



FICA Alternative Plan

A RETIREMENT PROGRAM THAT BENEFITS YOU AND YOUR PART-TIME EMPLOYEES

A FICA Alternative Plan is a retirement saving program for part-time, seasonal, and temporary (PST) employees who are not eligible to participate in an employer’s retirement plan.

It provides an IRS-sanctioned alternative to employers’ otherwise mandatory contributions to the Social Security program through the offering of a “comparable retirement system” to PST employees. **In this alternative scenario, in lieu of employer contributions to Social Security, income tax-deferred contributions to the plan are deducted from each employee's wages.**

When you adopt a FICA Alternative Plan, you immediately eliminate your annual 6.2% payroll expense for PST employees’ Social Security contributions.

Annual PST Payroll	Your Budget Savings
\$100,000	\$6,200
\$250,000	\$15,500
\$750,000	\$46,500
\$1,000,000	\$62,000
\$5,000,000	\$310,000

Attract and Retain PST Employees.

Give them a great reason to choose you!

FICA Alternative plans provide PST employees with a retirement savings benefit that they own and keep for life.

- Contributions are pre-tax and employee take-home pay is about the same as if contributing to Social Security.
- Savings grow more rapidly due to tax deferral.
- Interest credited to the plan is guaranteed through an annuity issued by Life Insurance Company of the Southwest, a member of National Life Group.

Products issued by **Life Insurance Company of the Southwest®**

National Life Group® is a trade name of National Life Insurance Company, founded in Montpelier, VT in 1848. Life Insurance Company of the Southwest, Addison, TX, Chartered in 1955 and their Affiliates. Each Company of National Life Group is solely responsible for its own financial condition and contractual obligations. Life Insurance Company of the Southwest is not an authorized insurer in New York and does not conduct insurance business in New York.

No bank or credit union guarantee | Not a deposit | Not FDIC/NCUA insured | May lose value | Not insured by any federal or state government agency

Guarantees are dependent upon the claims-paying ability of the issuing company.

Consider National Life Group to manage your plan.

For over 175 years, National Life has proudly served organizations such as yours. We offer a comprehensive retirement plan with no fees to you or to your employees as well as:

- Plan document and all forms included – plan administration with a third-party administrator (TPA)
- Annual participant statements
- Annual employer/plan financial reports
- Quarterly benefit distributions
- All tax reporting and forms

Plus, in today's interest rate environment, National Life Group is able to provide a **much better** guaranteed crediting rate.

Over 20
Years of Market
Experience

275
FICA
Alternative Plans

330,000
FICA Alternative
Participants

#1
Issuer of Fixed
Indexed Annuities
in Employer Plans¹

Offer your PST employees a retirement plan benefit from the #1 issuer of fixed indexed annuities in employer plans.

Our fixed annuity policyholders have never lost a penny of their contributions or interest earned due to stock market volatility. Plus, they benefit from:²



Competitive

fixed rate of interest



Secure

savings not subject
to market loss



Fully liquid

to the participant with penalty-free withdrawals
subject to plan and contract restrictions

Understanding the FICA Alternative Plan

The Omnibus Budget Reconciliation Act of 1990 (OBRA) amended the Internal Revenue Code and the Social Security Act to include employees of state and local governments. The Act authorized the Secretary of the Treasury to adopt regulations and provide guidance to the Internal Revenue Service and Social Security Administration. The Act amended Internal Revenue Code Section 3121, under which Social Security participation became mandatory for all employers.

However, the Internal Revenue Code Section 3121 says that PST employees are exempt from the 3121 tax if they are provided a “comparable retirement system.” In response, the 3121 FICA Alternative Plan was created to meet those requirements. This alternative provides a retirement plan for PST employees who are not normally covered like full-time employees. The adoption of 3121 provides an economic benefit for you, the employer, and your PST employees.



Scan to access **Your Group Annuity Retirement Benefit**

1. LIMRA US Individual Annuity Industry Sales Report, 3Q2023

2. Indexed annuities do not directly participate in any stock or equity investments.