

# Cosumnes Community Services District

## Alternate Retirement Plan (457)

### Plan Information Sheet

#### for Part-Time, Seasonal, and Temporary Employees

PUBLIC  
AGENCY  
RETIREMENT  
SERVICES

# PARS

TRUSTED SOLUTIONS. LASTING RESULTS.

#### 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 Plan (PARS ARP). PARS ARP satisfies federal requirements and provides cost savings to you and your employer when compared to Social Security. The PARS ARP 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 ARP. The Plan Document provides a more detailed description, and contains all of the specific legal requirements of the plan. A copy of the Plan Document is available for review with your employer.

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

- 1) Each pay period, 7.5% of your wages will be deducted from your pay and deposited into your PARS ARP account. Your contributions are made on a pre-tax basis.
- 2) Investment activity will be credited to your PARS ARP 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 ARP 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 your employer 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 ARP 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\*
- 2) If there have been no contributions into your PARS ARP 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. If you are under age 59½, your distribution may also be subject to an excise tax withholding.
  - b. You may defer tax withholding from your distribution by electing a **direct rollover** to an IRA or to an eligible employer 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**