



Making retirement work for you

State Center Community College District

PARS
Alternate Retirement
System

Plan Summary

For Part-Time, Seasonal and Temporary Employees

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INTRODUCTION

Background

A federal law, the Omnibus Budget Reconciliation Act of 1990 (OBRA 90), mandates that employees of public agencies who are not members of the employer's existing retirement system as of January 1, 1992 be covered under Social Security or an alternate plan.

The PARS Alternate Retirement System (PARS-ARS) satisfies federal requirements and provides substantial cost savings compared to Social Security. Social Security requires that the equivalent of 12.4% of your salary be contributed each month; however, PARS-ARS requires only a 7.5% contribution to your retirement account.

The information in this packet is designed to provide a general description of what you can expect as a participant in PARS-ARS. The Plan Document and the Adoption Agreement contain a more detailed description and your employer has a copy which you may read. The Plan Document and the Adoption Agreement shall govern if this description states something different.

Plan Sponsor

PARS-ARS has been established by your employer, the State Center Community College District (the "District").

Plan Administrator

The District appointed *Plan Administrator* is responsible for determining the provisions of the Plan, directing distributions, and establishing investment policy. The current Plan Administrator is Randy Rowe, Associate Vice Chancellor, Human Resources.

Public Agency Retirement Services (PARS)

PARS is a 401(a) tax-qualified multiple employer trust. PARS is made up of California governmental agencies such as school districts, community colleges, cities, counties, and other special districts. The District has implemented the Alternate Retirement System through PARS.

PARS Trustee

The Union Bank of California is the Trustee for PARS. The duties of the Trustee include receiving and investing Plan contributions, safeguarding Plan assets, and distributing benefits to eligible Plan participants or beneficiaries at the direction of the *Plan Administrator*.

PARS Trust Administrator

Public Agency Retirement Services is the Trust Administrator for PARS. The *PARS Trust Administrator's* functions include record keeping of individual account balances, Plan accounting, coordination of benefit distributions, and communication of Plan provisions.

If you have any questions regarding this Plan, please call the *PARS Trust Administrator* at (800) 540-6369.

PARTICIPATION

You are eligible to participate in PARS-ARS if you meet one of the eligibility requirements listed below.

Eligible Employees are:

- **Part-time** (less than 20 hours per week)
- **Seasonal** (five months or less per year)
- **Temporary** (contract of two years or less in duration)
- Not covered by STRS or PERS

YOUR PARS-ARS ACCOUNT (Effective January 1, 1992)

Employee Contribution

Each pay period, 4.3% of your salary will be deducted from your wages and deposited into your PARS-ARS account. Your contributions are made on an "after-tax" basis.

Employer Contribution

Each pay period, your employer will also contribute 3.2% of your salary to your PARS-ARS account. Employer contributions are made on a "pre-tax" basis.

Investment Earnings and Administrative Expenses

Investment earnings minus plan administrative expenses will be credited to your PARS-ARS account based on your monthly account activity and will accumulate tax-free until termination from the plan and the distribution of your funds.

SPECIAL NOTE

A PARS-ARS account balance statement is available any time upon request from the PARS Trust Administrator by calling (800) 540-6369.

VESTING

Vesting refers to your right to or your ownership of your account. With PARS-ARS, you are immediately 100% vested in your account.

DISTRIBUTION OF BENEFITS

Eligibility for Distribution

You or your beneficiary will receive your PARS-ARS account balance after your employment ends for any of the following reasons:

- Termination of employment
- Retirement
- Permanent and Total Disability
- Death
- Changed employment status to a position covered by another Retirement System*

*If you become eligible for another qualified retirement plan such as STRS or PERS, your account balance must remain in PARS-ARS for twenty-four (24) months as mandated by federal law, after which you will be able to request distribution of your funds.

Receiving Your PARS-ARS Account Balance

When PARS is notified by your employer that your employment has ended, appropriate distribution forms will be sent to you. It is your responsibility to complete these forms and return them to the PARS office. Within 90 days of PARS' receipt of all correctly completed forms you will receive your account balance in a lump-sum distribution.

With the exception of your Employee contributions, which are withheld on an after-tax basis, you do not pay income taxes on your account as it accumulates. When you begin to receive benefits, the taxable portion of the funds received become taxable income. If you choose to receive benefits before 59 ½, your entire account balance may be subject to additional federal and state excise taxes. If the taxable portion of your account balance exceeds \$200, you may avoid excise taxes by directing PARS to transfer the taxable portion of your PARS-ARS account balance to:

- an IRA
- PERS/STRS to purchase Service Credit (if eligible)
- another retirement plan that accepts rollovers

DESIGNATING A BENEFICIARY

If you die while employed, your account balance will be distributed to your beneficiary. If you are married at the time of your death, your spouse is automatically your beneficiary. If you wish to designate someone other than your spouse as your beneficiary, you must do so in writing and your spouse must sign a spousal consent.

To designate a beneficiary other than your spouse, please contact the *PARS Trust Administrator*, for a Designation of Beneficiary Form.

If you are unmarried at the time of your death, your account balance will be paid to your estate unless you have designated another beneficiary.

FOR ADDITIONAL INFORMATION

Additional questions about the Plan should be directed to the *PARS Trust Administrator*. Written requests should be mail to:

**PARS
P.O. Box 12919
Newport Beach, CA 92658**

Participants are encouraged to call the toll-free number on weekdays from 9:00 a.m. to 5:00 p.m. to speak to a Client Services Specialist:

**(800) 540-6369
(949) 854-2100**

PARS is not licensed to provide and does not offer tax, accounting or legal advice. You are urged to consult with appropriate professionals regarding the tax, accounting and legal implications of participating in PARS-ARS.