



PRSP | Pension Rate Stabilization Program

A COMPREHENSIVE, TURN-KEY PENSION PREFUNDING SOLUTION TO ADDRESS RISING STRS/PERS COSTS

All California community college districts face substantial scheduled increases to their STRS and PERS through 2023-24 (STRS is through 2020-21). Combined with the recent implementation of GASB 68 that requires districts to disclose their Net Pension Liability on financial statements, this has brought the underfunding of STRS, PERS and all public pension plans under public scrutiny. The Chancellor's Office has recommended that districts plan ahead for long-term ongoing liabilities by beginning to set funds aside now.

In response to the increasing pension costs, the League, in partnership with PARS (Public Agency Retirement Services), is proud to offer the Pension Rate Stabilization Program (PRSP), an innovative, first-of-its-kind, IRC Section 115 irrevocable trust program designed to help community college districts manage their ongoing pension costs through prefunding. The PRSP allows a district to securely set aside funds, separate and apart from STRS and PERS, in a tax-exempt, IRS-compliant prefunding vehicle to mitigate long-term contribution rate growth.

Each district maintains local control over assets held in the trust, can diversify investments to earn potentially

greater returns than from state or county treasury pools, and can determine the appropriate investment goals and risk tolerance level with specially designed low cost investment pools.

Why prefund your STRS and PERS pension obligations with the PRSP?

- Assets can be accessed at any time to offset contribution rate increases (rate stabilization) or as a rainy day fund to reimburse pension-related expenses during adverse budgetary or economic conditions
- Allows prudent use of apportionment funds or one time funds to address a district's increasing retirement costs
- Protects funds from diversion for other uses
- Accumulated assets in the trust address pension liabilities, which are shown on a district's financial statements due to GASB 68
- May favorably impact a district's accreditation and credit rating



COMMUNITY COLLEGE LEAGUE
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Contact PARS for more information or
a complimentary proposal at:
800.540.6369, ext 127
www.ccleague.org

What are the key advantages of the PRSP?

- Comprehensive, turn-key services that include consulting, recordkeeping, reporting, compliance, trustee/custodian services and investment management
- Investment and administrative economies of scale with no risk sharing
- Legally-vetted program with exclusive first-of-its-kind IRS Private Letter Ruling
- Simple trust structure that maximizes local control and autonomy
- Full flexibility over investment options including fixed income only, conservative, balanced and growth options, actively-managed and index approaches
- Low-cost investment management with fees that decrease as assets grow in each pool
- Signature-ready documents that enable quick, streamlined implementation process
- Hands-on support from dedicated PARS and CCLC service teams
- Most experienced and largest pension prefunding trust administrator in California

ABOUT PARS

For over 30 years, PARS has been a leader in custom and turn-key retirement programs for community colleges and other public agencies. PARS pioneered the PRSP concept and obtained a first-of-its-kind Private Letter Ruling from the IRS in 2015. Since then, over 100 public agencies in California have joined PRSP including colleges, school districts, cities, counties and special districts. As a specialist in retirement program design, implementation and ongoing administration, PARS administers more than 1,800 plans for over 850 clients and 400,000 public employees.



FOR MORE INFORMATION, CONTACT ONE OF OUR EXPERT CONSULTANTS:

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