



3121 PLAN OVERVIEW AND FREQUENTLY ASKED QUESTIONS

1. Who Is Offering The San Diego County Schools FBC 3121 Plan?

The Plan is a partnership between San Diego County Board of Education Fringe Benefits Consortium, Life Insurance Company of the Southwest (LSW), and National Benefit Services, LLC.

2. What Is The San Diego County Schools FBC 3121 Plan?

The 3121 Plan is a savings program for employees who are not eligible to participate in the State Employees' Retirement System.

HOW THE 3121 PLAN CAME ABOUT

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 part-time, temporary, and seasonal (PTS) employees are exempt from the 3121 tax if they are provided a "comparable retirement system". In response, the 3121 Plan was created to meet those requirements. This alternative provides a retirement plan for PTS employees who are not normally covered like full time employees. The adoption of the 3121 Plan provides an economic benefit for the employer and their PTS employees.

HOW THE 3121 PLAN BENEFITS THE EMPLOYEE

Social Security Costs

Without the 3121 Plan, the employee must pay 6.2% after-tax into Social Security and the employer must also contribute 6.2% of pay.

Employee Account

With the 3121 Plan, the employee may be required to contribute up to 7.5% pre-tax (instead of 6.2% after tax) of gross compensation. The district may choose to contribute a portion of the required 7.5%.

Employee Benefits

- Mandatory pre-tax contributions, which may reduce the amount of your current income that is subject to tax
- Possible District contributions to your account
- Tax-deferred savings, which means you pay no taxes on your investment earnings as long as they remain in the Plan
- Interest earnings are credited to employee
- Annual statement mailed to residence
- No front end sales charge
- No back end surrender charge
- Money available to withdraw upon termination
- If you change jobs, you may be eligible to retain your funds in the plan until you request a withdrawal
- No 10% premature distribution tax
- Rollover/Transfer options
- 100% vested in account



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1. What is the 3121 Plan?

The 3121 Plan is a savings program for employees who are not eligible to participate in the State Employees' Retirement System.

2. Why is this option different than paying Social Security?

You are assured that your contributions and earnings are available to you when you terminate or retire and are no longer working for the school district.

3. Will my eligibility to receive Social Security benefits be affected by my participation in this Plan?

Your Social Security benefit and your eligibility to receive that benefit may be affected by your participation in this plan. **We suggest that you contact the Social Security Administration Department with any questions regarding your benefit.**

4. Who is eligible to participate in this Plan?

If your district has adopted this Plan, all part-time, temporary, or seasonal (PTS) employees are automatically enrolled and contributing to the plan.

5. Can I choose not to participate in the Plan?

No. If your district adopts the plan, you must participate in this plan.

6. How much do I contribute?

You may be required to contribute up to 7.5% pre-tax (instead of 6.2% after tax) of gross compensation. The district may choose to contribute a portion of the required 7.5%.

7. How will my money be invested?

Your account will be invested in an account with Life Insurance of the Southwest (LSW). The objective of this fund is to preserve principal while providing moderate growth.

8. Will I receive a statement of my account balance?

Yes, you will receive an annual statement from National Benefit Services, LLC. You may also view your account information on the website by selecting the [Account Access](#) link on the sidebar.

9. How do I change my name, address, or beneficiary?

- a. The name reflected on the Payroll System is the "social security name". In order to change your name in the Payroll System, the Retirement department requires a copy of the social security card (reflecting your new name). You are responsible for providing the Retirement department with the social security card reflecting your name change.
- b. To change your address, you must notify your district Payroll department. The district Payroll department will then be responsible for notifying San Diego County Office of Education FBC Deferred Compensation Plan of any address changes.
- c. If you are no longer employed by the school district, you must contact National Benefit Services from the information provided below:
National Benefit Services of Education
PO BOX 6980
West Jordan, UT 84094
(800)274-0503 Option 5
fbcsupport@nbsbenefits.com
- d. To change your beneficiary, you need to complete a new beneficiary form available at the San Diego County Office of Education. You may also obtain this form from your FBC representative. This form can be mailed directly to National Benefit Services, LLC (Third Party Administrator) at the address indicated on the bottom of the beneficiary form.

10. Am I required to complete the beneficiary designation form?

No. If you are married, your beneficiary under the plan will automatically be your spouse. Otherwise, your beneficiary is automatically your estate.



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11. What happens if I change jobs?

- a. If your new job is in the same district or another district that also participates in this program, no changes are required.
- b. If your new job is in a district that does not offer this program, you will not be able to continue deposits into the plan with your former district, and are eligible for a distribution.

12. What happens if I accept additional employment at a second district that also participates in the 3121 Plan?

You must participate in each district's 3121 Plan and will be subject to each district's mandatory contributions.

13. What happens if I become a member of PERS or STRS?

You will no longer be eligible to participate in the 3121 Plan. Contact the FBC office to determine options for transferring funds to PERS or STRS, or the eligibility of obtaining your funds. In accordance with the written policy, upon becoming a permanent employee you are eligible for withdrawal two (2) years after becoming a PERS or STRS member.

14. What happens when I leave service?

You will no longer be eligible to participate in the 3121 Plan.

15. What are my options when I am no longer eligible to participate?

- a. You may retain your funds in the 3121 Plan.
- b. You may transfer your 3121 account balance to PERS or STRS at any time if it is used to purchase state retirement credits.
- c. You may take an in-service withdrawal from your account balance if you have not made any contributions to the 3121 plan for 2 years and have a balance that is less than \$5,000.
- d. You may transfer your funds to another 457(b) plan offered by your employer.

16. When am I eligible for a distribution?

- a. If you terminate from the school district or move to another district that does not participate in this program, you can apply for a distribution.
- b. If you retire and are no longer working for your employer, you are eligible for a distribution.
- c. You may take a one-time in-service withdrawal from your account if you have not made any contributions to the 3121 plan for two years and have a balance that is less than \$5,000.
- d. You may transfer your 3121 account balance to PERS or STRS at any time if it is used to purchase state retirement credits.

17. How do I apply for a distribution?

You may obtain a Distribution Form by selecting [3121 Home](#) on the sidebar. you may also obtain the form from your district or from National Benefit Services (800)274-0503 Option 5.

18. How long will it take to process my distribution?

You qualify for a distribution three months after your district has established a termination date. Once a termination date has been established, your distribution will be processed in 30-60 days.

19. Am I eligible to participate in the Plan once I have taken a distribution?

You may not participate in the Plan for 12 months following the date of your distribution.

20. Are there any transaction fees?

Plan participants are not responsible for transaction fees.

21. Are distributions from the 3121 Plan subject to the premature distribution penalty tax?

No, they are not subject to the 10% excise tax on distributions to individuals who have not attained age 59 1/2.

If you have questions:

Participant Call Center: (800) 274-0503 Option 5

E mail questions to: fbcsupport@nbsbenefits.com

Address questions to 3121 Plan