

## Region 10 RAMS FICA Alternative Plan

ESC Region 10 offers a 457(b) FICA Alternative Plan as federal law (OBRA 90) mandates that employees of public agencies, including school districts who are not members of the employer’s existing retirement system as of January 1, 1992 be covered under Social Security or a qualifying alternate plan.

The ESC Region 10 457(b) FICA Alternative Plan satisfies federal requirements and provides substantial cost savings compared to Social Security. Social Security requires that the equivalent of 12.4% of an employee’s salary be contributed each month (6.2% employee, 6.2% employer). However, the FICA Alternative Plan requires only a 7.5% contribution in which the Employer determines the split between the employee and the employer to a retirement account. The deferrals are made on a “pretax” basis, unlike Social Security, which are made on an “after-tax” basis.

An employee is eligible to participate in the FICA Alternative Plan if they meet one of the eligibility requirements listed below:

- ✓ *Part-time (20 hours a week or less)*
- ✓ *Seasonal (five months or less per year)*
- ✓ *Temporary (contract of two years or less in duration)*
- ✓ *Not covered by TRS in a position otherwise covered by TRS*

The Region 10 Retirement Asset Management Services (RAMS) program has contracted TCG Administrators (f/k/a JEM Resource Partners or JEM) as the third party administrator to provide this service. TCG Administrators (TCG) is a privately-held independent Third Party Administrator located in Austin, Texas specializing in the servicing of employee benefit plans for governmental employers. TCG provides FICA Alternative plan administration to over 80 different Texas school districts with over 194,000 current plan participants. TCG has the expertise, experience, and software to provide 457(b) FICA Alternative (Social Security Alternative) administration and compliance under the IRS regulations.

In this Plan, the Employer selects one of two Managed Portfolios, managed by TCG Advisors, LP, to invest employee contributions. TCG is the Investment Provider and Matrix Trust provides the Trustee services. Below is the Plan structure and Plan highlights that we feel set us apart:

<b>RAMS 457(b) FICA Alternative Plan</b>	
Turn-key program	Low asset-based fees
No inactivity fees	Account balances updated daily
No commissions	Distributions processed daily
No surrender charges or withdrawal penalties	Two managed portfolio options
Overseen by an Investment Advisory Committee	Program assumes fiduciary responsibility

(cont.)



The assets are invested in a trust using very high quality investments having very low fees. TCG Advisors, LP acts as a fiduciary for the investments in the trust. Changes are made as needed in the investments to be sure they (a) continue to perform as well or better than their market indices (using Morningstar data) and (b) adhere to the Plan Investment Policy Statement.

### **FEES**

TCG Administrators receives 1.00% of the plan assets as its administrative fee; TCG Advisors receives 0.40% of assets as the investment advisory fee; Region 10 receives \$0.10 per participant per month (normally deducted from participant accounts) as its fee for running the RAMS program; and the individual investments have fees that vary by type of investment. The investment fees are shown on the Region 10 RAMS website at [www.region10rams.org](http://www.region10rams.org).