

Los Rios Community College District

Alternate Retirement System 457 Plan

Frequently Asked Questions



What is the PARS Alternate Retirement System Plan?

In 1990, federal legislation called the Omnibus Budget Reconciliation Act of 1990 (OBRA 90) that required part-time, seasonal, and temporary employees participate in Social Security or an alternative plan established according to IRS guidelines. The PARS Alternate Retirement System 457 Plan (PARS ARS 457 Plan) is an alternate to Social Security. The deductions for the PARS ARS 457 Plan are withdrawn from your paycheck in lieu of deductions for Social Security.

What are the advantages of participating in the District's PARS ARS 457 Plan?

Each pay period, 3.75% of your wages will be deducted from your paycheck on a pre-tax basis and contributed to the PARS ARS 457 Plan. Since the contribution rate with Social Security is 6.2% and your contribution to the PARS ARS 457 Plan is 3.75% of your wages, your take-home pay may increase. The District will also contribute the equivalent of 3.75% of your wages to PARS ARS 457 Plan on a pre-tax basis. You will be immediately vested in the total 7.5% and the account will remain tax deferred until the funds are withdrawn. Unlike Social Security, when your employment ends with the District, you may withdraw your PARS ARS 457 Plan account in a lump-sum cash payment or roll it over to an IRA or another eligible retirement plan.

Who is the administrator of the Los Rios Community College District's PARS ARS 457 Plan?

Public Agency Retirement Services (PARS) is the trust administrator of the District's PARS ARS 457 Plan.

Who is eligible for the District's PARS ARS 457 Plan?

You are eligible to participate in the PARS ARS 457 Plan if you are an active temporary employee, not represented by a bargaining unit, and ineligible to participate in PERS or STRS.

How do I participate in the District's PARS ARS 457 Plan?

For employees that are hired on or after July 1, 2008, and for rehires who were not hired for work between July 1, 2007 and June 30, 2008, your enrollment into PARS ARS 457 Plan will be automatic as of July 1, 2008. If you were employed between July 1, 2007 and June 30, 2008 and an "Opt Out" form was not received by the required deadline date, then enrollment into PARS ARS 457 was automatic. To find out about the benefits and advantages of the PARS ARS 457 Plan, please contact PARS directly at (800) 540-6369.

Do I still pay the Medicare portion of Social Security while participating in the PARS ARS 457 Plan?

Medicare contributions will continue to be withheld from your paycheck in addition to the contributions made to the PARS ARS 457 Plan.

How do I find out how much money is in my PARS ARS 457 Plan account?

To find out your account balance or to request a statement, please contact PARS at (800) 540-6369.

When do I become eligible to receive funds from my PARS ARS 457 Plan account?

When employment with the District ends, you become permanently and totally disabled, or become deceased; your PARS ARS 457 Plan account will be available for an immediate lump-sum distribution to you or your beneficiary. If you become eligible for PERS or STRS with the District and your account balance is under \$5,000, you will be eligible for a distribution in two years after your last contribution to the PARS ARS 457 Plan. If your balance is over \$5,000 at the time you become eligible for PERS or STRS with the District, your funds will need to remain in PARS until you end your employment, become totally and permanently disabled, or become deceased.

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Can I rollover my PARS account into my PERS/STRS?

PERS and STRS do not allow direct rollovers, but you can use your PARS funds toward the purchase of PERS and STRS service credit if eligible. When you are eligible for a distribution of your PARS ARS 457 account, contact PERS or STRS to learn how to purchase service credit. You can also contact PARS for further information.

What is the process to receive my account balance?

Once eligible to receive a distribution, complete an Application for PARS ARS 457 Plan Distribution Form and send it to the Los Rios Community College District, Attn: Human Resources, PARS, 1919 Spanos Court, Sacramento, CA 95825. The District will notify PARS and you will receive a distribution packet allowing you to choose a lump-sum cash payment or, if your balance is greater than \$200, a rollover to an IRA or another eligible retirement plan. Once the completed distribution packet is received by PARS, a distribution will be made within 90 days.

What will happen if I forget to turn in the Application for PARS ARS 457 Plan Distribution Form?

The District will review the list of participants who have not made contributions and notify PARS of their eligibility to receive a distribution. Once PARS receives the information regarding the participant, the distribution packet will be sent to your home address on file with the District Human Resources Department.

How do I designate a beneficiary under the PARS ARS 457 Plan?

If you are not married or do not have a registered domestic partner, or you would like to designate someone else, you may complete a Designation of Beneficiary Form. This form can be obtained through the District Human Resources office or by calling PARS at (800) 540-6369.

For more information, please read the Plan Information Sheet for Temporary Employees or contact PARS directly at (800) 540-6369.