

Cle Elum-Roslyn School District No. 404

Board Policy

Financial Management

5515P

Tax Deferred Annuity/Compensation

Eligible employees may elect to defer a portion of their salary or wages to pay for a tax-deferred annuity. Eligible employees may make their deferral arrangements with any district authorized insurance company or mutual fund (both hereinafter referred to as “Service Provider”). A Service Provider may be authorized if five or more eligible employees request the district to enter into a contract with an insurance company offering a tax deferred annuity contract and licensed to do business in the State of Washington or a mutual fund that provides custodial contracts for tax deferred annuity programs, and complies with all district policies and procedures. The following are procedures pertaining to staff participation, hold harmless agreements, and sales representation contracts:

- A. The district will initiate salary reductions when five salary reduction agreement forms have been submitted for a Service Provider, and an authorized officer of the Service Provider has signed and submitted the district’s Hold Harmless and Indemnity Agreement and a Tax Sheltered Annuity Company Basic Information Form. Only the district’s specific Hold Harmless and Indemnity Agreement will be acceptable. Failure to execute the district’s Hold Harmless and Indemnity Agreement will be sufficient grounds for denial or dismissal of the Service Provider as an approved Service Provider. In the event that the district has employees participating in a plan with a Service Provider that will not sign a district Hold Harmless and Indemnity Agreement, the district will discontinue the plan offered by the Service Provider until the Service Provider signs the district’s Hold Harmless and Indemnity Agreement and meets all of the requirements of this administrative procedure. It is the responsibility of the employees requesting approval of a Service Provider to provide the district with the documents required by this procedure.

- B. An eligible district employee, or an agent, registered representative, or registered investment advisor may request a tax deferred annuity authorization form (salary reduction agreement) from the district payroll office. The employee and the Service Provider, or an agent registered representative, or registered investment advisor shall complete and sign the salary reduction agreement. Only the district’s salary reduction agreement will be accepted. No substitutions will be accepted. The salary reduction agreement must have the signature of the employee and the Service Provider or licensed and authorized agent of the company, registered representative, or registered investment advisor. The agent, registered representative, or registered investment advisor, must register with the

- district by completing a Representative Profile, providing a copy of his/her current Washington State Insurance license (if applicable) and submitting a Hold Harmless and Indemnity Agreement for Agents and Registered Representatives/Registered Investment Advisors.
- C. The salary reduction agreement will remain in force until modified or cancelled in writing by the employee or employment has terminated. Payroll reductions will not be made if there are insufficient earnings to make a complete reduction. Salary reduction agreements must be in the payroll office by the 10th of the month in which the change is to be effective.
 - D. Service Providers, their agents, registered representatives and registered investment advisors must comply with all pertinent written directives regarding the solicitation of employees. Solicitation of employees conducted on school premises during scheduled work hours is not permitted. Presentations before and after normal school hours may be given only if approved by the building Administrator.
 - E. In the event that participation in a new tax sheltered annuity program offered by a Service Provider after the approval date of this policy drops below 5 participants, the district will notify the Service Provider that participation must be at least five participants within a six month period or the Service Provider will be dropped from the district's approved Service Provider list. Once a Service Provider has been dropped from the approved list, the Service Provider will be required to meet all the qualifications of a new Service Provider in order to add new participants.
 - F. An employee must submit a Maximum Allowable Contribution worksheet with each salary reduction agreement. In addition, a Maximum Allowable Contribution worksheet must be submitted annually if the employee's contribution for a calendar year is equal to or greater than \$11,000 (or applicable limit) or if the employee has elected a special 415 Election or is using a "catch-up" provision. The required annual Maximum Allowable Contribution worksheet must be submitted to the district by November 1 of the calendar year in which the above circumstances apply. In the event the Maximum Allowable Contribution Worksheet is not in the district office by the deadline for payroll changes in January of the following year, the district will stop contributions until the employee submits the Maximum Allowable Contribution worksheet. The accuracy of the Maximum Allowable Contribution worksheet must be certified by signature of the employee and a Service Provider, agent, registered representative, or registered investment advisor. The district will assume no responsibility for verifying or certifying the accuracy of the Maximum Allowable Contribution worksheet.