

TAX SHELTERED ANNUITIES

The Muhlenberg School District recognizes the employee's right to tax shelter income under the applicable Federal regulations and laws. The District also recognizes the importance of having clear guidelines regarding the administration of tax shelter programs on behalf of the employee.

The Superintendent of Schools will be responsible for establishing guidelines for companies dealing with the School District.

Policy: 4.23  
Adopted: 3/20/85

TAX SHELTERED ANNUITIES

I. Approval of Companies

- A. All inquiries by companies seeking approval as a tax-sheltered company shall be asked to submit the request in writing to the Superintendent of Schools.
  - 1. Requests should indicate whether or not the company has a client or clients presently employed by the School District and are seeking approval to meet with employee groups.
  - 2. If the Superintendent of Schools confirms that a company has a client or clients working for the District, the request for approval will be submitted to the Board of School Directors for their approval.
  - 3. If, however, the company does not have clients in the District and is seeking an opportunity to talk with employees, these requests will be submitted to the respective employee unions and/or groups for their recommendation. The respective President of each group should submit their recommendation in writing to the Superintendent of Schools.
  - 4. If an employee union and/or group submits a written request to the Superintendent of Schools recommending a specific company, the Superintendent will in turn submit the request to the Board for a decision.
- B. All requests by companies to be approved to conduct tax shelter annuity business requiring payroll deduction for employees shall be presented through approved procedures to the Board of School Directors for a decision.
- C. All companies furnishing tax sheltered annuities shall execute an adoption agreement with the District in manner and form satisfactory to the District.
- D. All annuity contracts or policies furnished in connection with approved plans will be purchased in such a manner as not to discriminate in favor of or against any employee or employees of the District.

II. Service Charge

- A. Each company or agent approved to do tax shelter business in the District shall pay an annual service charge of \$50.00 plus \$5.00 for such newly-enrolled employee or re-enrolled employee. The "year" shall be July 1 through June 30. Companies approved during the twelve month period shall have the service charge prorated.
- B. Submitting of withheld monies to the company will be according to the District's schedule and procedure.
- C. The Business Manager shall bill each approved company according to the schedule and costs outlined in Item II.A. above for the annual \$50.00 charge. The \$5.00 fee must accompany each newly enrolled or re-enrolled authorization form.

III. Records

- A. The Business Manager shall be responsible for:
  - 1. Assuring that there is written authorization on file for each employee before any deduction is made.
  - 2. Keeping accurate records on all employees enrolled in a tax sheltered program.
  
- B. Employees will be responsible for maintaining their own personal records and insuring that programs that they enroll in meet Federal Internal Revenue regulations and requirements.

Administrative Procedures: 4.23  
Board Approved: 3/20/85  
Amended:

ADOPTION AGREEMENT TO ESTABLISH A CUSTODIAL INVESTMENT  
ACCOUNT PURSUANT TO SECTION 403(b) (7) OF THE INTERNAL REVENUE CODE

The Muhlenberg School District, Laureldale, Berks County, Pennsylvania (the "District") hereby agrees to establish a tax qualified employee annuity plan pursuant to Section 403(b) (7) of the Internal Revenue Code of 1954 (the "plan") with those mutual funds maintaining established custodial accounts with \_\_\_\_\_ or through investment in mutual funds purchased by or on behalf of \_\_\_\_\_.

This Agreement to establish a Section 403(b) (7) custodial account is contingent upon continued compliance by \_\_\_\_\_ (or its agent) with all rules and applicable to custodial accounts and annuity contracts contained in the Internal Revenue Code ("Code") Regulations Section 1.401(f)-1(b). Additionally, \_\_\_\_\_ (or its agent) will continue to demonstrate that the manner in which it holds assets will be consistent with requirements of Section 401 of the Code. No part of the funds of a custodial account will be used for, or diverted to, purposes other than for the exclusive benefit of the employees of the District or their beneficiaries as provided for in the plan. \_\_\_\_\_ (or its agent) agrees that it will manage the custodial account in such a manner as to continue to satisfy the requirements of the Code Regulations Section 1.401(f)-1(b), that the plan will be treated as a qualified trust for all purposes of the Code, and that the plan will be exempt from income tax under Section 501(a) of the Code.

\_\_\_\_\_ hereby agrees to file or shall cause its agent to file all necessary information returns, including but not limited to those described in Section 6033 and 6047 of the Code, and to supply any other necessary information which a trustee of a qualified trust would be required to furnish.

The establishment of the plan and custodial accounts is subject to the terms and conditions of the custodial agreement provided in connection with this application and bearing even date herewith.

MUHLENBERG SCHOOL DISTRICT

By: \_\_\_\_\_

(NAME OF COMPANY)

By: \_\_\_\_\_