

TAX-SHELTERED ANNUITIES

The Board of Education shall offer all employees the privilege of payroll deductions for tax-sheltered annuities. Deductions for the annuity will be made for programs approved by the Board of Education. Deductions shall continue to be made if and so long as at least seventy-five (75) employees are exercising the privilege. The expense of the district's participation in a program of annuity policies shall be borne by the participating employees and the various insurance companies which have been approved by the Board of Education.

Selection and Approval of Companies

4145.1

For annuity programs to gain approval by the Board of Education, the procedure, as detailed below, must be followed.

1. Proposals, along with a prospectus, must be submitted to:
 - a. The presidents of the Patchogue-Medford Congress of Teachers, Patchogue-Medford Administrators' Associations, Civil Service Employees' Association, Patchogue-Medford Directors' Association and Registered Professional Nurses' Association.
 - b. The superintendent of schools.
2. If a bargaining unit finds the program to be advantageous, it will request, in writing, that the superintendent of schools make a recommendation to the Board of Education.
3. If the superintendent of schools finds the company to be acceptable, the school superintendent will make a recommendation to the Board of Education.
4. The Board of Education is responsible for approval or rejection of the program.
5. The program will go into effect after approval has been granted and an agent forwards to the designated representative of the school district at least five (5) signed Salary Reduction Agreements on forms provided by the district. These agreements must be received within ninety (90) days of the date approval was granted by the Board of Education. If such a list is not received, the school board's approval of the company is null and void. If approval lapses, one year must pass before a company will be considered for another recommendation to the Board of Education.

Tax-Sheltered Annuities (Continued)**Enrollment and Termination Procedure****4145.2**

1. The district shall follow a policy of open enrollment, wherein an employee may begin or terminate an annuity at any time during the fiscal year (July 1 - June 30).
2. No payroll deduction for an annuity will be instituted until an official Salary Reduction Agreement is signed by both the district employee and the authorized representative of the district on the forms provided by the district.
3. The signed Salary Reduction Agreement must be on file in the payroll office twenty-one (21) calendar days before any payroll deduction will begin.
4. If the amount to be deducted is to be changed, a new Salary Reduction Agreement must be filed with the payroll office twenty-one (21) calendar days before the intended change in deduction.
5. If an employee wishes to terminate a tax-sheltered annuity, written notice must be given to the payroll office twenty-one (21) calendar days in advance of the termination.

Distribution to Approved Company Accounts**4145.3**

1. The district shall remit all deductions to a single agency, for disbursement to all other participating insurance companies.
2. In the event that the designated company discontinues its disbursement function and a replacement company cannot be found among the other companies represented in the district, the district reserves the right to assess administrative costs of the program to the individual companies based on enrollment.

Tax-Sheltered Annuities (Continued)**Hold Harmless Agreement****4145.4**

The company shall hold harmless and indemnify the Board of Education, the district, their officers and employees, from every claim and demand, including those citing negligence of the Board of Education, the district, their officers and employees, which arise from the approval of annuities by the Board of Education to be purchased from the company. The company, at its own cost, expense or risk, shall defend any legal proceedings that may be brought against the Board of Education, the district, their officers and employees, for any claim or demand and shall satisfy any judgment that may be rendered against any of them. The Board of Education shall notify the company upon the receipt of any such claim or demand.

Salary Reduction Agreement Form**4145.5**

The payroll office shall maintain a supply of official forms to be used by an employee to secure an annuity program. A copy of the official form is attached to this policy. (Exhibit A)

Policy Adopted:
January 15, 1979

Policy Revised:
October 19, 1981

Policy Revised:
December 16, 1991

Policy Revised:
August 13, 2001