Effective July 1, 2005, the Nevada System of Higher Education implemented a FICA (Federal Insurance Contribution Act) Alternative Plan, administered by the State’s Deferred Compensation Committee, for current and future NSHE employees who contribute to the FICA portion of Social Security. The State’s FICA Alternative Plan will allow affected employees to accumulate retirement benefits and control their investment options in a manner different from Social Security. The FICA Alternative Plan is mandatory for some employees and voluntary for others. Contributions will be made on a pre-tax basis and participants become 100% vested upon enrollment. The FICA Alternative vendor is The Hartford and offers guaranteed interest rates on all deposited funds. Current Medicare contributions, including the employer match will continue unchanged under the FICA Alternative Plan.

1. **Who qualifies under this plan?**

   All new employees hired July 1, 2005 or later, who would normally contribute to Social Security, will be mandated to participate in the FICA Alternative Plan. Continuing employees will be granted the option of participating in either the Social Security program or the FICA Alternative Plan.

2. **Will affected employees have a choice not to participate in this Plan?**

   Seasonal, part-time and temporary employees hired after July 1, 2005, who would normally contribute to Social Security will be mandated to participate.

   Returning individuals on Letters of Appointment will be considered a new employee and mandated to participate if they have not been on the payroll for more than one year.

   Continuing employees will be granted the option of participating in either the Social Security program or the FICA Alternative Plan if they have not previously enrolled in the FICA Alternative Plan. The definition of a continuing employee: if he/she was on the NSHE payroll one year prior to their current date of hire.

   Succeeding Letters of Appointment are considered to be continuing employees and will have an option unless a one year break in service occurs.

   Special Note: Once an employee is in a FICA Alternative Plan, the option of returning to Social Security while employed with NSHE is not available.

3. **What happens if a continuing employee currently enrolled in FICA/Social Security fails to make a selection on the attached enrollment form?**

   The continuing employee will remain in FICA/Social Security.

4. **What percentage of the participant’s salary will be deducted and invested in the deferred FICA Alternative Plan?**

   7.5% pre-tax deduction will be withheld from the participant’s total salary (not base salary) and placed in the designated deferred compensation plan.

5. **Will participants receive credits towards Social Security retirement?**

   No, the FICA Alternative plan will be in lieu of Social Security.

(Over)

JDR/Final NSHE FICA Alternative Plan Description
Revised February 27, 2009
6. **Will a participant be able to designate a beneficiary?**

   The plan offers a participant to designate a primary beneficiary. To designate a beneficiary, contact The Hartford.

7. **Will participant receive a statement from the vendor?**

   Yes, statements are sent out by the vendor on a quarterly basis.

8. **What happens to the funds when a participant separates from service?**

   Participants who separate from service and choose to withdraw their funds must notify their vendor in order to receive the funds.
   Participants who separate from their employer and wish their funds to remain deposited will **not** need to notify their vendor of their change in employment status.
   *Special Note:* The vendor has determined that separation means an employee has not been paid within the NSHE system for one month.

9. **Can a participant withdraw their funds early without a penalty?**

   There is no penalty for early withdrawal prior to retirement; however, a participant will be taxed on the amount of withdrawal. Refunds can take anywhere from 4 to 8 weeks.

10. **Can a participant roll their funds into another qualified plan?**

    Yes, a participant can roll their funds into another qualified plan. The vendor will assist the participant with this process.

If you have any questions, please contact the Human Resource department at 651-5800