

The Benefits of the BENCOR FICA Alternative Plan

The FICA Alternative, or OBRA, Plan from BENCOR is a retirement benefit for part-time, seasonal and temporary governmental and school district employees.

Through this mandatory plan, all eligible part-time, seasonal and temporary employees make a 7.5% pre-tax contribution to the Plan, instead of paying the 6.2% Social Security tax. Since Social Security is assessed post-tax, participants' take-home pay remains virtually unchanged. The difference is that instead of making contributions to Social Security, covered employees have individual retirement accounts that belong solely to them.

Not only does the employee avoid the Social Security tax, but the employer also avoids the 6.2% tax match required by Social Security.

Employees are still required to pay the 1.45% Medicare tax on their earnings.



FICA Alternative Plan Example

	<u>Without BENCOR Plan</u>	<u>With BENCOR Plan</u>
Employee Earnings	\$1,000.00	\$1,000.00
Less 7.5% Plan Contributions	\$ 0.00	\$ 75.00
Taxable Income	\$1,000.00	\$ 925.00
Less Federal Taxes (15%)	\$ 150.00	\$ 138.75
Social Security	\$ 62.00	\$ 0.00
Medicare	\$ 14.50	\$ 14.50
Net Take Home	\$ 773.50	\$ 771.75
Retirement Plan Contribution	\$ 0.00	\$ 75.00
Total Net Pay Plus Savings	\$ 773.50	\$ 846.75

Employer Tax Savings

In addition to the benefit for the employee, the employer will save the Social Security match on the payroll for this employee, or \$62.00. When accumulated with all the other part-time, temporary and seasonal employees, this can be a substantial savings for the employer.

About BENCOR, Inc.

Visit us at bencorplans.com

BENCOR is the leading provider of IRS-approved Special Pay and FICA Alternative Plans nationally. BENCOR first received IRS-approval for these plans in 1994 for FICA Alternative and 1996 for Special Pay. BENCOR's leadership position has come from providing industry-leading services focused on five key elements:

1. Special Pay and FICA Alternative Plan Experience

Special Pay and FICA Alternative plans are all we do.

2. Low Cost Solution

Our Plans are typically provided at no cost to employers and no cost to active participants.

3. Investment Flexibility

BENCOR utilizes Charles Schwab as the custodian for our plans and provides access to industry-leading Stable Value Funds as well as thousands of mutual funds.

4. Turn-Key Administrative Support

Our plan administration provides the support and experience to minimize the workload on your payroll and HR functions.

5. Employee Communication

BENCOR provides a complete curriculum of materials to support the communication of these plans to your employees. Materials are customized for each employer and include Plan Overviews, Frequently Asked Questions, Easy Access Guides, videos and statements, all complemented by our local Advisors.

