

Florida State University – BENCOR 401(a) FICA Alternative Plan information:

SUMMARY

Florida State University has implemented a qualified retirement plan for part-time, seasonal, or temporary employees who are not covered by the Florida Retirement System. The **BENCOR 401(a) FICA Alternative Plan** began covering these employees on January 6, 2006. In lieu of paying 6.2% of your wages for Social Security taxes, you will contribute 7.5% of your pre-tax wages into an investment account in your name. Medicare contributions at 1.45% will continue to be withheld from your paychecks. **Participation in this plan is mandatory for all eligible employees.** You will be automatically enrolled or un-enrolled by the University as your salary plan and/or student status changes during your employment with FSU.

This program offers several advantages, some of which are provided below:

- 1) You are not subject to Social Security taxes while covered by the plan.
- 2) Any benefits you have earned under any other retirement plan (as well as any previous Social Security benefits) will not be reduced by participating in this plan. Also, if you leave a position covered by this plan for any reason before retirement, you can withdraw the balance of your account, or continue to save the funds for retirement.
- 3) Contributions to this plan are pre-tax; therefore, your income taxes are reduced. This is the least expensive way to save for retirement, and allows you to accumulate a higher retirement benefit. No taxes are paid on the contributions or earnings in the plan until they are withdrawn.
- 4) You will have an individual account in your name in which contributions will be placed, and from which distributions can be paid only to you (or a designated beneficiary.) Accounts are updated daily. You may access the account data on-line through the BENCOR website <http://bencorplans.com>.
- 5) Investments are provided by Charles Schwab. You may change the investments whenever you like or see the latest fund performance statistics by logging on to the BENCOR website <http://bencorplans.com>.
- 6) **There are no fees associated with this plan, as long as you are still employed and actively making payroll contributions to the account. After two years of account inactivity (no payroll contributions received) *and* if your account balance is less than \$1,000, BENCOR will assess a monthly inactivity fee – currently \$2.00/month (as of May 2021).**
- 7) You will be provided with an annual statement after each plan year ends on December 31. Statements will be mailed to the home address on file with BENCOR provided there is no email address on file.

Additional information about the plan may be found at the Human Resources website <http://hr.fsu.edu>. If you have any questions about this information, please contact Human Resources by email to: retirement@fsu.edu.

All participants are advised to complete or update their beneficiary information with BENCOR Administrative Services. To do so, please contact BENCOR toll-free at 1-866-296-9712, Monday through Friday, from 9:00 a.m. to 6:00 p.m. ET. Participants may also email questions to: questions@bencor.com.

Please note that any questions directly related to your paycheck contributions, and not your BENCOR account, will likely need to be answered by either FSU's Human Resources or Payroll staff.

ACCESSING YOUR ACCOUNT

You may access your account via internet or voice response system.

For internet account access, please visit: <http://bencorplans.com>. To set up your online account, select "Participant Login" from the menu at the top of the screen. On the next screen, you will be prompted to create a new account by clicking on the "Get Started" button. To set up your

account, you will need to provide your Social Security Number (this is how BENCOR identifies your account), Date of Birth, and Zip Code (of your home address). You will also need to create a username and password.

For voice response, please call, toll-free, 1-866-296-9712.

Account statements are automatically mailed to your home address once per year (usually in January/February). You may request a statement at any time via internet, the voice response system, or by email to: questions@bencor.com.

PLAN OVERVIEW

The *Omnibus Budget Reconciliation Act of 1990 (OBRA 90)* introduced Internal Revenue Code Section 3121(b)(7)(F) into law. As a result, you, as a part-time, seasonal, or temporary employee of a governmental employer, may deposit money into a private retirement plan, instead of Social Security. Thus, you are not covered by Social Security in your current position. Florida State University formally began participation in the BENCOR 401(a) FICA Alternative Plan on January 6, 2006.

Under the 401(a) FICA Alternative Plan, participating employees contribute 7.5% of compensation on a pre-tax basis to an account in the participant's name. Benefits which have been earned under any other retirement plan or FSU, a previous employer, or any future employer will not be reduced by participating in this plan.

If you, as participant, leave a position covered by this plan for any reason, you may withdraw the balance of the account.

ELIGIBILITY

All employees who are not covered by their employer's retirement plan (with few exceptions) are automatically enrolled in this plan. There is no minimum age or service requirement for participation.

CONTRIBUTIONS

You contribute **7.5%** of your bi-weekly compensation in place of the standard employee Social Security tax deduction. You contribute before any tax withholding is calculated, which reduces your current income tax liability.

You pay no taxes on the contributions or any earnings in your account until withdrawal. Normal income taxes (20% federal withholding) are payable upon withdrawal. Federal restrictions and a 10% tax penalty may apply to early withdrawals (made before attainment of age 59-1/2, or age 55 if retired.) Social Security taxes are never deducted.

Individuals who are "active participants" for the year in certain tax-advantaged retirement plans, such as the BENCOR 401(a) FICA Alternative Plan, are subject to federal tax law limitations on deducting contributions for the same year to an Individual Retirement Account (IRA). These limitations also may affect a spouse's IRA deductions. Be sure to consult an independent tax advisor if you wish to take federal income tax deductions for contributions to an IRA.

VESTING

You will always own 100% of your account balance.

INVESTMENTS

Investments are solely controlled by the participants. You may want to choose to invest your money in one or more of the various funds that are available. You may change the investments whenever you like by calling, toll-free, 1-866-296-9712, or by visiting www.bencorplans.com.

INACTIVE ACCOUNT FEES

No inactive account fees are charged to your account unless it has been two years since your last contribution AND your balance is less than \$1,000.00. At that time, if you do not elect a distribution or account rollover, an account maintenance fee of \$2.00 per month will be applied.

STATEMENTS

Account balances are updated daily. You will receive a statement of your account after the end of each calendar year. Contributions, earnings, and any other activity in your account will be reflected on the statement.

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

- 1) Termination of Employment (**or obtaining a salaried position at FSU**)
- 2) Retirement
- 3) After age 72, when the IRS requires that minimum distributions be made to the participant each year
- 4) Total and permanent disability
- 5) Death of participant

Withdrawals from your account may be made in a lump-sum cash payment (no 10% penalty unless it is an early withdrawal), or as a transfer (rollover) to an IRA, Roth IRA, or other qualified retirement account (no penalty applies.) There are no loan or hardship withdrawal provisions in this plan. Withdrawals or rollovers from the plan are **not** permitted at any time while you are actively working in a BENCOR-eligible position.

To request a withdrawal or rollover/transfer of account funds, contact BENCOR at 1-866-296-9712 or log into your BENCOR online account at www.bencorplans.com and select “Participant Login” at the top of the screen. Please allow approximately 4 to 6 weeks from your final contribution to receive your distribution. Distributions may be processed by paper check or by direct deposit to your checking or savings account.

BENCOR Administrative Services

Phone: 1-866-296-9712

Email: questions@bencor.com

Website: www.bencorplans.com

Florida State University – Office of Human Resources, Benefits

A6200 University Center, Building A

Phone: (850) 644-4015 - Fax: (850) 645-9509

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