



Alternate Retirement System

Morongo Unified School District

General Information for PARS-ARS Participants Contract Classified 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 (PARS-ARS). **PARS-ARS** 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. 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

is automatic

for eligible employees.

YOUR PARS-ARS ACCOUNT

Effective January 1, 1992 Through April 30, 1998:

1. Each pay period, **3.75%** will be deducted from your salary and deposited into your PARS-ARS account.
2. Each pay period, your employer will also contribute the equivalent of **3.75%** of your salary to your PARS-ARS account.

Effective May 1, 1998 through January 31, 1999:

3. Each pay period, **2.25%** was deducted from your salary and deposited into your PARS-ARS account.
4. Each pay period, your employer also contributed the equivalent of **5.25%** of your salary to your PARS-ARS account.

Effective February 1, 1999 and thereafter:

5. Each pay period, **1.45%** will be deducted from your salary and deposited into your PARS-ARS account.
6. Each pay period, your employer will also contribute the equivalent of **6.05%** of your salary to your PARS-ARS account.

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.

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 you choose to receive retirement benefits before age 59 1/2, 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 or another retirement plan (that accepts rollovers).

BECOMING ELIGIBLE FOR BENEFITS

- 1) You or your beneficiary will receive your PARS-ARS 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 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, after which you will be able to request distribution of your account balance.

For Further Information

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

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

PARS Trust Administrator

P.O. Box 12919
Newport Beach, CA 92658

800.540.6369
949.823.9900 fax

The PARS Trust Administrator 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.