

TO: ALL PART-TIME FACULTY
FROM: COMPENSATION DEPARTMENT
SUBJECT: SOCIAL SECURITY, TAX-SHELTERED ANNUITIES, & ARIZONA STATE RETIREMENT

This information is being distributed to all part-time faculty who are employed by Maricopa County Community College District (MCCCD). Receipt of this information and election of one of the options offered does not imply any part-time faculty member previously employed by MCCCD will have future employment with MCCCD.

The United States Congress amended the Omnibus Budget Reconciliation Act of 1990 to require service of all part-time employees to become subject to the social security tax **UNLESS** the employee is a member of a "retirement plan".

FICA 7.65% is comprised of 6.2% for Social Security (OASDI/EE on your pay stub) and 1.45% for Medicare (MED/EE on your pay stub).

A **tax- sheltered annuity (TSA)** program maintained under Section 403(b) of the Internal Revenue Code is considered a "retirement plan." A TSA is an annuity contract issued by a company to which you direct MCCCD to make pre-tax contributions from your pay. The contributions reduce your gross salary and **are not** subject to federal and state income taxes at that time. The amounts contributed accrue interest and grow tax-free with the company you elect.

Attached is a list of the TSA companies that qualify under the guidelines established by MCCCD. You will need to contact an agent of the TSA company you are interested in to obtain information concerning their investment options. MCCCD will not be liable with respect to the company you select. Part-time faculty TSA enrollment forms are available from the TSA Company you elect, or the District Compensation Department (731-8435).

If you wish to participate in a TSA, or if you are currently receiving a pension from the Arizona State Retirement System, please read the following information carefully. Complete the attached "Maricopa Community College District FICA/TSA Election Form" and a "TSA Enrollment Form for Part Time Faculty" and return them to the Compensation Department.

WHO IS AFFECTED AND HOW?

	Mandatory MEDICARE 1.45%	Mandatory FICA 6.2%	Optional FICA 6.2%	Optional TSA
Evening Credit Instructors	X		X	X (min of 7.5%to exempt FICA)
Day Credit Instructors	X	X		X
Non-Credit Instructors	X	X		X
Any of above receiving A.S.R.S. Pension	X			X

EVENING ONLY CREDIT INSTRUCTORS

1. Must contribute 1.45% to Medicare.
2. Must contribute 6.2% to Social Security, **or** contribute a minimum of 7.5% of earnings to a TSA.
3. In choosing this option instead of FICA, you will not be eligible for social security benefits with respect to these exempt earnings.
4. If the evening teaching load becomes 7.5 load hours or more, you are no longer considered part-time faculty for purposes of this legislation and full social security taxes (FICA and Medicare) will be deducted from your pay even if you choose the TSA option

PART-TIME DAY CREDIT INSTRUCTORS

1. Must contribute 1.45% to Medicare.
2. Must contribute 6.2% to Social Security.
3. May also contribute a percentage to a TSA.

NON-CREDIT INSTRUCTORS

1. Must contribute 1.45% to Medicare.
2. Must contribute 6.2% to Social Security.
3. May also contribute a percentage to a TSA.

SUMMER CLASSES

1. All summer classes are subject to FICA.
2. May contribute a percentage to a TSA in addition to FICA and Medicare.

APPLICABLE TO ALL OF THE ABOVE, IF YOU CHOOSE TO PARTICIPATE IN A TSA

1. You **MUST** submit a completed TSA/FICA Election Form and Enrollment Form to the MCCCDC Compensation Department
2. You may want to consult with your tax advisor to determine which option would be best for your circumstances.

EMPLOYED BY ANOTHER ARIZONA STATE RETIREMENT SYSTEM PLAN EMPLOYER

1. If you are employed by another ASRS Plan employer and currently contributing to the ASRS program, your earnings from MCCCDC may qualify for state retirement contributions. If you fail to notify MCCCDC of your eligibility through another employer, MCCCDC will not be responsible for matching contributions or interest prior to the time of notification. Please call the Compensation Department (480-731-8435) for more information.
2. Once an employee starts making contributions to the ASRS plan, the employee becomes a "Member" and begins earning credited service. Maricopa County Community Colleges as an ASRS employer will match the employee's contributions. Arizona State Retirement contributions will automatically be deducted from your paycheck once you become eligible. The State Retirement withholding rate changes each fiscal year. Please call ASRS at (602) 240-2000 for the current contribution rate.

ASRS PENSION RECIPIENTS

1. Must contribute 1.45% to Medicare and may contribute a percentage to a TSA.
2. Arizona State Retirement System (ASRS) requires that any employee who currently works 20 hours or more per week (for part-time faculty 10 load hours or more is used), for 20 weeks or more in a fiscal year, and contributes to Social Security (FICA) will be required to make contributions to the ASRS program.
3. ASRS allows retired members to return to work full time and still be eligible to receive retirement benefits if they have been terminated from employment for a period of 12 months or more. If you will be working more than 10 load hours or 20 hours per week, make sure you complete the blue Return to Work after Retirement form.

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