

The Premier Plan 3121 Social Security Alternative

Quality Solutions for Educational Employers

BACKGROUND

In 1990, the Omnibus Budget Reconciliation Act was passed. Government entities who exercised their Social Security Section 218 exclusion allowance were provided the option of giving their part-time, temporary and seasonal Employees a meaningful, defined-contribution, retirement alternative to Social Security.

BENEFITS TO THE EMPLOYER

Social Security contributions for part-time, temporary and seasonal employees are eliminated. The Employer immediately begins saving the matching 6.2% of payroll for eligible Employees. Medicare contributions of 1.45% continue.

BENEFITS TO THE EMPLOYEE

After-tax 6.2% Social Security contributions are replaced with 7.5% pre-tax Employee contributions (7.5% pre-tax is approximately equivalent to 6.2% after-tax). Earnings in a pre-tax account accumulate more rapidly since payment of taxes on the contributions and earnings are deferred. Employees earn a market rate of interest on their accounts and are 100% vested in the full account value with no penalty for withdrawal upon termination from employment.

ADMINISTRATION

The Premier Social Security Alternative Plan is structured as an Internal Revenue Code Section 457 plan. Therefore, there is no 10% penalty assessed if Employees take a distribution of their account balance before age 59½. All administration is provided by MidAmerica. MidAmerica, headquartered in Lakeland, Florida provides administrative services for over 450 Social Security Alternative programs nationwide, representing over 550,000 Employees.

INVESTMENTS

The Social Security Regulations require that participants in a Social Security Alternative program always receive 100% of their principal contributions plus interest. Therefore, all contributions are invested in a guaranteed fixed annuity with American United Life Insurance Company, a ONEAMERICA® company. Interest will be calculated at a fixed rate guaranteed to never fall below a guaranteed minimum rate. There are no surrender charges or fees to Employees if they take a distribution from their account.

EMPLOYER/EMPLOYEE COMMUNICATIONS

Effective material is provided to communicate the Social Security Alternative Plan to your Employees. We will also assist in group meetings. All Employee needs are serviced from MidAmerica's national service center through a toll-free number and secure English and Spanish website.

EMPLOYEE ACCOUNT INFORMATION

Periodic statements are provided to all Employees. Employees may contact MidAmerica's service center at any time for up-to-date account balances, distribution information or to ask questions. As well, all account information is available on the secure website.

The Premier Plan is provided by:



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