

Quality Solutions for Educational Employers

The Special Pay Plan is designed to handle special forms of compensation in a tax-advantaged manner. These forms of compensation typically include unused sick leave and unused vacation pay. Payments may also be based on years of service, severance and other retirement incentives.

Benefits to the Employer

The Employer obtains the intangible benefits of providing a valuable new tax-deferral program to Employees. Further, the Employer permanently saves the 7.65% FICA taxes (Social Security and Medicare) on contributions (subject to annual limits). Current constructive receipt issues on multiple year payments are also addressed.

Benefits to the Employee

The Employee's contributions are made on a pre-tax basis. The Employee also saves the 7.65% FICA taxes (Social Security and Medicare). IRS limits on Section 403(b) or Section 457 contributions are typically not affected. A retiring Employee (or surviving spouse) can either roll their funds into an IRA or another Employer's qualified plan or take a partial or lump sum distribution. There is no IRS 10% premature distribution penalty if the Employee is at least age 55 and separated from service. Periodic distributions may also be taken monthly, quarterly or annually.

Administration

Simplicity of plan design reduces administrative costs. Plan documents, implementation materials and plan administration are provided to the Employer. Employer representatives have direct access to our administrative and management personnel.

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Investment Vehicle

Funds are initially invested in a fixed annuity with a guaranteed minimum rate of return. Other investments are also available.

Employee Communications/Account Information

Employee needs are serviced by a national service center through a toll-free number. Periodic statements are provided. Employees also have online access to their personal account information.



The Special Pay Plan is provided by:



MidAmerica

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