

# Los Rios Community College District

## Alternate Retirement System 457 Plan

### Plan Information Sheet

#### for Temporary Employees



#### Introduction

A federal law, the Omnibus Budget Reconciliation Act of 1990 (OBRA 90), requires that governmental employees who are not members of their employer's existing retirement system be covered by Social Security or an alternate plan.

You are enrolled in an alternate plan called the Public Agency Retirement Services Alternate Retirement System 457 Plan (PARS ARS 457). PARS ARS 457 satisfies federal requirements and provides cost savings to you and your employer when compared to Social Security. The PARS ARS 457 plan only requires a minimum contribution of 7.5% to your retirement account.

This information is a general description of what you can expect as a participant in PARS ARS 457. The Plan Document contains a more detailed description, and your employer has a copy, which you may read. The Plan Document shall govern if this description states something different.

#### Enrollment in the PARS ARS 457 Plan is automatic for eligible employees.

Effective July 1, 2008 and thereafter:

1. Each pay period, **3.75%** of your wages will be deducted from your pay and deposited into your PARS ARS 457 account. Your contributions are made on a pre-tax basis.
2. Each pay period, your employer will also contribute the equivalent of **3.75%** of your wages to your PARS ARS 457 account. Employer contributions are also made on a pre-tax basis.
3. Investment activity will be credited to your PARS ARS 457 account based on your monthly account activity and will accumulate **tax-free** until your termination from the plan and the distribution of your account balance.

#### Designating a Beneficiary

- 1) In the event that you pass away while contributing to the PARS ARS 457 Plan, your account balance will be distributed to your beneficiary.
- 2) If you are married at the time of your death, your spouse/registered domestic partner is automatically your beneficiary. If you wish to designate someone other than your spouse/registered domestic partner, you may do so by submitting a Designation of Beneficiary Form.

- 3) 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.
- 4) You may obtain a Designation of Beneficiary Form from the District Human Resources office or from PARS.

#### Becoming Eligible for a Benefit

- 1) You (or your beneficiary in the event of your death) will be eligible to receive your PARS ARS 457 account balance when one of the following events occurs:
  - a. Termination of Employment
  - b. Retirement
  - c. Permanent and Total Disability
  - d. Death
  - e. Changed employment status to a position covered by another retirement system\*

\*If there have been no contributions into your PARS ARS 457 account for two (2) years and your account balance is less than \$5,000, you may be eligible for a distribution of your account. Please note that if your account balance is greater than \$5,000, your account will only be distributable due to termination, retirement, disability, or death.

#### Receiving Your Account Balance

- 1) When your employer notifies PARS that you are eligible for a distribution of your account, appropriate forms will be sent to you by mail. Within 90 days of PARS' receipt of all correctly completed forms, the account will be distributed.
- 2) Your distribution options are:
  - a. You may elect to receive a **one-time lump-sum cash payment**. If your account balance is greater than \$200, your distribution may be subject to federal and/or state income tax withholding.
  - b. You may defer tax withholding from your distribution by electing a **direct rollover** to a traditional IRA or to an eligible plan that accepts rollovers (e.g. 403(b), 457(b), 401(k), etc.)

**For further information or for questions about your account, please contact PARS.**

**(800) 540-6369**  
**Monday – Friday**  
**8:30AM – 5:00PM Pacific Time**  
**plansupport@pars.org**

# 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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### Frequently Asked Questions



#### **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.**

**Designation of Beneficiary Form  
Public Agency Retirement Services (PARS)**

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**Instructions:**

1. Read carefully the rules for designating a beneficiary below, and sign in the spaces provided.
2. Complete the appropriate sections (Section 1 must be completed, see rules below regarding Section 2) of this form and return it to:

**Los Rios Community College District  
Attn: Human Resources Department  
1919 Spanos Court  
Sacramento, CA 95825**

**Rules for Designation of Beneficiary:**

1. It is your responsibility to keep your Designation of Beneficiary current.
2. You reserve the right to revoke or change your Designation of Beneficiary, subject to the other provisions of these Rules.
3. If, upon your death, there is no valid Designation of Beneficiary on file with the Trust Administrator, any death benefits which become due will be paid in accordance with the Plan Document.
4. The plan requires that if you are married, your surviving spouse/registered domestic partner will be your sole primary beneficiary, unless your spouse/registered domestic partner waives this right.
5. If you wish to designate a person or persons other than your spouse/registered domestic partner or in addition to your spouse/registered domestic partner, you must obtain the notarized consent of your spouse/registered domestic partner in writing on this form by completing Section 2. Failure to obtain your spouse/registered domestic partner's consent in these instances will render the designation invalid. Any consent by a spouse/registered domestic partner applies only to that spouse/registered domestic partner and not any future spouse/registered domestic partner. Therefore, if a new marriage occurs, a new Designation of Beneficiary form should be completed and the new spouse/registered domestic partner's consent must be obtained. If you are unmarried complete Section 1 only.
6. If the location of your spouse/registered domestic partner is unknown, you must attach to this form a notarized statement stating that your spouse/registered domestic partner cannot be located.
7. You are considered married if you are under decree of separate maintenance or decree of legal separation.
8. If you wish to have your PARS account distributed under the terms of a Living Trust, your PARS account must be mentioned by name in the Trust Document. If your current Living Trust does not contain specific reference to your PARS account, you may designate the Living Trust as a beneficiary using this form. All rules pertaining to the designation of a beneficiary apply to the designation of a Living Trust.

I have read and understand these rules.

\_\_\_\_\_  
**Participant's Signature**

\_\_\_\_\_  
**Date**

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**Section 1: Designating a Beneficiary**

Participant Name: \_\_\_\_\_ Social Security # \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

Participant Address: \_\_\_\_\_

City : \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone #: \_\_\_\_\_

Name of Beneficiary: \_\_\_\_\_ Relationship: \_\_\_\_\_

Beneficiary Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_ Phone: \_\_\_\_\_

\_\_\_\_\_  
**Participant's Signature**

\_\_\_\_\_  
**Date**

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**Section 2: Spousal/Registered Domestic Partner Consent *(Do not complete this section if you are unmarried)***

I hereby consent to the above beneficiary designation of my spouse/registered domestic partner, a participant in this plan. I understand that in consenting to the designation of anyone except myself, I am waiving rights to a survivor benefit that I would be legally entitled to at a later date.

\_\_\_\_\_  
**Spouse/Registered Domestic Partner's Signature**

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Signature of Notary**

\_\_\_\_\_  
**Date**

**Los Rios Community College District  
Application for PARS ARS 457 Plan Distribution**

This form must be completed in full (Steps 1 - 4) for account balance from the PARS ARS 457 plan to be received.

**Step 1.) Personal Information of Employee/Participant (Please PRINT)**

Social Security Number: \_\_\_\_\_

Legal Name (as noted on Social Security card): \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Phone (     ) \_\_\_\_\_ Date of Birth: \_\_\_\_\_

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**Step 2.) Eligibility/Qualifying Event for PARS ARS 457 Plan Distribution**

Select one of the following events that qualifies for eligibility for distribution of the PARS ARS 457 plan account (the below event must have taken place in order for an account distribution to occur), if required make sure to attach appropriate documentation.

- Terminated employment with the Los Rios Community College District
  - Retired from PERS/STRS, select one: PERS  or STRS
  - Switched to another retirement plan, select one: PERS  or STRS   
(If the participant is still employed by the District, a distribution may only occur if the account balance is less than \$5,000 and the participant has had no deferrals into the plan for a period of 24 consecutive months.)
  - Became permanently and totally disabled (required: attach legal document from government)
  - Deceased (required: attach copy of death certificate)
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**Step 3.) Effective Date**

Effective date of above event: \_\_\_\_\_  
(Month/Day/Year)

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**Step 4.) Mail or drop off form to:**                      **Los Rios Community College District  
Human Resources, Attn: PARS  
1919 Spanos Court  
Sacramento, CA 95825**

**For questions, contact your Human Resources Specialist at (916) 568-3107.**

<b>For Human Resources use <u>ONLY</u>:</b>	
Plan Administrator or Authorized Person: _____	Date: _____
If deceased: <input type="checkbox"/> Copy of Beneficiary Designation attached	<input type="checkbox"/> No Beneficiary Designation Form was submitted