

# THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

## FINANCIAL SERVICES DEPARTMENT

M\_E\_M\_O\_R\_A\_N\_D\_U\_M

TO: Pat Black, Director, Materials Management Services  
FROM: Bert Palmer, Risk Manager  
DATE: June 1, 2007  
SUBJECT: TSA Consulting Group, Inc. (TSACG) - Service Agreement

### **Background**

The district has been a client of TSACG since October 1, 2002. TSACG provides technical advisory and compliance services for voluntary (qualified and non-qualified) tax deferred retirement plans, to include but not limited to, IRC Section 403(b), 401(k), 401(a) and 457 plans.

TSACG's current professional fee is a \$4.00 annual charge (once a year) per eligible employee. The annual charge per employee has not changed since the inception of the agreement. The charge covers all educational material and regulatory compliance. The total fee for the current year was \$24,940.00. The professional fees are paid from the Internal Service Fund (Sub Fund 8714), which is funded from an employee benefit self-administration service fee (\$3.00 per employee per month) charged to all funds.

### **Proposal**

The current agreement with TSACG expires on October 1, 2007. TSACG has agreed to allow our district the opportunity to "Piggyback" on a Request for Proposal (RFP) conducted by Seminole County Public Schools for similar services. The agreement calls for an annual service base fee per eligible employee of \$4.94, plus \$1.49 for administration required under new Internal Revenue Service (IRS) regulations. The annual fee would be \$40,091 (based upon the most recent eligible employee count). The fee will have a 3% increase on each annual renewal of the agreement. The agreement is for one year with an option for three additional one-year periods. The new agreement will not require any new revenue source. It will be funded by the existing revenue stream and retained earnings in the Internal Service Fund.

The new IRS regulations go into effect in 2008. The regulations require employers to treat 403(b) programs like a qualified employer sponsored plan. This will require the district to develop and maintain plan documents, monitor loan activity, plan rollovers and exchanges. These are all new requirements that are beyond the capability of most public school districts. TSACG will provide all of these services in addition to the current education and compliance services. In addition, TSACG is providing a central electronic remittance program that has allowed the district to eliminate vendor check writing cost for each pay period, resulting in more timely deposits to employee personal retirement accounts.

### **Recommendation**

The opportunity to "Piggyback" on the Seminole County Public School agreement will save the district a great deal of time and money. TSACG has proven to be a great asset to the district by ensuring that we have not had excess plan deferrals or violated existing IRS regulations. TSACG's role will be critical to the continued compliance of our plans under the new more stringent IRS regulations. The district has saved the equivalent of the TSACG service fee over the years through improved operating efficiencies and elimination of potential regulatory citations.

Attachments (4)

Cc: Al Weidner