



Hotsheet

February 2010

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*-Francine Osborn
Director of*

*Human Resources & Risk Management
County of Calaveras*

THE CITIES OF BISHOP, DEL MAR AND PLACENTIA AND THE COUNTY OF CALAVERAS SAVE BUDGET DOLLARS WITH FICA ALTERNATIVE PLAN

Public agencies across the state are searching for creative ways to save budget dollars during these difficult times. The cities of Bishop, Del Mar and Placencia, along with the County of Calaveras, recently transferred their part-time, seasonal and temporary (PST) employees from Social Security to the PARS FICA Alternative Retirement System (ARS) to save on payroll costs while providing a better benefit for these employees. The PARS Plan is a federally-qualified alternative to Social Security that allows agencies to reduce their employer contribution, while providing more take-home pay in part-time employees' pockets. In addition, PSTs have a portable retirement benefit that they can cash out or rollover to another plan if they leave the agency. Given the high turnover rate of part-time, seasonal and temporary employees, the PARS ARS Plan is more suited to their needs.

PARS ARS PLAN REPLACES SOCIAL SECURITY

With a FICA Alternative Plan, approved by Congress in 1990, governmental agencies gain more control of part-time employee payroll costs. Social Security requires a total of 12.4% in retirement contributions, split evenly between employee and employer. As a federally-compliant alternative, the PARS Plan requires only 7.5% total contribution. With the employer determining the split, public agencies can save up to 100% of retirement costs over Social Security for part-timers. Additionally, the defined contribution format will not generate any future unfunded liability.

ADVANTAGES TO EMPLOYEE

Since the contributions are pre-tax deductions, PSTs see an immediate increase in their take-home pay. PSTs are also vested 100% from the first day of participation. When employment terminates for any reason, the PST decides whether to receive the funds as a lump sum or roll them over to a traditional IRA (or qualifying retirement plan). Unlike Social Security, they will receive all the funds in their accounts when they leave the agency, rather than a monthly Social Security retirement payment based on a pre-set formula. In addition, the pension funds become part of their estate in the event of death.

FOR MORE INFORMATION ON HOW PARS CAN
ASSIST YOUR AGENCY, CONTACT:

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VISIT PARS ONLINE AT WWW.PARS.ORG

EASY TO ADMINISTER

Public agencies appreciate the PARS “turn-key” approach to plan implementation and public administration, relieving them of most of the administrative burden and fiduciary duties.

Francine Osborn, Director of Human Resources & Risk Management at the County of Calaveras comments: “PARS handled all training to payroll staff, monitors plan compliance and submits all required reports on the County’s behalf. PARS also held orientation meetings to help employees understand the new program and its benefits. We are also pleased to have Union Bank providing trustee and investment management services. This team is the right fit for us.”

A WINNING STRATEGY WITH PARS

PARS has collaborated with public agencies for over 27 years, establishing more than 900 retirement plans with 514 agencies that have saved millions of dollars. From initial consultation and analysis, to design and implementation, to ongoing administration, PARS customizes innovative solutions that ensure that clients achieve fiscal savings in the most effective way possible.

800.540.6369 EXT. 127

OR ONLINE AT

WWW.PARS.ORG

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The contents of this publication reflect PARS’ understanding of the facts.

Before taking any action based on this information,

we recommend that you consult professional advisors regarding your agency’s specific objectives and circumstances.

PARS ALSO OFFERS:

OPEB Trust Pre-funding (GASB 45):

A multiple-employer Section 115 Irrevocable Trust approved by the IRS to meet the pre-funding obligations of public agencies.

Retirement Enhancements (REP):

Gives agencies the ability to locally design and implement an ongoing retirement plan that complements existing state retirement plans.

Early Retirement and

Separation Incentives (SRP and SIP):

Provides an agency with the flexibility to create a supplemental retirement program to facilitate downsizing, rightsizing or handling a difficult employee in a constructive way.

Contact PARS today!



Making retirement work for you.

PARS
PUBLIC
AGENCY
RETIREMENT
SERVICES

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