

Collin County Community College District Part-Time & Temporary Employees' Retirement Program Eligibility vs. Exemptions from Participation

The Omnibus Budget Reconciliation Act of 1990 (OBRA '90) mandates Social Security (FICA) coverage for most part-time employees unless they participate in an acceptable retirement system through Collin County Community College District (Collin) or the State of Texas. International employees working in the United States based on F1, J1, M1, or Q1 visas are exempt from participation in both FICA Alternative Plans and Medicare contributions.

Collin County Community College established an alternative retirement plan, the Program for Extra Retirement Compensation (PERC), for part-time and temporary employees in lieu of Social Security (FICA) participation. Some return-to-work retirees who are part-time and not yet drawing TRS or ORP must participate in the PERC plan. The PERC plan features:

- Tax deferred contributions and interest accumulation
- 100% vesting immediately
- Portability or transfer to an individual IRA at termination of employment
- Financial strength of Metropolitan Life
- No annual service fee for active accounts
- Minimum 7.5% employee contribution

The PERC plan offers an opportunity for real tax-advantaged asset accumulation. Participation is required and may not be withdrawn until employment in a covered position terminates with Collin. If you have any questions concerning the PERC plan, please contact the Human Resources Office at the Collin Higher Education Center in McKinney, TX at 972-548-6660 or metro 972-881-5660.

FICA Alternative Plan (PERC) Questions and Answers

Q: What is the FICA Alternative Plan?

A: As a result of legislation passed as part of OBRA '90, certain employees are required to participate in either FICA (Social Security tax) or an alternative plan set up within guidelines established by the U.S. Treasury Department. In the Program for Extra Retirement Compensation or PERC plan, deductions otherwise made to FICA are contributed to an individual account with MetLife. MetLife holds these funds in a tax-sheltered annuity until they are withdrawn by the former employee.

Q: How are deducted contributions to the FICA Alternative Plan made?

A: The funds placed in this account are taken out of the paycheck on a before-tax basis, so you are not taxed on the gross amount. Funds remain tax-sheltered until the time they are withdrawn by the

individual participant. Also, funds are available to the participant when a separation of employment occurs, or when they are no longer employed on a part-time or temporary basis.

Q: Will it affect any of my other tax-sheltered investments?

A: As with most tax-deferred plans, a maximum contribution allowance applies. Depending on your filing status and income, your IRA deduction could be reduced or eliminated. You may wish to consult your financial or tax advisor.

Q: Does the account earn interest?

A: Yes. Interest is credited daily based on MetLife's standard "retail" interest rates for funds deposited during the same month that your deposit occurred. Interest accumulates on a tax-deferred basis.

Q: How do I find out how much money is in my account?

A: Annual statements are sent to the home address of each participant within 30 days following the end of the calendar year. If you need to know your balance prior to the end of the year, you may call MetLife at 800-560-5001 and request information.

Q: How do I withdraw or rollover my money?

A: Once you have ceased employment in a covered position, you may request a withdrawal/rollover request form and/or a letter of termination (from a covered position) from Human Resources. Mail your completed form with a Collin Human Resources representative signature or with a Collin issued termination letter attached to a MetLife withdrawal form. A check from MetLife will be forwarded to the address indicated on the form in 4-6 weeks. An amount equal to 20% will be withheld from the check for Federal Income Tax. If you are under 59½, you will also be subject to a 10% IRS penalty for early withdrawal, which is assessed the following tax year.

Q: What else can I do with my money--Can I leave it in there?

A: The money can be left in the account, and will continue to accrue interest. A provision in the Plan allows MetLife to assess a \$20 administrative fee if an account remains inactive for 12 consecutive months; however, MetLife has chosen not to implement this provision and will provide 90 days written notice to participants if they decide to do so. The funds can also be rolled over to an IRA or another eligible plan. With a rollover, there are **no taxes and no IRS penalty**.

Q: What if I leave and come back at a later date?

A: If you return to a covered position (e.g. is part time) you will again be required to participate.



Collin County Community College District
PERC FORM / RETIREMENT PLAN ELIGIBILITY FORM

Name: _____ ID/SSN #: _____

Check the answers that pertain to you.

Is your employment with Collin College to be [] Full time (40 hours per week)
[] Part time (up to 19.5 hours per week)

If you are full time, you are exempt from MetLife PERC, please sign and date the form at the bottom.

Are you a TRS or ORP retiree? [] Yes [] No

If yes, date of retirement (month/year): _____

NOTE: If you are a TRS or ORP retiree, you are exempt from MetLife PERC, please sign and date the form at the bottom.

Are you an international employee with one of the following work visas? [] Yes [] No

Indicate Visa type: [] F1 [] J1 [] M1 [] Q1

NOTE: If you have one of the visas listed, you are exempt from MetLife PERC. Please sign and date the form at the bottom.

Are you an active member of TRS elsewhere? [] Yes [] No

If yes, where are you a member? _____

Employment Dates: _____

NOTE: If yes, you are exempt from MetLife PERC and will participate in TRS here. Please sign and date the form at the bottom.

If you are part time and do not carry one of the listed visas and are not an active TRS member elsewhere, you must participate in the PERC plan.

I acknowledge participation in the MetLife Tax Sheltered Annuity, also referred to as PERC (Program for Extra Retirement Compensation).

In consideration of my employer's obligations under the Collin Tax Sheltered Annuity Plan (the "Plan"), I elect to defer 7.5% of my total compensation (as defined in the Plan) for services rendered after the date of this Agreement. I authorize my employer to effect such deferrals by payroll deduction each pay period. Deferrals will be made on a before-tax basis which means I agree to have my compensation reduced by the stated percentage and, in turn, my employer will contribute my compensation on the annuity contract obtained for me pursuant to the Plan. I understand that my employer has a right to reduce my elected percentage as may be legally required to comply with Section 403(b) and other sections of the Internal Revenue Code.

I understand that I may not withdraw my account until my covered employment ends.

IF YOUR STATUS OR ELIGIBILITY FOR PERC OR TRS CHANGES (for example if you end current participation in TRS through other employment or begin other employment with TRS participation), YOU MUST INFORM HUMAN RESOURCES BY COMPLETING A NEW UPDATED PERC FORM.

Employee Signature _____

Date _____



MetLife PERC Plan # 1008795

Collin County Community College
Program for Extra Retirement Compensation
Participant Set Up

Skeletal Account Update

NAME: _____ SSN #: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

DATE OF BIRTH: _____ CITIZENSHIP: Yes _____ NO _____
If no complete Non-US citizen Form

PHONE: _____ CELL: _____

SEX: _____ EMAIL: _____

PRIMARY BENEFICIARY: For additional beneficiaries please list on separate sheet

NAME: _____ DATE OF BIRTH: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

PHONE #: _____ SOCIAL SECURITY #: _____

RELATIONSHIP: _____ PERCENTAGE: _____

CONTINGENT BENEFICIARY: For additional beneficiaries please list on separate sheet

NAME: _____ DATE OF BIRTH: _____

ADDRESS: _____

CITY: _____ STATE: _____ ZIP: _____

PHONE #: _____ SOCIAL SECURITY #: _____

RELATIONSHIP: _____ PERCENTAGE: _____

PARTICIPANT SIGNATURE

DATE

Chuck Mulkey 57J4402

REPRESENTATIVE'S NAME & DAI #

REPRESENTATIVE'S SIGNATURE

DATE

Fax completed form to MetLife at 1-855-788-6804

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