

PERSONNEL

Section 403 Investment Plans

Deleted and incorporated under Regulation 4-37

~~The administrative regulations for section 403 investment plans for the employees of the Virginia Beach City Public School System shall be as stated below.~~

~~The school board intends that these plans will qualify under the terms of Section 403 of the Internal Revenue Code (or any section that may replace it) and that the premiums paid by the school board for such investment plans will not be considered as taxable income to the employees concerned. Salary excluded thereby will not exceed the amount of the employee's exclusion allowance as determined by the formula in Section 403 of the Internal Revenue Code. Each employee will make an independent decision regarding participation, including company and plan selection.~~

~~The preceding policy and accompanying regulations will not be considered an endorsement or recommendation for participation, for company or plan selection, and the school board disclaims any responsibility for the participation, company or plan selection of the employee, or for company or plan performance.~~

~~A. General Provisions~~

- ~~1. The school board, on recommendation of the division superintendent and on advice of the Office of Business Services, will determine and publicize the eligibility criteria for carriers to solicit new enrollments from employees.~~
- ~~2. Without eliminating existing investment plans between an individual employed by the school board and a currently authorized carrier and soliciting agent(s), solicitations will be limited to approximately twenty (20) carriers authorized to do business with school board employees. Remittance checks will be made payable to no more than these approximately twenty (20) carriers.~~

~~B. Eligibility of New Carriers – Criteria for Admission~~

- ~~1. The carrier issuing the contract must be licensed in Virginia.~~
- ~~2. For guaranteed rate annuity programs, the carrier will submit to the school board, or its agents, a specimen master contract and its annuity proposal.~~

~~The guaranteed cash value for each year for the first twenty (20) years, the current cash value each year for the first twenty (20) years, the guaranteed and current income (10~~

~~years certain at age 65), and the guaranteed and estimated interest rates must be shown. These proposals will be based on a \$1,000 deposit each calendar year. For programs other than a guaranteed rate annuity program (e.g., mutual funds), a historical earnings record on the various offerings must be presented from program inception (or 10 years whichever is less). The carrier shall submit any additional statistical data, such as charges to employees, or other information deemed pertinent and requested by the school board or its agents. The specimen master contract(s) of each company will be on file in the Office of Business Services and be available to each employee for inspection.~~

- ~~3. The carrier will designate a current primary representative by name, local address, and local telephone number, so that said representative will be available for contact and inquiry by the school board or any employee. No agent will be the designated representative for more than two (2) companies.~~
- ~~4. The carrier, at its option, will identify its soliciting agents by name. No carrier will have more than five (5) soliciting agents at any one time. An exception to the number of soliciting agents (e.g., Section A.2.) may be made by the Office of Business Services if deemed in the best interest of school board employees.~~
- ~~5. A new carrier, to become eligible, must submit fifty (50) or more employee applications that will result in contracts.~~
- ~~6. The carrier's agent must notify the Office of Business Services at least thirty (30) days in advance of the monthly deadline for applications of the carrier's intention to become eligible so that appropriate arrangements can be made with Data Processing for setting up the necessary computer programs for including the carrier in the section 403 investment program.~~

~~C. Registration of Agents~~

- ~~1. On an annual basis, each agent eligible to sell section 403 investment plans for an authorized carrier will register in the Office of Business Services (no agent will register with more than two (2) companies). At the time of registration, each agent will review the file contract(s) for his carrier and will verify that it is the contract to be sold to school board employees.~~
- ~~2. Properly registered agents will be given written authorization to sell section 403 investment plans to school board employees. A copy of these administrative regulations will be furnished to each agent at the time of registration.~~
- ~~3. Agents will conduct themselves in an ethical manner in dealing with school board employees, will make full disclosure, will see that the maximum deductible permissible by law is not surpassed. Agents will obtain the permission of the principal before conducting any activity in a particular school. No activity will be permitted during the instructional day.~~

- ~~4. Only conforming contracts on file in the Office of Business Services may be offered to employees. Contract applications submitted by unregistered agents will not be processed.~~
- ~~5. Any agent who knowingly fails to follow administrative procedures may be barred from doing business with the school board.~~

~~D. Continuing Eligibility of Carriers~~

- ~~1. Once admitted, a carrier may continue to do business with the school board contingent on satisfactory performance of the carrier and its agent and continued employee participation on the carrier's program.~~
- ~~2. If the payroll reduction enrollment of a particular carrier falls below a minimum of fifty (50) contracts for a one year period, then the carrier will not be eligible to continue to write and submit new contracts.~~
- ~~3. Affected school board employees will be so notified and will have one year to transfer to an authorized carrier. The previous carrier then will be removed from the authorized list.~~

~~E. Debarment of Carriers or Agents~~

- ~~1. Unethical behavior on the part of agents or carriers will be reason for debarment. Examples include, but are not limited to:
 - ~~a. Refusal by an agent to follow specific instruction of building principals while on school premises~~
 - ~~b. Selling or attempting to sell unapproved contracts~~
 - ~~c. Misrepresentation of contracts~~
 - ~~d. Harassing employees to purchase contracts~~~~
- ~~2. School board action is required for debarment.~~

~~F. Miscellaneous Items~~

- ~~1. No employee will have active salary reduction contracts with more than three companies.~~
- ~~2. The school board will re-evaluate the program and eligible carriers as needed so as to ensure the continuation of an acceptable and beneficial section 403 investment program.~~

Editor's Note

Current carriers will be phased out over a one (1) year period if they do not comply with minimum enrollment requirements as specified in Section D.2. of Regulation 4-36.3.

~~Employees will then have one (1) year to choose an authorized carrier.~~

Related Links

School Board Regulation 4-36.3

Approved by Superintendent: July 16, 1991

Revised by the Superintendent: May 1, 1997

Revised by the Superintendent: January 24, 2003