## Tax-Sheltered Annuities Regulations

Tax-sheltered annuities ("TSA") in the form of vendor-provided Section 403(b) of the Internal Revenue Code annuity contracts and/or custodial accounts are available to employees of the District under the following conditions:

1. Employees may utilize any vendors on the District-approved list. All vendors who are currently providing TSA products to Plan participants can continue to do so, providing that they comply with all District requirements for TSA vendors. New vendors will be added to the approved list when they can demonstrate that 10 or more ECSD employees are willing to purchase plans. Vendors are removed from the list when the number of ECSD clients drops below 50 employees, if at the end of a 90 day grace period, the vendor is not in compliance with the 50-employee requirement, or when a vendor fails to agree to the District's Standard Vendor Participation Agreement, or when a vendor fails to cooperate with requests for assistance or information from the District.

2. All employees may enroll in District-sponsored TSA programs by giving written notice to the Payroll Department before the current month's cut-off date. Employees may increase or reduce or cease salary reductions at any time by giving written notice to the Payroll Department not later than the current month's payroll cut-off date. All participating employees must sign the Tax-Sheltered Annuity Plan Enrollment and Salary Reduction Agreement.

3. Employees will be allowed to participate in only one (1) 403(b) or PERA 401(k) program to facilitate the PERA Matchmaker program.

4. Employees will be allowed to apply maximum contributions in accordance with IRS regulations and District policy toward any Section 403(b) of the Internal Revenue Code contract and/or the PERA Code §401(k) plan for any year. However, all employee contributions are subject to the following limits: (a) employees must comply with Section 402(g)(1) of the Internal Revenue Code, and may utilize any "catch-up" provision under Section 402(g)(8) of the Internal Revenue Code, (b) employees may utilize the age 50+ "catch-up" provision of the Internal Revenue Code, and (c), employees must comply with Section 415(c)(1) of the Internal Revenue Code, and may not utilize any of the options provided under Section 415(c)(4) of the Internal Revenue Code.

5. Contributions can only be made from salary. Contributions are not allowed from accrued leave buy-outs or other amounts that may be payable to an employee upon retirement or termination of employment.

6. Employees participating in the ECSD TSA Plan must provide the District with such information as may be needed to monitor the Plan and assure compliance with all relevant laws, federal and state regulations, and Board Policy and Regulations. The employee agrees, upon request of the District, to instruct his or her TSA vendor to release any

information or report that is reasonably required by the District for purposes of compliance with Section 403(b) of the Internal Revenue Code. An employee's failure to comply with the requirements set forth in this paragraph may result in the employee being ineligible for further participation in the Plan.

7. The District does not endorse any company, vendor, fund group or investment instrument, nor has the District undertaken any investigations regarding the soundness of any company, vendor, fund group, or investment offered. Investments in Section 403(b) of the Internal Revenue Code, Section 401(k) of the Internal Revenue Code, and any subsequent IRS approved plans available to District employees are made at the sole risk of the employee and the District assumes no liability of fiduciary responsibility.

8. The District has full authority and complete discretion to construe, interpret and apply any provision of these regulations, to determine the eligibility of any employee or vendor to participate in the Plan, to determine the allowable amount of salary reduction contributions, and to determine any issue of compliance with the requirements of Section 403(b) of the Internal Revenue Code. The District's determination of any issue that may arise under these regulations or the Plan shall be final and binding on the employee and/or the employee's TSA vendor.

These regulations and/or the Plan may be amended or modified in whole or in part or terminated by action of the District at any time in a manner which is consistent with the requirements of Section 403(b) of the Internal Revenue Code.