X		
*Irving ISD	X		RAMS**
*Keller ISD	X		PARS
*Lewisville ISD	X		JEM Resource
*McKinney ISD	X		
*Mansfield ISD	X		First Financial**
Mesquite ISD	X		Region 10 RAMS
Midlothian ISD	X		
Maypearl ISD	X		
Milford ISD	X		JEM Resource
*Northwest ISD	X		
*Plano ISD	X		JEM Resource
Red Oak ISD	X		
Richardson ISD	X		JEM Resource
Rockwall ISD	X		National Benefits
Wichita Falls ISD	X		BENCOR /TBA
Wylie ISD	X		BENCOR
<b>*TASB Survey Comparison District</b>			**Looking to transition for 2015

# Social Security Paid 2012-2013

Department	# of Employees	Amount
Extended School Day	106	\$27,464.19
Child Nutrition Worker	59	\$6,550.72
Gallian Child Development Center	7	\$717.44
Substitute	693	\$173,136.96
Miscellaneous	111	\$30,169.34
Transportation	66	\$18,525.25
<b>TOTALS</b>	<b>1,042</b>	<b>\$256,563.90</b>

# FICA Alternative Carriers Associated with TRS Approved Enrollment Vendors

**US Employee Benefits Service Group**

BENCOR  
National Benefits

**Financial Benefits Service**

JEM Resource  
Region 10 RAMS

**First Financial Group of America**

Mid America

**TCG Benefits**

JEM Resource  
Region 10 RAMS

*Most FICA Alternative plans were in place prior to districts joining TRS ActiveCare.*

## Summary of TRS Eligibility

This will impact all substitute employees and any monthly or operations employees that are not employed in TRS eligible positions.

Everyone paid on the substitute payroll (classroom subs, clerical subs, facilitators, in-home trainers, non-employee athletic workers, lunch room monitors, adult/community education workers, etc...) pays into Social Security. (The only exceptions are rehired TRS annuitants, VOE students, or substitute employees that are working in TRS eligible positions at other districts and work for us part time. For example: someone that works full time at Sanger ISD and works at night in our Adult/Community Education program.)

Monthly Payroll: Everyone paid on the monthly payroll is TRS eligible except the few TRS retirees we employee and the few employees working less than 50% time. The employees that work less than 50% time pay in to Social Security.

Operations Payroll: Employees working 15 hours per week (3 hours per day) or more are TRS eligible. Employees working less than 15 hours per week (less than 3 hours per day) pay Social Security. Extended School Day workers, child nutrition subs, custodial subs, part time bus drivers (less than 3 hours per day) all pay in to Social Security unless they are TRS retirees.

This will not impact any TRS annuitant that we employee as we are not required to pay Social Security on rehired annuitants of the TRS.

The following explains who is required to be a TRS member:

Employment that makes you eligible for membership in TRS is:

- regular employment in a public, state-supported educational institution in Texas that is expected to last for a period of 4½ months or more,
- for one-half or more of the full-time workload, and
- compensation paid at a rate comparable to the rate of compensation for other persons employed in similar positions

An employee of a public, state-supported educational institution in Texas meets these requirements if the member's customary employment is for 20 hours or more each week and for 4½ months or more in one school year.

Full-time service is employment that is usually 40 clock hours per week. If the TRS-covered employer has established a lesser requirement for full-time employment for certain positions, full-time service includes employment in those positions. In no event may full-time employment require less than 30 hours per week.

If there is no equivalent full-time position for that position, a minimum of 15 hours of service is required per week to qualify the position for TRS membership. This requirement now applies to all positions, including bus drivers.

All regular employees of the public education system in Texas (employed for 4½ months or more, for one-half time or more, and paid at a rate comparable to other persons employed by that employer in

similar positions during one school year) must participate in TRS, unless an exception to TRS membership applies.

The following types of Texas public education employees are not required or permitted to participate as active members in the retirement plan:

- a TRS retiree,
- higher education faculty members and other eligible employees who elect to participate in the Optional Retirement Program (ORP),
- an employee of an institution of higher education who is required to enroll concurrently as a student in the employing institution as a condition of employment,
- a substitute, as defined by TRS rules (to be considered a substitute, the individual must be serving temporarily in a position currently held by another employee and paid at a rate-of-pay that does not exceed the rate for substitute work established by the employer), or
- a person employed on a temporary (less than 4½ months), part-time (less than one-half time), seasonal, or irregular basis

## BENCOR

BENCOR was incorporated on August 16, 1993 in Kentucky and on March 25, 1999 in Florida.

In 1996-97, at the request of chief financial officers, human resource directors and risk managers, BENCOR designed the BENCOR National Government Employees Retirement Plan. In 1998, BENCOR received IRS approval for its National Government Employees Retirement Plan (401(a) Qualified Defined Contribution Plan). BENCOR's approach has always been to provide the strongest combination of companies and individuals to guarantee a superior result. Participant and plan-sponsor satisfaction have been very high.

BENCOR, Inc. specializes in the design, implementation and administration of specialized, qualified and non-qualified retirement plans for public employees throughout the United States. BENCOR is the leading designer and the leading provider of 401(a), 403(b) and 457 Special Pay and FICA Alternative Plans. The plan also has been audited by state auditors and by the IRS and has been found to be in full compliance with all applicable requirements.

The Firm is staffed with experienced and qualified investment, legal, administrative and accounting professionals dedicated to providing quality service in the areas of plan design, administration, investment funding and communication. The principals at BENCOR bring extensive knowledge and professional experience to the marketplace.

### GENERAL ADVANTAGES

- Only business of BENCOR is specialized retirement plans. BENCOR does not compete with elective deferral 403(b) or 457(b) plans.
- BENCOR is a company with vast experience with this type of plan.
- BENCOR is able to implement their Plans today. Both employees and employers will be able to take immediate advantage of this significant employee benefit.
- BENCOR provides immediate Plan education to all eligible employees and to staff.

### PLAN DESIGN

- The BENCOR Special Pay Plan was two years in development.
- Obtained subsequent IRS approval (2002) as soon as possible after the passage of the 2001 Tax Act.
- Obtained current IRS approval in June 2009.
- Is designed specifically to handle: (1) terminal sick-leave pay; (2) annual-leave; and (3) incentive pay in a tax-advantaged manner.
- Reliance Trust Services acts as Trustee.
- Mandatory plan participation is required to achieve maximum tax savings.
- Investment alternatives are provided by Diversified Investment Advisors is a leading provider of investment options to retirement plans.
- BENCOR Administrative Services provides specialized Plan administrative services.

## **FINANCIAL ATTRIBUTES**

- There is no 10% IRS penalty on distributions if the employee is at least age 55 in the year of separation from employment.
- Separating employees have immediate access to 100% of their money.
- Initially, Special Pay Plan contributions are automatically invested into the Guaranteed Pooled Fund (this is a principal-guaranteed, interest-bearing account). Subsequently, the participant can self-direct among 17 investment choices.
- The Guaranteed Pooled Fund pays a competitive interest rate net to the participant.
- An asset-management fee is deducted from variable accounts only. The fee will be indicated on the quarterly statements sent to all Plan participants.
- No surrender charges to the participant or to the employer.
- No charge to change investments over the Internet or through our voice activation response system or through a financial advisor.
- Individual daily account valuations.
- A participant (or surviving spouse) can do a rollover into an IRA or into another qualifying plan.