

ANNUITIES AND DEFERRED COMPENSATION PLANS

The Arlington Board of Education will make provisions for staff members to voluntarily participate in a tax-sheltered annuity and/or deferred compensation plan under the following guidelines:

1. The company(s) offering the annuities, deferred compensation, or custodial accounts must be approved and licensed to do business in the State of Ohio for the purpose of providing such benefits under IRC Sections 403, 457, Public Law 87-370 or any equivalent income tax law.
2. Any company or custodian seeking to procure business in the school district must file a formal request with the Treasurer. The request shall include:
 - a. Certification that the company or custodian has been approved by the Commissioner of Insurance of the State of Ohio.
 - b. Certification that any such company or custodian and soliciting agent thereof agrees to comply with all the administrative rules and procedures issued by the board.
 - c. Certification that such company or custodian has a minimum number of at least five employees 1% of the total number of employees, (whichever is greater), not to exceed fifty employees. When the number of annuities falls below this participation level, additional annuity contracts will not be accepted until the total number of annuities is returned to five or 1% of the total employees, whichever is greater.
 - d. Newly hired employees who were actively participating in a 403(b), or a 457 plan through their previous employer will be able to establish a billing with that company or custodian, but said company/custodian must abide to 2(c) above as well as all other rules herein if they desire to procure additional business in the school district.
3. The company or custodian must indemnify the Board of Education through a Hold Harmless Agreement as provided by the Board. The company/custodian shall abide by all Board Policies and Procedures as well as all Internal Revenue Codes relative to and consistent with Code Sections 403 and 457, (e.g. minimum distributions and excessive contributions).
4. The following documents must be properly completed and filed with the Treasurer thirty days prior to the effective date:
 - a. Certification of the company or custodian as required in Paragraph 2(a) (b) (c) hereof.
 - b. The salary reduction agreement in duplicate. The Board shall provide said agreement. The effective date shall be the first of the month.

- c. The company or custodian must provide a maximum exclusion allowance calculated on all salary reduction agreements entered into by the parties which includes the employee, employer and the company/custodian. The company shall agree to be responsible for all costs, expenses, fees and damages incurred by the Board and/or participant in connection with the implementation and administration of the plan by reason of a challenge to the maximum exclusion allowance computed for any participant of the Plan as a result of the company's or custodian's negligence.
 - d. Any company/custodian accepting a transfer or rollover of funds shall be required to abide by paragraph 4(c).
 - e. The employer will assist the company/custodian in providing STRS and SERS information, any Section 125 information needed, the employees years of service with the current employer, the amount of the salary reduction currently in force and type of deduction: 403(b), 403(b) with incidental life insurance protection, and/or a 457 deferred compensation plan.
 - f. It shall be the employee's, company's or custodian's responsibility to determine the facts regarding previous total contributions made to the employees account other than STRS SERS and Section 125.
5. Premiums or contributions will be limited to not less than five dollars (\$5.00) per pay period. Contributions over this amount shall be for even dollars per pay period.
 - a. No partial contribution or premium payment will be made. If for any reason the contribution or premium payment is not available at salary reduction time to transmit to the company/custodian when due, the employee will be notified.
 - b. The employee is personally responsible for any additional charges such as loan repayment and interest as a result of executing any contractual agreement. It is the responsibility of the company/ custodian to advise the Treasurer, for tax reporting purposes, regarding any failure of loan repayment by an employee/annuitant. However, it is still the responsibility of the company/custodian to issue all applicable 1099's.
 6. In case of any contract providing incidental life insurance, the insurance company shall furnish the employer and employee with notification of such an arrangement. The company shall also furnish the employer the guaranteed monthly retirement benefit at the employees normal retirement age as well as the amount of the incidental life insurance protection elected by the employee. In addition, the company will furnish the employer, at the end of each calendar year, a statement of the cost of this insurance for tax reporting purposes. This statement must be provided to the employer not later than January 10th of each year for inclusion on employees W2's and all other applicable reports.
 7. An annuity change requires the completion of a salary reduction agreement. It is understood that an employee may enter into only one salary reduction agreement with the employer each calendar year.

8. A salary reduction agreement may be made by written request at any time during the year.
9. A salary reduction agreement may be discontinued by the employee at any time provided that no less than 15 days notice has been given to the employer. The employee may be permitted to enter into a new salary reduction agreement in the same year providing they meet the requirements of Nos. 7, 8, & 9 above.
10. The Board may restrict or limit contributions on behalf of employees to the extent that the total contributions for an employee would exceed the applicable IRC 402, 403, 415 or 457 limits, and/or any subsequent federal regulations or determinations that would otherwise subject the salary reduction to income tax.
11. It is understood that employee contributions exceeding the IRC limits would be currently treated as income and may be subject to additional taxes, interest and penalties. It is the intent of the Board of Education to instruct the companies/custodians as well as the employees of the Board to act in a prudent manner in all salary reduction agreements.
12. The Treasurer will certify that no other salary reduction agreements have been made during any applicable tax year that would be in conflict with IRC regulations for purposes of 403 and/or 457 reductions.
13. The Treasurer shall be authorized to sign and execute on behalf of the Board all documents necessary to effect said purchase and indemnify the Board.
14. The Board of Education shall assume no liability in connection with the purchase or subsequent investment of any such contracts. The Board does not endorse any one plan.
15. The Board has entered into an agreement with Annuity Compliance Specialists, Ltd. to review our plans, and to administer our compliance program. Therefore, it is understood that Annuity Compliance Specialists, Ltd. shall communicate the board's policy and procedures and secure the hold harmless agreements from the companies and custodians as per our agreement with Annuity Compliance Specialists, Ltd.

Adoption Date: September 15 1998