

Collin College
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 a qualified retirement system through Collin County Community College District ("the College") 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.

The 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
- Employee contribution of 7.5%

The PERC plan offers an opportunity for tax-advantaged asset accumulation. Participation is required and may not be withdrawn until employment with the College terminates. 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 972-985-3783.

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 are 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 MetLife holds these funds in a tax-sheltered annuity until they are withdrawn by the former employee.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, reducing the individual's tax liability. Funds remain tax-sheltered until the time they are withdrawn by the individual participant.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.

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, an existing 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 on file with MetLife within sixty (60) days following the end of the year. If you need to know your balance prior to the end of a year, you may call MetLife at 800-560-5001 and request information. MetLife has online access for which each participant can register.

Q: How do I withdraw or rollover my money?

A: Once you have ceased employment from the College, you may request a withdrawal/rollover request form by calling MetLife at 800-560-5001. 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. The funds can also be rolled over to an IRA or another eligible plan. With a rollover to another *tax-deferred* account, there are **no taxes and no IRS penalty**.

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

A: If you choose to refund the funds, the account will close. You will need to complete documentation to open a new account upon re-employment. If you leave the funds in your current account and return to a covered position (e.g. is part time) you will once again participate in MetLife.



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

Name: _____ CWID/SSN #: _____

Check the answers that pertain to you.

Is your employment with Collin College to be (select one)

- Part time (up to 19.5 hours per week)
- Student Assistant/Federal Work Study (up to 20 hrs/wk) Semester hrs enrolled _____

Please provide us with the following information regarding your ORP participation:

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 a TRS or ORP retiree?

- Yes, TRS Retiree
- Yes, ORP Retiree
- No

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

ORP Retirees:

Please provide the following information regarding your ORP Participation.

ORP eligibility date:

Vesting date: _____

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 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

Collin College
SALARY REDUCTION AGREEMENT

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 Program for Extra Retirement Compensation (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.

Employee Signature

Date

CWID

**COLLIN
COLLEGE**

**Human
Resources**

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, Country of Citizenship _____

If no, complete Non-US citizen Form and ID needed

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