

Alternative Plan to Social Security

Tulsa Public Schools has established a temporary alternative plan to social security for its part-time employees with Fidelity Investments, a non-profit organization providing a pension system for people in education. Under the Social Security Alternative Plan, about the same amount that was previously taken out of your paycheck to pay your Social Security taxes will be contributed to a 457(b) plan with Fidelity Investments. A 457(b) is a tax-deferred way to save for retirement using a variety of investment plans, such as fixed and variable annuities. The following information should help you understand the Alternative Plan to Social Security and Fidelity Investments.

How does the Alternative Plan work?

As a participant, 7.5% of your pretax salary is contributed to the Alternative Plan. Your plan contributions are invested in the 457(b), offering a variety of investment options. Your contributions are tax-deferred from your paycheck through TPS's payroll system before they show up in your salary. That lets you save on taxes now, while putting aside additional money for your future. Your contributions and earnings grow untaxed until your benefits begin.

How can I be exempt from contributing to Social Security?

Nearly everyone who has a job pays into Social Security. As a qualified government organization, Tulsa Public Schools is allowed to use an alternative retirement plan for part-time and temporary employees of the District. The alternative plan is funded by the 457(b) contract. The employees' contributions to the alternative plan are a replacement for the social security tax that would normally be withheld.

How will my take-home pay be affected?

As the example below illustrates, there will be little difference in your take-home pay.

	Social Security	SS Alternative Plan
Gross Earnings	\$1,000.00	\$1,000.00
7.5% contribution (Alternative Plan)	0.00	75.00
Taxable Income	1,000.00	925.00
Less 15% income tax*	150.00	138.75
Less 6.2% Social Security withholding	62.00	0.00
Less 1.45% Medicare withholding	14.50	14.50
Net Take-Home Pay	\$773.50	\$771.75
*Assumes 15% federal income tax bracket.		

Income taxes are not withheld from my paycheck, so how does the plan benefit me?

Even though you may not be subject to federal and state income tax withholding, you are subject to Social Security withholding on all amounts you earn unless you participate in the Alternative Plan.

What happens if I'm already receiving Social Security benefits?

Contributing to the Alternative Plan will not affect the monthly Social Security benefit you are already receiving.

How many earnings credits do I receive for Social Security purposes?

Although you don't receive earnings credits while you're in the Alternative Plan, you retain all of the earnings credits (and Social Security benefits) you accumulated prior to joining the Alternative Plan.

How are my contributions invested?

Your plan contributions are automatically allocated to the Government Money Market Fund unless you change this allocation. **You can easily change this allocation by calling Fidelity's Automated Telephone Service (ATS) toll free at 800 343-0860.** And you can use ATS to transfer your 457(b) accumulation among the more than 100 mutual funds available from Fidelity Investments. ATS is available 24 hours a day, 7 days a week. There are no charges for allocation changes or transfers. If you call from a rotary phone or if you need personal assistance, Fidelity representatives are available weekdays from 8 a.m. to 12 p.m.

Your contributions are also immediately vested – that is, your benefits belong to you from the first day you participate in the Alternative Plan.

Are there any sales charges?

No. There are no expense or sales charges deducted from contributions, so that more of each participant's dollars are working to build retirement savings.

What happens if I become a full-time employee?

You will be reinstated in the Social Security Plan. Other retirement plan options also apply depending on your eligible employee class.

What happens when I stop working?

Your benefits are yours to keep even if you leave your current employer. If you change jobs, you take your benefits with you. If you go to another employer where 457(b)s are not available, you can leave your accumulations where they are until your benefits begin. Your accumulation will continue to grow based on your investment selection among the Fidelity Investment mutual funds.

Are there any restrictions on withdrawals?

Your plan imposes a few restrictions on withdrawal of accumulations that you should be aware of. If you want to take a cash withdrawal or start receiving income, you may do so only under the following conditions: separation from service, disability, or death. Federal and state income taxes will be payable on amounts withdrawn from your account.

What benefits will my beneficiaries receive?

Participants' Fidelity Investments accumulations provide a death benefit. The full accumulation of a participant who dies before beginning to receive annuity benefits is payable to the participant's designated beneficiary.

This full accumulation represents all contributions and investment earnings. Your estate will receive the accumulation if you do not complete a beneficiary designation form.