

## **MEMORANDUM**

TO: Part-time Temporary Personnel

FROM: Martha Arrieta

SUBJECT: **MANDATORY ENROLLMENT IN ALTERNATIVE TO SOCIAL SECURITY PLAN (IRS Code 3121)**

Miami Dade College has adopted the Alternative to Social Security Plan, permissible for public employers under Internal Revenue Code 3121. This means that in lieu of Social Security, as a new employee, you will be enrolled automatically in the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) 403 (b) Tax Sheltered Retirement Plan. Contributions to Social Security will not occur; however, you will be required to pay Medicare Tax of 1.45 %.

TIAA-CREF is a 400 billion dollar full-service financial services group of companies that has dedicated itself to helping those in the academic, medical, cultural, and research fields for over 90 years. The TIAA-CREF Alternate to Social Security Plan offers a number of personal advantages.

### **Plan Highlights**

- The Alternative to Social Security Plan is a qualified Tax Sheltered Annuity Program. Social Security is not.
- Tax Sheltering means your personal contributions to the TIAA-CREF Alternative to Social Security Plan are not subject to Federal Income Tax. Contributions are reduced from your wages before Federal Income Tax.. Contributions to Social Security are subject to income tax.
- Immediate vesting; no minimum contribution vs. Forty Quarters subject to a minimum contribution for Social Security vesting.
- Contributions of 7.5 % before income tax, which reduces taxable income, is about the same as Social Security contribution of 6.2 % on all taxable income. Take home pay (net pay) will be about the same.

Enrollment will be automatic. Initially, your contributions will be directed to the CREF Money Market Fund, which does not offer a guaranteed interest rate. Therefore, it is important that you make a personal decision on fund selection as soon as you receive the detailed fund information provided by TIAA-CREF that will be mailed directly to your home address..

**Withdrawals from the TIAA-CREF may be made only under the following circumstances:**

- **Separation (Termination of employment) or age 65, whichever occurs first.**
- **Upon total disability.**
- **Upon death.**

Under most conditions, employees occupying positions classified as Temporary Part Time Instructional and Temporary Part Time Instructional Support are not eligible for enrollment in the Florida Retirement System (FRS), which requires contributions to Social Security. However, some employees may eventually be enrolled in FRS. If you occupy a position eligible for FRS membership, you will become a member of FRS when your position meets all of the eligibility requirements. When that happens, your membership in the TIAA-CREF Alternative to Social Security Plan will cease; you will be automatically enrolled in FRS and you will be required to make contributions to Social Security. If you are no longer eligible for the Alternative to Social Security Plan, you will be permitted to exchange those monies to another TSA account with a provider from the College's approved list. A list of approved College providers is located at: [http://www.mdc.edu/hr/Benefits/TSA/TSA\\_provider\\_list\\_0109.pdf](http://www.mdc.edu/hr/Benefits/TSA/TSA_provider_list_0109.pdf)

If you have questions about TIAA-CREF, please contact Customer Service at 1-800-842-2733.