PENN MANOR SCHOOL DISTRICT

ADMINISTRATIVE REGULATION

APPROVED: November 15, 2012

REVISED:

615-AR-1. TAX SHELTERED ANNUITIES

The Tax Sheltered Annuity Plan is administered by the district under the provisions of Section 403(b) of the Internal Revenue Code for the purposes of an employee retirement or deferred compensation plan. An annuity contract authorizes the district to deduct a fixed amount from an employee's gross income for the purpose of sheltering the income from federal income taxes during the term of the contract.

The district will annually inform all employees about the tax sheltered annuity program and give notice of each employee's right to participate.

An employee can make changes to a tax sheltered annuity upon proper notification to the district.

The district's designated staff is responsible for verifying that employees are eligible to participate in the program, that contribution amounts do not exceed limits, and that distributions from the accounts are done correctly.

The employee and the company involved will indemnify, save and hold harmless the school district from any and all claims made by an employee and/or the company as a result of the tax sheltered program. The indemnity agreement must be signed by the appropriate parties and notarized before any payroll deductions will occur.

The Superintendent and/or Business Manager may recommend to the Board for its approval a third party administrator to carry out the day-to-day responsibilities of administering the program.

Written Plan

The district will maintain and operate the tax sheltered annuity program in accordance with a written plan.

The plan will contain all the material terms and conditions for eligibility, benefits, applicable limitations, the contracts available under the plan, and the time and form under which benefit distributions may be made.

The written plan also will address any optional features, including hardship withdrawal distributions, loans, plan-to-plan or annuity contract transfers and acceptance of roll-over to the plan that are included in the district's program.

The written plan may assign responsibility for administrative functions, including those to comply with the requirements of 26 U.S.C. Sec. 493(b) and other tax requirements. Responsibilities that are not allocated to another entity remain with the district.

At least one (1) fiduciary must be named in the plan. Fiduciaries may include investment advisors, individuals exercising discretion in administration of the plan, and those who select individuals to perform services in connection with the plan.

The written plan may assign responsibilities to parties other than the district but not to participants, unless the administration of the plan is a substantial portion of the duties of the participant.

The written plan may incorporate by reference other documents which then become part of the plan. The referenced documents must not be in conflict with other documents.

The written plan may address termination of the program.