

Adopted: 7/25/00

Revised: 12/18/01,4/26/11

455 TAX SHELTERED ANNUITIES

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1. Cooperative Participation in Annuities:

At the request of an employee, and as part of his/her compensation arrangement, the board may approve an individual annuity contract for an employee for retirement or other purposes and may make payroll allocations in accordance with such arrangement for the purpose of paying the entire premium due and to become due under such contract. The allocation shall be made in a manner which will qualify the annuity premiums (or a portion thereof) for the benefit afforded under section 403(b) of the current Federal Internal Revenue Code, or any equivalent provision of subsequent federal income tax law. The employee shall own such contract and his/her rights thereunder shall be nonforfeitable except for failure to pay premiums. Section 125.12 shall not be applicable hereto and the board shall have no liability thereunder because of its purchase of any individual annuity contracts. This statute shall be applied in a nondiscriminatory manner to employees of the cooperative.

2. Participating Insurance Carriers

As of March 24, 2009 one insurance carrier was qualified to sell annuities to school district employees: ING through Advisor Net Financial.

3. Qualification of Carriers:

A company shall qualify to sell annuities to cooperative employees after meeting the following requirements:

- A.) Licensure by the State of Minnesota
- B.) Designation of a single agent or agency representing the carrier.
- C.) An approved Cooperative "Service Provider Agreement"

4. Procedural Requirements:

- A. Each employee who initiates or changes contribution to a tax sheltered annuity will need to request from the business office a copy of the required forms.
- B. Completion of the forms will need to be done by the employee and annuity service provider. After this information is completed return to the business office for processing.

- C. All reduction agreements which are incomplete or incorrect will be returned to the employee for correction.
- D. Salary reduction agreements may be initiated at start of employment, adoption of a new salary schedule, or during the months of January, April, and September of each year. Employees should familiarize themselves with Internal Revenue Service regulations regarding start and change of annuity contracts and the individual company rules regarding these contracts.
- E. New salary reduction agreements or changes in existing salary reduction agreements may be initiated at start of employment, adoption of a new salary schedule, or during the months of January, April and September of each year. Employees should familiarize themselves with Internal Revenue Service regulations regarding start and change of annuity contracts and the individual company rules regarding these contracts.

5. Joint Powers Board Approval and Execution of Contracts:

The Joint Powers Board delegates responsibility for approving new or changed salary reduction agreements to the payroll administrative assistant, business manager or director.

6. Monthly Billings:

Each carrier must submit a bill to the district each month listing the premium due for each individual and the total premium due to the carrier. Carriers must also provide accelerated billing for employees on less than 12 month pay periods.

7. Carrier and Agent Responsibility:

The cooperative will not assume any responsibility for any representations made by insurance agents or carriers, accuracy of applications, salary reduction agreements or annuity contract applications. The annuity service provider and the insurance carrier are responsible for compliance with all laws of the United States and the State of Minnesota and regulations of the Internal Revenue Service regarding annuity contracts. The only responsibility of the school district is to make payroll deductions pursuant to agreements submitted by the annuity service provider and to remit these deductions for premium payments pursuant to this policy.

Legal References:

Minn. Stat. 136F.45
 Minn. Stat. 356.24
 Minn. Stat. 122.532

Cross References:

Master Contracts