

Rhode Island FICA Alternative Retirement Plan (FARP)

When employees look at the deductions on their paycheck, few probably realize that the FICA (Federal Insurance Contributions Act) tax is a benefit. Commonly referred to as social security tax the 6.2% deducted from an employee's paycheck is matched by the employer to provide a measure of income for employees after age 62-65.

Most employees of government entities are fortunate to view social security as a supplement to their employee's retirement plan. However, under federal law (Omnibus Reconciliation Act of 1990), starting in 2014, some states, including Rhode Island, elected to cease social security participation for temporary employees of government entities.

In these cases, what were formerly social security payroll taxes (FICA) withheld from paychecks are now deposited into a private retirement plan (IRS 401(a) - defined contribution), with the employee determining the investment funds. Unlike FICA payroll taxes, there is no employer contribution to the plan.

Withdrawal Options

Unlike Social Security, participants may withdraw funds from the Plan under the following conditions:

- Separation or termination of employment with the State (a 10% penalty will apply if you are younger than 55 years of age when you terminate employment)
- Retirement
- Age 59½
- Participant's total disability
- Participant's death

The IRS requires minimum distributions be made to participants beginning at age 70½

What to do after Enrollment

You will be automatically enrolled in the Plan and will receive a TIAA-CREF welcome kit that includes your new account number. Your contributions will automatically be directed into the age-appropriate Vanguard Target Retirement Trust, the default investment product for the Plan. Your beneficiary will automatically be set to your estate.

Once your account is established, you can update your beneficiary designation and direct future contributions to the options on the investment menu. You can update your portfolio online or by phone. You will need the following information:

- Your TIAA-CREF account number from your welcome kit or current log-in information.
- Investment choices and percentages for your future contributions.
- Your Social Security number.
- Your beneficiary's name, Social Security number (if available), birth date and address. (If your beneficiary is a trust, include trust name, date the trust was established, and type of trust.)

To speak with a TIAA-CREF consultant, call the dedicated customer service number at 800-897-1026 Monday through Friday, 8 a.m. to 10 p.m. and Saturday 9 a.m. to 6 p.m.

Your account can be accessed online by visiting www.tiaa-cref.org/ri to learn about the plan investment choices, make transactions, and access retirement planning tools. You will need to choose the FICA Alternative Retirement Plan on the "Plans and Investments" tab.

Frequently Asked Questions about FARP

FARP (FICA Alternative Retirement Plan)

Am I eligible for this Plan and How Will I be Enrolled?

Part-time, seasonal, and temporary employees hired after July 1, 2013, and work less than 20 hours per week will be enrolled automatically if they meet the Plan requirements.

What happens if my status changes and I am no longer eligible?

Employees will be enrolled and un-enrolled automatically based on their current employment status. The State will check for employment status changes for each biweekly pay period.

May I decide not to participate in the Plan?

Eligible employees hired into their current positions after July 1, 2013, are required to participate in the Plan. Eligible employees hired prior to July 1, 2013, may opt to participate in the Plan at any time, but this election is irrevocable.

Does this impact my past contributions to Social Security?

No, previous contributions remain in your name with the Social Security Administration. Contact the local Social Security office at 877-402-0808 with any questions.

How much and how often will contributions be deducted?

Employees will contribute 7.5 percent of pre-tax wages. Contributions will be deducted biweekly with each paycheck. For comparison, participants in Social Security contribute 6.2 percent of eligible wage earnings.

Are there any fees associated with the Plan?

There is a TIAA-CREF annual Plan Servicing Fee of \$32. Each quarter, \$8 will be deducted from your account through the selling of shares from investment options. If your account balance is less than \$25 on the day that a quarterly fee is to be assessed, no fee will be charged. There are fees associated with the investment options. More information can be found at www.tiaa-cref.org/ri.

How do I access my account?

Log into your account at www.tiaa-cref.org/ri.

Who can I speak with if I have additional questions?

You may contact your human resources representative for questions about eligibility. You can contact TIAA-CREF at 800-897-1026 for questions on the investment options. Questions about Social Security should be directed to the local Social Security office at 877-402-0808.

Can I contribute additional dollars to this plan?

No, there are no opportunities to contribute additional dollars to the Plan.

I don't have a computer. How do I update my beneficiary elections?

Call TIAA-CREF at 800-897-1026 to change your beneficiary.



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