

THIEF RIVER FALLS PUBLIC SCHOOLS

POLICY 702

TAX SHELTER ANNUITY/DEFERRED COMPENSATION/MATCHING FUNDS

The District agrees to allow employees to invest dollars into certain 403(b) and 457 plans. Matching dollars will be administered as stated in each bargaining unit contract. Deferred earning programs are subject to the rules set forth in State Statute under sections 352.96 and 356.24.

Employees and the annuity company are responsible for calculating deferral limits for each tax year. In no instance will the District be liable for employees who exceed deferral limitations according to the Internal Revenue Service (IRS) regulations.

Eligibility

All common law employees except student teachers are immediately eligible to make contributions under the Plan. Eligibility for Employer Contributions is based on applicable employment agreements or collective bargaining agreements to which an employee is subject to.

Approved Vendors

The District will publish an approved vendor list. A new company will be added as an approved vendor when a minimum of five (5) employees enroll and all plan documents have been completed with the Third Party Administrator (TPA). The District shall recognize up to 10 annuity companies for elective salary deferrals.

Tax Sheltered Matching Funds

Participation is based on contract agreements. It is the responsibility of the employee to ensure tax shelter deductions are sufficient to get the maximum amount of matching funds. Matching funds must all go into one (1) company each contract year. Once the match is started, employees are not allowed to change matching companies until the current match is complete. Changes would be effective for the next contract year.

Guidelines

1. Completed salary reduction agreements must be in the payroll office ten (10) days before payroll deductions or matching contributions will be made. Payroll deductions will be made in equal installments for the remaining pay periods.
2. Payments and supporting documents will be sent to the TPA within 7 banking days of each payroll.
3. Written requests from any employee to terminate annuity or deferred compensation participation must be received in the payroll office ten (10) days before payday.
4. The District does not guarantee, approve, recommend, endorse, or subscribe to any program, plan or policy written by any of these companies.
5. The District's involvement in the tax-sheltered program is limited to payroll deductions, the matching contributions as stated in each bargaining group, and the remittance of both the employee deduction and the employer contribution to the designated TPA.

Date Adopted: 12/2014 Next Scheduled Revision: 12/2017

Legal References: MN State Statute 352.96 and 356.24