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**City of Petaluma**

**PARS**

**Alternate Retirement System**

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*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 City of Petaluma (the "City").

## ***Plan Administrator***

The City appointed *Plan Administrator* is responsible for determining the provisions of the Plan, directing distributions, and establishing investment policy. The current *Plan Administrator* is the Director Of 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 City 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***

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** (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 ACCOUNT (Effective March 27, 1995)**

### ***Employee Contribution***

Each pay period, 7% of your salary will be deducted from your wages and deposited into your PARS-ARS account. Your contributions are made on a "pre-tax" basis.

### ***Employer Contribution***

Each pay period, your employer will also contribute the equivalent of 0.5% of your wages to your PARS-ARS account. Employer contributions are also 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.

You do not pay income taxes on your PARS-ARS Account as it accumulates. When you begin to receive benefits, the funds received become taxable income. If you choose to receive benefits before age 59½, those funds may be subject to additional federal and state excise taxes. If your account balance exceeds \$200, you may avoid excise taxes by directing PARS to transfer the balance of your PARS-ARS account 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. pacific time to speak to an 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.*

