



FICA Alternative Plan

A cost-effective 3121 retirement benefit for your part-time, seasonal, and temporary employees.



FICA Alternative Plan

Reduce Employer Cost and Empower Part-Time Employees to Invest for Retirement

A FICA Alternative Plan is a type of retirement plan for seasonal, part-time, and temporary employees that replaces Social Security. The FICA Alternative Plan eliminates the 6.2% Social Security match by the employer, and routes part-time employees' Social Security payments into an interest-bearing retirement plan instead, creating a win-win arrangement for everyone.



How the **Employer** Benefits

- Permanently save the 6.2% matching Social Security contribution
- Unique retirement benefit attracts and retains talent
- Plan administration, compliance, and education handled by MidAmerica
- Easy plan implementation



How the **Employee** Benefits

- 7.5% of wages are contributed on pre-tax basis
- Take-home pay virtually unchanged despite increased retirement contribution
- Funds are invested, which means increased account value due to earnings over time
- Investments may be self-directed to meet personal retirement goals

Employer Savings with a FICA Alternative Plan

Employers Save Money While Helping Employees Invest for the Future

The chart below illustrates the savings realized by an employer whose payroll for part-time, seasonal, and temporary employees totals \$250,000.

Before Implementing FICA Alternative Plan	Employer	Employees
Contribution Amount	\$15,500	\$15,500
To Whom	Social Security	Social Security

After Implementing FICA Alternative Plan	Employer	Employees
Contribution Amount	\$0	\$18,750*
To Whom	N/A	Employee Retirement Plan

**It may appear that employees have less take-home pay, but the chart on the back page illustrates why that's not the case.*

Savings for the employer: \$15,500

The employer is able to keep the savings or allocate it among plan participants.

Investment Vehicle

Our investment offerings include a fixed interest account with a competitive rate of return, as well as variable investments covering the entire risk-return spectrum. For our variable lineup, we have selected high-quality funds that consist of a guaranteed fixed interest account and a diversified lineup of index funds, lifestyle funds, and target date funds. Investment performance is monitored quarterly to ensure a best-in-class lineup.

How 7.5% Equals 6.2%

Increasing Employee Retirement Investment Value

Employer after-tax Social Security contributions of 6.2% are replaced with pre-tax employee contributions of 7.5% into a FICA Alternative retirement plan, to grow over time. This actually leaves employees with around the same take-home pay as contributing to Social Security would. Why? Because FICA Alternative Plan contributions are pre-tax.

	FICA	FICA Alternative Retirement Plan
Gross Salary	\$1,000.00	\$1,000.00
Less 7.5% contribution into retirement plan	--	\$75.00
Taxable Income	\$1,000.00	\$925.00
Less 15% Income Tax	\$150.00	\$138.75
Less 6.2% Social Security	\$62.00	--
Less 1.45% Medicare	\$14.50	\$14.50
Net Paycheck	\$773.50	\$771.75

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