

# THE SCHOOL BOARD OF SARASOTA COUNTY, FLORIDA

## FINANCIAL SERVICES DEPARTMENT

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

TO: Mitsi Corcoran, Chief Financial Officer

FROM: Bert Palmer, Risk Manager

DATE: October 30, 2008

SUBJECT: 403(b) Plan Document

#### BACKGROUND

The Internal Revenue Service (IRS) has issued 26 CFR Parts 1, 31, 54 and 602 [TD 9340], which are the final revised regulations governing Section 403(b) tax sheltered accounts. The regulations have a mandatory compliance date of January 1, 2009. The new regulations mandate that all public school districts that offer 403(b) tax sheltered accounts must adopt a plan document governing the activities of the program. The school district is the plan sponsor and is responsible for the selection of providers and monitoring plan IRS compliance. The failure to adopt a plan document will result in the loss of tax deferred status for all plan participants.

#### THE PLAN

The school district retained the services of TSA Consulting Group (TSACG) to prepare the required plan document and provide ongoing administrative support services for the plan. The final document meets all the requirements specified by the IRS. The plan document will govern the activities of all enrolled employees and financial service providers in the plan.

The Florida Education Association, the Florida Association of School Administrators, the Florida School Boards Association, and the Florida Association of District School Superintendents established a not-for-profit organization named the Independent Benefits Council (IBC). The IBC conducted a Request for Proposals (RFP) for 403(b) providers that agree to lower fees, specific service standards and IRS plan compliance requirements. The result of the RFP was the selection of five (5) providers that met all the selection criteria to form the "IBC Model Plan". The "IBC Model Plan" providers are listed in the attachments.

The district plan will include the IBC Model Plan providers and existing providers that agree to the same service standards and meet minimum participation levels. The providers that do not meet the plan criteria will be removed from the plan. Employees that are invested with a provider removed from the plan may keep their accounts, but they will not be permitted to continue to contribute to the account through payroll deduction. The plan providers will be governed by the plan document and district administrative guidelines.

#### RECOMMENDATION

The 403(b) Plan Document has been reviewed by TSACG and district staff. It meets the current requirements established by the IRS for the January 1, 2009, compliance date. The document must be approved in order to maintain the plan qualified tax status.

If you have any questions, please let me know.

Attachments