

Adopted: May 7, 1996

District 77 Policy 718

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718 TAX SHELTERED EMPLOYEE INVESTMENTS (403(b), 457)

I. PURPOSE

The purpose of this policy is to establish guidelines and procedures for the purchase and deduction of District 77 employee tax sheltered investments.

II. GENERAL STATEMENT OF POLICY

It is the policy of this school district to allow employees to purchase tax sheltered investments thru payroll deduction in accordance with the applicable provisions of law.

III. REQUIREMENT

Due to the complexity of new IRS regulations and the penalties for noncompliance the School District has established a 403(b) plan and contracted with a Third Party Administrator to provide plan administration. The individual employee is responsible for selecting the investment, contacting the approved vendors and submitting a payroll deduction request form to the Business Office. Approved vendors must maintain information sharing agreements with the employer and Third Party Administrator. The following guidelines govern the granting of approval for tax sheltered investment deduction requests.

- A. October 1, January 1, April 1, and July 1 or the date two weeks following the adoption of an employee's basic salary, are the only acceptable inception and change dates. No changes are permitted on dates other than those stated above. In cases of hardship, annuities may be terminated subject to approval by the Director of Business Affairs and the Third Party Administrator.
- B. All new tax sheltered investments require a monthly allocation and disbursement of contributions.
- C. The district will accept tax sheltered contracts with or without life insurance benefits and premium waiver provisions as permitted under the rulings of the Internal Revenue Commissioner.
- D. The amount to be withheld from salary and paid for the purchase of an investment shall not exceed the limitations set by the Internal Revenue Commissioner. The

employee and investment vendor are responsible for not exceeding the limitation amount.

- E. The purchase of tax sheltered investments for any one employee shall be limited to three investment companies.
- F. The School Board requires a written request on a District 77 payroll deduction form by the employee for the purchase of all tax sheltered investments.

Legal Reference: I.R.S. Regulations 403(B)
I.R.S. Regulations 457