



Alternate Retirement System

City of Seaside

General Information for Part-time, Seasonal and 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 System Alternate Retirement System (PARS-ARS 457). **PARS-ARS 457** satisfies federal requirements and provides cost savings compared to Social Security to you and your employer. Social Security requires that 12.4% of your salary be contributed each pay period; however, your PARS-ARS plan requires only a 7.5% contribution 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 provides a detailed description and contains all of the specific legal requirements of the plan. If this description states something that is different from the Plan Document, then the Plan Document will be followed, not this description. A copy of the Plan Document and Adoption Agreement is available for your inspection with your Employer.

ENROLLMENT IN PARS-ARS 457

*is automatic
for eligible employees.*

*A PARS-ARS 457
account balance statement
is available at any time
upon request from:*

PARS Trust Administrator
Phase II Systems
PO Box 10009
Costa Mesa, CA 92627-0009

YOUR PARS-ARS 457 ACCOUNT

Effective July 1, 2004 and thereafter:

1. Each pay period, **6.2%** will be deducted from your salary and deposited into your PARS-ARS 457 account on a "before-tax" basis.
2. Each pay period, your employer will also contribute the equivalent of **1.3%** of your salary to your PARS-ARS 457 account on a "before-tax" basis.
3. Investment activity minus plan administrative expenses will be credited to your PARS-ARS 457 account based upon 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) **If you die** while you are employed, **your account balance will be distributed to your beneficiary.**
- 2) **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.
- 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 **Beneficiary Designation Form** from your employer or the PARS Trust Administrator (Phase II Systems).

BECOMING ELIGIBLE FOR BENEFITS

- 1) You or your beneficiary will receive your PARS-ARS 457 account balance **after your employment ends** for any of the following reasons:
 - a. Termination of Employment
 - b. Retirement
 - c. Death
 - d. Permanent and Total Disability
- 2) If there have been no contributions to your PARS-ARS 457 account for two (2) years and your account balance is less than \$5000, you may be able to request a distribution. **Your employer must notify PARS that your participation has ended.**
- 3) If there have been no contributions to your account for two (2) years and

your account balance is \$5000 or greater, please note that your account will only be distributable due to termination, retirement, death or permanent and total disability.

RECEIVING YOUR ACCOUNT BALANCE

- 1) **When your employer notifies PARS** that your employment has ended, appropriate distribution **forms will be sent to you.** Within 90 days of PARS' receipt of all necessary distribution forms, you will receive your account balance in a lump-sum distribution.
- 2) You do not pay income taxes on your account as it accumulates. **When you begin to receive benefits, the funds received become taxable income.** If your account balance exceeds \$200, you may direct PARS to transfer the balance of your PARS-ARS 457 account to an IRA or another retirement plan (that accepts rollovers).

For Further Information

*A Plan Summary describing PARS-ARS 457 in more detail is **available upon request.***

Please feel free to contact your employer or the PARS Trust Administrator, Phase II Systems at the numbers below:

PARS Trust Administrator

Phase II Systems
P.O. Box 10009
Costa Mesa, CA 92627-0009
800.540.6369
949.250.1250 fax

The PARS Trust Administrator, Phase II Systems, is not licensed to and does not provide 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.



Phase II Systems

PARS Trust Administrator

Creative Solutions for Public Agencies™

CITY OF Seaside

PARS-ARS 457 ALTERNATE RETIREMENT SYSTEM PLAN

For Part-Time, Seasonal and Temporary Employees

Defined Contribution

Effective July 1, 2004

Plan Summary

Public Agency Retirement System (PARS)

TABLE OF CONTENTS

INTRODUCTION..... 3

PARTICIPATION..... 4

YOUR PARS-ARS 457 ACCOUNT..... 4

VESTING..... 5

DISTRIBUTION OF BENEFITS..... 5

DESIGNATION OF BENEFICIARY..... 6

FOR ADDITIONAL INFORMATION..... 6

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-ARS 457 Alternate Retirement System 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 457 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 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.

Plan Sponsor

PARS-ARS 457 has been established by your employer, the City of Seaside (the "City").

Plan Administrator

The appointed Plan Administrator is responsible for determining the provisions of the Plan, directing distributions, and establishing investment policy. The current Plan Administrator is Daniel Keen, City Manager.

Public Agency Retirement System (PARS)

PARS is a multiple agency trust. PARS is made up of California governmental agencies such as school districts, community colleges, cities, counties, and other special districts. The City has implemented the 457 Alternate Retirement System Plan through PARS.

PARS Trustee

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 and pursuant to the Plan Document.

PARS Trust Administrator

Phase II Systems is the Trust Administrator for PARS. The PARS Trust Administrator's functions include record keeping of individual account balances, Plan accounting, coordinating benefit distributions with the Trustee, communicating Plan provisions, and assuring that the Trust and Plan comply with Federal and State Reporting Requirements.

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

PARTICIPATION

You are eligible to participate in PARS-ARS 457 if you meet one of the eligibility requirements listed below.

Eligible Employees are:

- **Part-time** (20 hours or less 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 457 ACCOUNT

Employee Contribution

Each pay period, **6.2%** of your salary will be deducted from your salary and deposited into your PARS-ARS 457 account. Your contributions are made on a "before-tax" basis.

Employer Contribution

Each pay period, your employer will also contribute the equivalent of **1.3%** of your salary to your PARS-ARS 457 account. Employer contributions are made on a "before-tax" basis.

Investment Earnings and Administrative Expenses

Investment earnings minus plan administrative expenses will be credited to your PARS-ARS 457 account based on your monthly account activity and will accumulate tax-free until termination from the plan and the distribution of your funds.

A PARS-ARS 457 account balance statement is available any time upon request from the PARS Trust Administrator, Phase II Systems.

VESTING

Vesting refers to your right to or your ownership of your account. With PARS-ARS 457, you are immediately 100% vested in your account.

DISTRIBUTION OF BENEFITS

Eligibility for Distribution

You or your beneficiary will receive your PARS-ARS 457 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 457 for twenty-four (24) months as mandated by federal law, after which you will be able to request distribution.

*If there have been no contributions to your PARS-ARS 457 account for two (2) years and your account balance is \$5000 or greater, please note that your account will only be distributable due to termination, retirement, death or permanent and total disability

Receiving Your PARS-ARS 457 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.

You do not pay income taxes on your PARS-ARS 457 account as it accumulates. When you begin to receive benefits, the funds received becomes taxable income. If you choose to receive benefits before 59 ½, your entire account balance will be subject to federal and state taxes. If the taxable portion of your account balance exceeds \$200, you may defer taxes by directing PARS to rollover the taxable portion of your PARS-ARS 457 account balance to:

- A traditional IRA
- PERS/STRS to purchase Service Credit (if eligible)
- An eligible employer plan that accepts the rollover (i.e. 403(b), 457, etc.)

DESIGNATION OF 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, Phase II Systems, 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, Phase II Systems.

**Phase II Systems/PARS
P.O. Box 10009
Costa Mesa, CA 92627**

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

**(800) 540-6369
(949) 250-6369**

Please also visit our website at:
www.parsinfo.org

PARS is not licensed to provide 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 457.

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

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:

City of Seaside
Personnel Department
P.O. BOX 810
Seaside, CA 93955-0810

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. In order to comply with federal law, the plan requires that if you are married, your surviving spouse will be your sole primary beneficiary, unless your spouse waives this right.
5. If you wish to designate a person or persons other than your spouse or in addition to your spouse, you must obtain the notarized consent of your spouse in writing on this form by completing Section 2. Failure to obtain your spouse's consent in these instances will render the designation invalid. Any consent by a spouse applies only to that spouse and not any future spouse. Therefore, if a new marriage occurs, a new Designation of Beneficiary form should be completed and the new spouse's consent must be obtained. If you are unmarried complete Section 1 only.
6. If the location of your spouse is unknown, you must attach to this form a notarized statement stating that your spouse 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

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

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

I hereby consent to the above beneficiary designation of my spouse, 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's Signature

Date

Signature of Notary

Date