

TAX SHELTERED ANNUITIES

On behalf of the Board and in conjunction with an appropriate salary reduction agreement, the Business Official of the school district is authorized to approve the purchase of annuities. Annuities will be purchased for such employees who have authorized in writing such purchase and deduction of expenses from their salaries, in accordance with the provision of Section 3109 of the State Education Law. The amount of such deduction is to be remitted to the service provider for application to a non-forfeitable annuity account maintained under the terms of a contract or contracts qualifying for purposes of Section 3109, issued by said service providers, with no liability to the school district.

Guidelines for Tax Sheltered Annuities

1. Employees may select their own Tax Sheltered Annuity plan and agent representing the company offering the plan from the current list of service providers.
2. The District will provide no information or offer any advice or counsel about tax sheltered annuity plans. The entire responsibility of obtaining information, advice and counsel is with the employee. The District's role will be limited to making reductions in salary authorized by the employee and forwarding payments thereof to the service provider issuing the annuity.
3. The Business Office will forward one check per month to each of the companies issuing the annuities. The home office of each service provider issuing the annuities must agree to accept one monthly payment for all employees carrying a policy with that service provider. That is, irrespective of the agent or broker who sells the policy, our Business Office will send only one check to that company at the end of the month. It will be the responsibility of the service provider to make further distribution to its agents and brokers.
4. An employee may not make more than one tax sheltered annuity agreement with the same employer during a tax year. Changes in dollar amount and/or company may occur on January 1, April 1, or October 1.
5. All policy terminations must be in the Business Office 30 days before their effective dates.
6. The necessary forms to participate in the Tax Sheltered Annuity Program are available in the Business Office.
7. As a result of approval of the Economic Growth and Tax Relief Reconciliation Act of 2001, significant changes have been made to contribution limitations for 403(b) retirement plans. Information on limitation amounts (which will change annually) will be available in the Business Office.
8. Participation in any Tax Sheltered Annuity Program is subject to compliance with Internal Revenue Service Regulations.
9. Any changes in the amount of contribution and/or service provider must be preceded by a new salary reduction agreement.