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AGENCY
RETIREMENT
SERVICES

PARS

Making retirement work for you.

CITY OF TORRANCE: Plan Summary

Retirement Enhancement Plan (REP)

401 (a) Defined Benefit

Effective July 1, 2005

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INTRODUCTION

The information in this packet is designed to provide a general description of what you can expect as a participant in the City of Torrance PARS Retirement Enhancement Plan (the "**Plan**"). The Plan Document contains a more detailed description, and your employer has a copy, which you may read. The Plan Document shall govern if this description states something different.

Background

The City of Torrance approved the establishment of a PARS Retirement Enhancement Plan (REP) for eligible City of Torrance employees, effective July 1, 2005. The Plan provides a supplemental retirement benefit in addition to your current CalPERS retirement benefit.

Plan Sponsor

The PARS Retirement Enhancement Plan has been established by your employer, the City of Torrance (the "**City**").

Plan Administrator

The City has appointed a Plan Administrator who is responsible for taking the necessary actions to implement and administer the Plan in compliance with the Plan Document and applicable legal requirements. The Plan Administrator is the City Treasurer.

Public Agency Retirement System (PARS)

PARS is a 401(a) tax-qualified multiple agency trust. PARS is made up of California governmental agencies such as school districts, community colleges, cities, counties, and other special districts. The City has implemented the Retirement Enhancement Plan through PARS.

PARS Trustee

Union Bank of California is the Trustee for the PARS Trust. The duties of the Trustee include receiving and investing Plan contributions, safeguarding Plan assets, and distributing benefits to eligible Plan participants or beneficiaries at the direction of the Plan Administrator and pursuant to the Plan Document.

Union Bank of California will invest plan assets in accordance with the investment strategy selected by the City of Torrance. The Plan assets are held for the exclusive purpose of providing benefits to participants in the City of Torrance PARS Retirement Enhancement Plan, and paying any Plan administrative expenses.

Public Agency Retirement Services

Public Agency Retirement Services is the Trust Administrator for the PARS Trust. The Trust Administrator's functions include Plan accounting, coordinating benefit distributions with the Trustee, and communicating Plan provisions.

All questions related to the Plan should be referred to Public Agency Retirement Services.

YOUR PARS REP ACCOUNT

Employee Contributions

No employee contributions are required to participate in the Plan.

Employer Contributions

The City of Torrance will make all required contributions to fund the benefits available under this Plan.

ELIGIBILITY FOR RETIREMENT BENEFIT

Upon meeting **all** of the following requirements, you are eligible to receive a REP Retirement Benefit.

- a) Is or was a TPSA (Torrance Professional and Supervisory Association), Engineer, or Fiscal Bargaining Unit Member employee of the City of Torrance on or after January 25, 2004 (or an Information Technology Specialist that migrated into TPSA on October 19, 2004);
- b) Is at least 55 years of age;
- c) Has completed:
 - I. If hired on or before January 25, 2004: at least 5 years of full-time continuous service with the City (or at least 5 years of continuous service with the City for those employees designated by the City as eligible part-time employees) as of the last day of employment with the City; or
 - II. If hired after January 25, 2004: at least 5 years of full-time continuous service with the City (or at least 5 years of continuous service with the City for those employees designated by the City as eligible part-time employees) as a TPSA, Engineer or Fiscal Bargaining Unit employee as of the last day of employment with the City;
- d) Has terminated employment with the City;
- e) Has retired under CalPERS; and
- f) Has applied for benefits under this Plan no earlier than December 1, 2005.

Deferred Retirement Benefit

For employees who terminate employment with the City prior to retirement under CalPERS, you will be eligible to receive a Deferred Retirement Benefit upon meeting all the eligibility requirements.

PARS BENEFITS DESCRIPTION

The PARS REP benefit supplements your CalPERS benefit to provide you with an enhanced retirement benefit. The monthly lifetime benefit is calculated by taking the sum of the following formula and multiplying it by one-twelfth (1/12).

Benefit Service x 0.46951% x Final Pay

Benefit Service = For employees hired on or before January 25, 2004, Benefit Service means at termination of employment with the City the total number of years of CalPERS credited service based on actual employment with the City prior to January 25, 2004 and the total number of years of CalPERS credited service based on actual employment with the City as a TPSA, Engineer, or Fiscal Bargaining Unit Member employee on or after January 25, 2004. For employees hired after January 25, 2004, Benefit Service means at termination of employment with the City the total number of years CalPERS credited service based on actual employment with the City as a TPSA, Engineer, or Fiscal Bargaining Unit Member employee. Benefit service does not include any purchased CalPERS service credit.

Final Pay = your highest annual compensation subject to CalPERS deductions, including 7% EPMC, paid to you during any twelve consecutive months of employment with the City as a TPSA, Engineer or Fiscal Bargaining Unit Member employee.

Example:

- Age at Retirement = 55
- Benefit Service = 25 years
- Final Pay = \$60,000

$$25 \times 0.46951\% \times \$60,000 = \$7,042.65$$

$$\$7,042.65 / 12 = \$586.89$$

PARS Monthly Lifetime Benefit = \$586.89

BENEFIT PAYMENT OPTIONS

Your PARS REP benefit will commence the first day of the month after you have met all of the eligibility requirements (no sooner than December 1, 2005) provided that you have submitted all properly completed PARS enrollment materials to PARS (payments may be paid retroactive due to administrative constraints).

The benefit payment options available under this Plan are:

Lifetime (Option 1): a monthly cash payment for your lifetime only. This option does not pay out to a beneficiary.

Joint-and-100%* Survivor (Option 2): a modified monthly lifetime payment; upon your death, the payment continues at the same level for the lifetime of your one named beneficiary; upon your beneficiary's death, the payment ends.

Joint-and-100%* Survivor "Pop-Up" (Option 2M): a modified monthly lifetime payment; upon your death, the payment continues at the same level for the lifetime of your one named beneficiary; however, if your beneficiary predeceases you, your lifetime payment will increase or "pop-up" to the Lifetime Option amount and you will receive that amount for the remainder of your lifetime.

Joint-and-50%* Survivor (Option 3): a modified monthly lifetime payment; upon your death, the payment continues at 50% of your monthly benefit amount for the lifetime of your one named beneficiary; upon your beneficiary's death, the payment ends.

*If your beneficiary is a non-spouse more than 10 years younger than you, the monthly benefit payable to your beneficiary may be further reduced based on the age of your beneficiary. This reduction will be determined upon applying for benefits.

The choice of benefit option and beneficiary for Option 2, Option 2M and Option 3 is final upon your retirement and cannot be changed thereafter.

Cost of Living Adjustment (COLA)

Benefits will increase by a 2% compounding COLA each year. The COLA will become effective on the anniversary date of your benefit.

Annual Estimate of Benefits Statement

You will receive an Annual Estimate of Benefits Statement at the end of each plan year. The Estimate of Benefits Statement will provide an estimate of your PARS REP retirement benefit at various retirement ages.

HOW TO ENROLL IN THE PARS REP

No more than 3 months prior to meeting the all Eligibility Requirements for the PARS REP:

1. Contact PARS for a **REP Retirement Application** and return the completed form to PARS.
2. PARS will verify your eligibility with the City's Plan Administrator.
3. If eligible, a PARS REP individualized Benefit Illustration and Enrollment Packet will be mailed to you.
4. Return the completed enrollment packet to PARS to begin receiving a distribution from the Plan.

FOR ADDITIONAL INFORMATION

Questions about the Plan should be directed to PARS.

**PARS, Public Agency Retirement Services
Attention: Plan Enrollments Department
4350 Von Karman Ave. Suite 100
Newport Beach, CA 92660**

**(800) 731-7884
(877) 734-6220 fax
enrollments@pars.org**

PARS is not licensed to 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.