

Premier Plan

Social Security Alternative Plan for Part-Time, Seasonal and Temporary Employees

All part-time, seasonal, and temporary employees not participating in TRS must have Social Security deducted from each paycheck. On January 1, 2012, Waco ISD exercised its Social Security Section 218 exclusion allowance, which allows us to provide the option of giving part-time, seasonal and temporary employees a meaningful, defined contribution retirement alternative to Social Security.

What does this mean?

All part-time employees (with the exception of employees currently retired through TRS) including substitutes, temporary, and seasonal workers (temporary custodial and cafeteria workers; summer warehouse workers; stadium workers; game help, etc.) contribute 6.2% of their pay to Social Security. By exercising the exclusion allowance, Social Security Social Security deductions for these employees are eliminated, with contributions instead made to a defined contribution plan with a guaranteed rate of return. Medicare contributions of 1.45% will continue.

The Premier Social Security Alternative Plan has been selected as the alternative plan. It is structured as an Internal Revenue Code Section 457 plan. Administration is provided by MidAmerica, through First Financial Administrators, Inc. at no cost to the employee or district.

An employee's current after-tax Social Security contribution will be replaced with 7.5% pre-tax employee contribution (7.5% pre-tax is approximately equivalent to 6.2% after-tax social security) to the employee's individual account. Employees earn market rate of return on their accounts and are 100% vested in the full account value with no penalty for withdrawal upon termination from employment. The Social Security Regulations require that participants in a Social Security Alternative program always receive 100% of their principal contributions plus interest.

Advantages

- You contribute with pre-tax dollars, which reduces the amount of federal income tax you pay.
- Your contributions earn interest at the current declared market rate with a guaranteed minimum rate of return.
- Your account earnings are compounded to build up your account until the money is paid out to you.
- Unlike Social Security, the money in your account – your contributions and earned interest – is yours to withdraw when you terminate employment and after a standard waiting period. If you change to full-time status and become eligible for TRS, you are eligible to withdraw

your funds two years from the date of your last contribution as long as your account balance does not exceed \$5,000. If your balance is \$5,000 or more, your employment must be completely terminated to receive a distribution of your funds.

Other Important Plan Information

- Enrollment in the Premier Plan is automatic with your employment.
- You will receive an annual statement reflecting your account activity.
- Your money is invested with American United Life Insurance Company. AUL is a highly respected, successful, and well-managed company.
- If you should die, the beneficiary you designate will receive the full amount in your account less applicable taxes. If there is no beneficiary listed on file, funds will be made payable to your estate.
- You may log onto MidAmerica's website, www.midamerica.biz, at any time to print forms, statements, or just view your account information.
- Contact information:

MidAmerica Administrative & Retirement Solutions, Inc.

211 E. Main Street, Suite 100

Lakeland, FL 33801

1-800-430-7999

E-mail info@midamerica.biz

What do I need to do?

In order to ensure proper set up of your account with MidAmerica, please complete the Deferred Compensation Plan Participating Agreement form and return to the Benefits Office in Human Resources as soon as possible. It can be hand delivered to the Benefits Office (2nd floor), mailed to Waco ISD – Benefits Office, PO Box 27, Waco TX 76703, faxed to 254-755-9423, or scanned and emailed to tammy.boyett@wacoisd.org. The form must be completed in its entirety, including beneficiary information. Please be sure the writing is legible.

If you have any questions or concerns, contact the Benefits office at 254-755-9522.
