

POLICIES AND PROCEDURESANNUITIES AND DEFERRED COMPENSATION PLANS

The Columbia Local School District 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, which were adopted solely for the operating convenience of the Board of Education and not for the purpose of establishing a plan or otherwise to grant employees rights in addition to those provided under State or Federal Law.

1. The company(s) offering the annuities, deferred comp, or the 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 Office of the Treasurer. The request shall include:
 - a. Certification that the company or custodian has been approved by the Commissioner of Insurance for 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 or 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 Board Office of 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. Said agreement shall be provided by the Board. 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/custodian 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 companies or custodians negligence.
- d. Any company/custodian accepting a transfer or rollover of funds shall be required to abide to paragraph 4(c).
- e. The employer will assist the company/custodian in providing STRS and SERS information as well as any Section 125 information needed as well as the employees years of service with current employer. In addition, the school district will provide the company/custodian the amount of the salary reduction currently in force as well as the type of deduction 403(b), 403(b) with incidental life insurance protection and/or a 457 deferred compensation plan.

It shall be the employees, companies or custodians 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 in 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 changes such as loan repayment and interest as a result of executing any contractual agreement. It is the responsibility of the company/custodian to advice the Board Treasurer regarding failure of repayment for tax reporting purposes. Although it is still the responsibility of the company/custodian to issue all applicable 1099's.
- 6. In the 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, with a statement of the cost of this insurance for Internal Revenue purposes. This statement must be provided to the employer not later than December 27th of each year; whereas, the employer can prepare employee W-2'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 more than one salary reduction agreement with the employer each tax year. So long as such change conforms to Internal Revenue Code and all other

applicable laws.

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 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 provided they meet the requirements of Nos. 7 & 8, above.
10. The Board may restrict or limit contribution on behalf of employees to the extent that the total contributions for an employee would exceed the applicable IRC 402, 403, US or 457 limits, any subsequent federal regulations or determination 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 of Education will assess processing fees against the company/custodian for administration costs incurred from operating the annuity/deferred comp salary reduction agreements and subsequent deductions forwarded to the company/custodian. This processing fee shall be Six (\$6.00) Dollars annually per participating employee. The Board of Education shall also charge a one time administration fee of One Hundred (\$100.00) Dollars from each new company added to the plan. The processing fee shall be effective on January 1, 1997 and each company/custodian shall be billed appropriately on each February 1st thereafter. The company/custodian shall remit the amount within 30 days of the date of billing.
16. The Board has entered into an agreement with Annuity Compliance Specialists, Ltd. to review our current plans, and to administer our compliance program on an annual basis. Therefore, it is understood that Annuity Compliance Specialists, Ltd. or the Board will 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.

Approved: February 19, 1997

Columbia Schools, Columbia Station, Ohio