

Salary Reduction Agreement for 403(B) Plans

Employee Name _____ SS# _____

This request is to (check appropriate box):

[] Begin a 403(B) salary reduction plan at \$_____ per pay or _____% of my total calendar year salary.

Vendor Name:_____ Amount per pay \$_____

Vendor Name:_____ Amount per pay \$_____

Vendor Name:_____ Amount per pay \$_____

[] Modify my existing salary reduction agreement, changing the vendor(s) and amounts as follows:

Vendor Name:_____ Amount per pay \$_____

Vendor Name:_____ Amount per pay \$_____

Vendor Name:_____ Amount per pay \$_____

[] Modify my existing salary reduction agreement, changing the vendor(s) as follows (no change in amount taken per pay):

Old Vendor:_____

New Vendor:_____

Old Vendor:_____

New Vendor:_____

[] Terminate my current 403(B) salary reduction agreement.

These changes will be made effective from the date of this signed agreement, with the next regular payroll processing.

I understand that the deducted amount will be mailed to the TSA vendor within seven (7) days after the last regular payroll date of the month.

As a part of this agreement, I have read, understand and acknowledge the attached "Statement of Understanding and Hold Harmless Agreement."

Note: Agreement not valid unless signed by all parties

Fonda-Fultonville Central School District Policy

6531

Personnel

Employee

Date

District

Date

Statement of Understanding and Hold Harmless Agreement Regarding Tax Sheltered
Annuity
Program

The undersigned, hereinafter referred to as 'Employee.' for and in consideration of making a 403(B) annuity program (Program) available through the Board of Education (Board) and other good and valuable consideration, the adequacy and sufficiency of which are hereby acknowledged, agrees as follows:

1. The Employee expressly understands and agrees that the Board and District assumes no liability, and makes no warranties and representations to the Employee, with respect to any income tax consequences resulting from the Program or from the Employee's participation in the Program.
2. The Employee expressly agrees to bear all risk of loss and to remain primarily liable for any income tax or other financial consequences resulting from participation in the Program.
3. The Employee agrees to indemnify and hold the Board and District harmless against any and claims and demands whatsoever that may result from the Employee's participation in the Program, including, but not limited to, claims for income tax and actions resulting from the purchase of annuities for Employees in amounts in excess:
 - a) the "exclusion allowance" as defined in Section 403(B) of the Internal Revenue Code (IRC)
 - b) the maximum allowable pursuant to IRC Section 415 (the maximum allowable for the aggregate of all deferred plans in which the Employee participates)
 - c) the maximum allowable pursuant to the "Special Catch-up Election (limited to \$3,000 per annum)
4. The Employee agrees to inform the District if any withholding from compensation is for repayment of a loan against his/her 403(B) account.
5. The Employee acknowledges that he/she has chosen the TSA Vendor without recommendation of the District or Business Office staff. No guarantee of any kind has been made to the Employee by the District or its agents regarding the vendor, its financial condition or its interest or dividend paying capabilities.
6. The Employee understands and agrees that if he/she has any questions with respect to contribution levels, withdrawals and other tax, legal and financial related considerations in connection with the annuity, he/she will consult his/her own tax, legal and financial advisors and the Vendor issuing the annuity.

Acknowledgment:

Employee _____ Date _____

Vendor Requirements for 403(B) Retirement Programs

In response to concerns about the District's responsibility for compliance with IRS requirements relating to Section 403(B) retirement programs, the District has instituted certain minimum standards and conditions applicable to any vendor selling, maintaining or servicing any tax sheltered annuities or custodial accounts within the District. Because our responsibilities as the employer are so significant we are limiting access to our employees to those Vendors who agree to act in accordance with these standards.

The standards were established after considering the rules relating to tax sheltered annuities and custodial accounts ("403(B) programs") and identifying which parties had access to information and control of the transactions. However, since the District can be held responsible for 403(B) program defects over which the District has no effective control, the District is requiring more service and support from Vendors and will hold Vendors responsible for their products, service and support.

Effective on the date hereof, the Vendor identified below agrees to the following terms and conditions with respect to purchases, sales, transfers or other transactions related to the servicing of 403(B) contracts and/or accounts that are processed through the Vendor:

1. Each employee that initiates contributions to a 403(B) program or modifies contributions to a 403(B) program serviced by the Vendor shall have a maximum exclusion allowance calculated by the Vendor for such year. Such calculation shall be based upon the information provided by the employee. The calculations shall be made available to the District upon request. To facilitate the performance of this obligation, the District agrees to - cooperate with the Vendor by permitting reasonable access to employees for the purpose of collecting necessary information to perform the calculations.
2. Vendor shall offer only custodial accounts or annuity contracts that comply with the provisions of Section 403(B) of the Internal Revenue Code of 1986, as amended, (the 'Code') any regulations issued thereunder, and any other relevant Federal or State law. Such custodial accounts and/or annuities shall be available to the District for any legally eligible employee electing to participate.
3. Vendor shall monitor salary reduction contributions for each employee directing contributions in a Vendor product and shall notify District if any employee contributes in excess of the maximum exclusion allowance, Section 415 limit, or elective deferral limit of Section 402(g) of the Code, as applicable to 403(B) programs.
4. To the extent required by law or regulation, Vendor shall monitor each participating employee's salary reduction agreement received by the Vendor, and agrees to fully cooperate with the District by providing information as may be needed by the District to monitor restrictions on a districtwide basis.

5. Vendor will permit direct rollovers and be responsible for the applicable rollover notice and withholding tax requirements related to the products offered by the Vendor.

6. Vendor will be responsible for restricting distributions and transfers in accordance with Section 403(B) of the Code, not allowing a violation of the incidental death benefit rule, ineligible loans, or distributions (except as permitted), and for property withholding taxes on distributions, as appropriate.

7. Vendor agrees that its agents and representatives shall comply with all pertinent written directives regarding the solicitation of employees of the District and the purchase of 403(B) programs.

8. Vendor agrees that it shall sell and service all 403(B) programs offered by Vendor to District employees in accordance with Sections 403(B), 402(g), 415 and any other relevant sections of the Code and regulatory guidance offered thereunder.

9. Vendor agrees that it shall extend its full and complete cooperation in providing data to the District, including any and all necessary documents required in the event of an audit by the Internal Revenue Service. Vendor further agrees to cooperate in the correction of defects in the 403(B) program under Rev. Proc. 95-24 to the extent those defects have been identified as involving participants specific to the Vendor.

10. Vendor agrees that it will indemnify and hold harmless the District and any individual member of the governing board, representatives and employees from every claim, demand and suit which may arise out of, be connected with, or be made by reason of the negligence of the Vendor or failure of the Vendor to meet the requirements of this Agreement. Notwithstanding the preceding, this indemnification shall not cover any claim or demand based on erroneous information provided by the District, its representatives or employees. Vendor at its own expense and risk, shall defend any court proceeding that may be brought against the District, any of its officers, representatives and employees on any claims or demands covered by this indemnification, and shall satisfy any judgment that may be rendered against any of them with respect to any such claim or demand, provided that District notifies Vendor, in writing, within ten (10) business days of receipt of such claim or demand.

11. That this Agreement may be modified, amended or terminated upon thirty (30) days written notice to the District, provided that no such modification, amendment or termination shall affect any liability incurred by Vendor prior to such modification, amendment or termination.

VENDOR _____

Dated _____

Fonda-Fultonville Central School District Policy

6531

Personnel

By _____

Title _____
Authorized Representative