

SRA - SALARY REDUCTION AGREEMENT - TSA

Tax Sheltered Annuities

This agreement must be signed by the employee and received in the district payroll-personnel office no less than four weeks before the pay date for which it is to take effect. If you participate in multiple TSAs, all salary reduction TSAs must be on one SRA form. This agreement is not effective until district approved.

This agreement is *irrevocable* by the employee as to any salary or amounts paid but may be terminated or changed as to salary not paid. Advance processing is required.

DISTRICT: Bass Lake Joint Union Elementary School District

Employee Name: _____

Social Security Number: _____

Check Mark: this is an initial agreement, or this is a superseding agreement

No TSA with a life insurance component is allowed pursuant to the district plan.

Compensation to be paid to this Employee by the District shall be reduced by the sum indicated per pay period starting with the compensation to be paid on the date stated, but shall not be effective for compensation already paid. Insert other instructions as necessary:

Amount Monthly \$ _____, **Amount Annually \$** _____, **Starting** with compensation to be paid on: _____, 20__.

The above shall be transmitted by or on behalf of the District in accordance with the District's Tax Sheltered Annuity Plan in the following manner:

\$ _____ To _____
Check Annuity Contract, or Custodial Account

\$ _____ To _____
Check Annuity Contract, or Custodial Account

\$ _____ To _____
Check Annuity Contract, or Custodial Account

In accordance with California Education Code Section 44041/87040, and for the purpose of qualifying under the provisions and for the benefits of Section 403(b) of the Internal Revenue Code of 1986, as amended, Section 17501 of the California Revenue and Taxation Code and the Tax Sheltered Annuity Plan adopted by the Governing Board of the District;

IT IS HEREBY AGREED by the District and the Employee that the certain valid and existing employment contract (written or otherwise) made and entered into by and between the District and Employee be amended

by salary reduction in the following manner, (indicate amount per pay period for any and all annuity contracts or custodial accounts) and that this Agreement be incorporated therein by reference and made a part thereof as if set out therein in full, as of the date of this Agreement:

This Agreement supersedes and replaces all previous Agreement(s) naming the issuer(s) and/or custodian(s) designated above. The Employee shall have no more than one SRA in effect at any time, listing all annuity contracts and/or custodial accounts to which payments are made by the District. The Employee understands that, in accordance with the regulations under the Internal Revenue Code this agreement may only be effective with respect to compensation received by the employee subsequent to the effective date (and district approval) of the Agreement and shall not apply to compensation paid before such date.

1. The Employee releases any and all rights, present and future, to receive payment from the District of the sums resulting from such salary reduction in any form except (a) the right of the Employee's estate to receipt of sums so paid upon his death, or (b) the right of the Employee upon termination of employment by reason other than death, personally to receive all or any part of the amount specified for which service has been rendered but which has not been transmitted to a life insurance company or custodian.
2. This Agreement shall automatically apply to the employment contract entered into between the District and the Employee for each succeeding school year unless amended or terminated by a thirty (30) day written notice to the District.
3. The Employee acknowledges that:
 - a. For purposes of this agreement, the "Accommodating Parties" are; The District, its governing board, and officers and employees respectively. The Accommodating Parties do not recommend to any individual employee participation in any such program. The fact that a particular annuity contract or custodial account may be available under the District's Tax Sheltered Annuity Plan does not constitute an endorsement, recommendation or approval of any kind by any of the Accommodating Parties and they do not warrant any particular tax consequence to the employees who elect to participate.
 - b. The Employee has elected to participate, and has determined the amounts of salary reduction and the annuity contracts, custodial accounts and individual funds in which such amounts shall be invested without relying in any manner on the Accommodating Parties and that a loss of all or a portion of such investment may result.
 - c. If the Employee has selected an annuity contract and the contract is cashed in earlier than at retirement, surrender charges may apply and in the case of a variable annuity, cash values are based upon equity-type securities and are not guaranteed.
 - d. The Salary Reduction contributions and Non-elective Contributions on behalf of a participant for a Tax Year shall not exceed the maximum amount that may be excluded from the employee's taxable income.
 - e. If for any Taxable Year of a Participant, this plan applies to two or more TSAs, such TSAs shall be treated as one TSA for the purposes of computing the maximum contribution applicable to the Participant.
 - f. The TSAs shall provide for corrective distributions of Salary Reduction contributions in excess of the maximum allowable reduction, and in excess of the maximum contribution amount in accordance with Regulations under IRC Section 415 (if applicable).
 - g. This agreement may be terminated by the District at any time in the event the employee, issuer, or custodial fails to comply with; the TSA Plan, procedures and/or rules of the District, or with respect to the issuer or custodian; the applicable agreements.

Employee certifies that he or she has received a prospectus or similar disclosure document for the annuity contract and/or mutual funds to be purchased through the custodial account, and understands the applicable sales and management charges.

4. The Employee acknowledges that there are rules, including the exclusion allowance and limitations under Section 415 of the Internal Revenue Code, that limit contributions on behalf of the Employee to the Plan and limit the maximum amount of salary reduction that can be made that will reduce Employee's taxable income. Some of these rules involve calculations, which require salary and employment histories, as well as knowledge of the employee's current and past participation in other programs.
5. The Employee agrees that all computations in connection with the determination of the amount of the salary reduction hereby authorized, including but not limited to the amount of exclusion allowance, includible compensation and years of service pursuant to Sections 403(b) or 415 of the Internal Revenue Code shall be the responsibility of the individual employee and the broker, agent or insurance, annuity or investment company. Employee agrees to provide such certification of the correctness of such computations as the District may require, to be signed by Employee and the respective broker, agent, or insurance, annuity or investment company and to provide accurate information to the party performing and/or certifying such calculations as may be required by it for such purpose(s). In no event shall such computations be the responsibility of the Accommodating Parties, nor of any officer or employee of the Accommodating Parties assigned any duties in connection with the District Tax Sheltered Annuity Plan.
6. The Employee agrees that the Accommodating Parties shall have no liability whatsoever for any loss suffered by the Employee with regard to the selection of an insurance or investment company, or the solvency of, operation of, or benefits provided by said insurance or investment company. The Employee further agrees that the Accommodating Parties shall have no liability whatsoever for any loss suffered by the Employee by reason of the transmittal of any funds pursuant to this or any other Agreement.
7. The Employee agrees to hold harmless and indemnify the Accommodating Parties from any and all damages that may result from Employee's participation in the District's Tax Sheltered Annuity Plan, including the incorrect calculation of the employee's exclusion allowance or other limits. Indemnification from damages shall include any tax, interest, penalties or assessments or related costs that may be incurred by or imposed upon the Accommodation Parties. The employee agrees and authorized the district to recover indemnification through payroll deduction or, at the option of the district, through any other legal process.

IN WITNESS WHEREOF, this Agreement has been executed by and on behalf of the parties hereto.

Employee: _____

District Approval: _____

Date:

Date:

Signature:

Signature:

TSA VERIFICATION and CERTIFICATION

This form, when its use is required by the school district, must be completed and signed by an employee requesting a Salary Reduction Agreement (SRA) with reference to the district TSA plan and by the responsible agent/broker/company. It may be required for the initial calendar year of TSA participation, during any year, or for any subsequent changes to the TSA salary reduction amounts. It is recommended that the employee review IRS Publication 571 *“Tax Annuity Programs for Employees of public Schools and Certain Tax-Exempt Organizations,”* before completing this certification and worksheets.

The Attorney General of the State of California has determined that: “requiring an agent, broker, or company to execute a “hold harmless” agreement with the district as a prerequisite to the district’s participation in a tax-sheltered annuities program is a valid exercise of the district’s authority to condition its own role therein pursuant to Government Code section 53200 *et seq.* AGO No. CV 73-128

CERTIFICATION

We certify that the total amount of the Salary Reduction Agreement, inclusive of all TSA participation (multiple companies and/or district paid TSAs) is within the maximum allowed for this calendar year as demonstrated per the attached calculations.

EMPLOYEE, I also hereby certify, that I have carefully reviewed the attached computations in the associated worksheets and that they are accurate to the best of my knowledge, and that I have provided to the agent/broker/company also signing this Certification, accurate information regarding my past and current participation in plans described in IRC Sections 125, 401 (a) (including PERS and STRS), 403 (b) and 457, to the extent relevant to these computations. I understand that the District, the County Superintendent of Schools, and The County Board of Education of jurisdiction, and their officers or employees (the Accommodating Parties) are not responsible in any manner for these computations, are not obligated to review these computations, and do not warrant or represent that the Worksheets represent a correct interpretation of the relevant legal requirements. I agree to hold the accommodating Parties harmless from any and all damages that may result from my participation in the District Tax Sheltered Annuity Plan, including the incorrect calculation of my exclusion allowance or other limits. Such damages shall include any tax, interest, penalties or assessments that may be imposed upon the District. I further agree that the District may retain any such amount from my pay (to the maximum permitted by law).

AGENT OR BROKER OR COMPANY I also, acting as agent in the purchase of a TSA by the employee, hereby certify that I have consulted with and aided this employee in the preparation of this certification and, to the best of my knowledge, all the statements and calculations herein are correct. I further understand that, to the extent these calculations are inaccurate, I may expose both the employee and the District to significant tax liabilities including penalties and interest. I hereby agree to indemnify to the extent that such liabilities are covered by written indemnification agreement mutually entered and agreed to between my company and the District and other Accommodating Parties. For Calendar Year: _____

EMPLOYEE

AGENT/BROKER/COMPANY

Print Name: _____

Print Name: _____

S.S. Number: _____

Company: _____

Date: _____

Date: _____

Signature: _____

Signature: _____

When this certification is signed by both parties submit all forms to the personnel-payroll office.