

## CHAPTER 7.00 – BUSINESS SERVICES

### 403(b) and 403(b)(7) TAX SHELTERED ANNUITIES AND CUSTODIAL ACCOUNTS 7.512

Tax Sheltered Annuities may be established with insurance companies. Custodial Accounts may be established with any qualified Financial Services Company (insurance companies and financial services companies are collectively referred to as *Entities* licensed to do business in the State of Florida). The School Board of Sarasota County will allow payroll deductions for any eligible employees' tax sheltered accounts and in accordance with the following provisions: district guidelines, as amended from time to time.

I. Application Process - All *Entities* must qualify under and agree to the requirements established ~~herein~~ in district guidelines before an application submitted on behalf of an employee for payroll deductions will be accepted and processed.

A. ~~A Hold Harmless Agreement must be completed and signed by the president and secretary of the *Entities* and the agreement returned to:~~

The School Board of Sarasota County, Florida  
1960 Landings Boulevard  
Sarasota, FL 34231  
Attention: Risk Manager  
Officer of Risk Management

B. ~~Companies meeting the following criteria will be considered eligible to market:~~

- ~~1. A bank qualified to do business in Florida, insured with the Federal Deposit Insurance Corporation, and a "qualified public depository" under Section 280.02, Florida Statutes, as that statute may be amended from time to time;~~
- ~~2. A savings and loan association, qualified to do business in Florida, insured with the Federal Savings and Loan Insurance Corporation, and a "qualified public depository" under Section 280.02, Florida Statutes, as that statute may be amended from time to time.~~
- ~~3. A credit union, qualified to do business in Florida, and insured with the Federal credit Union Insurance Corporation;~~
- ~~4. An insurance company licensed to do business in Florida;~~
- ~~5. A financial services company, qualified to do business in Florida and subject to regulation by the Securities and Exchange~~

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~~Commission (SEC) and the National Association of Securities Dealers (NASD).~~

- ~~C. All *Entities* marketing Tax Sheltered Annuities and their respective agents meet all requirements of local, state, and federal law governing the underwriting and marketing of Tax Sheltered Annuities. NOTE: Only authorized insurance companies can underwrite tax sheltered annuity products. Tax sheltered annuity products are not covered by the FDIC or FSLIC.~~
- ~~D. All *Entities* marketing custodial accounts and their respective agents must meet all local, state, and federal requirements for custodial accounts.~~
- ~~E. As part of the application process, *Entities* will be placed on the Board's probationary list of new *Entities* for a ninety (90) day period. During this time period, *Entities* must secure twenty (20) employee applications to be submitted at one (1) time to the office of Risk Management. Should an *Entity* not achieve this required goal, then the *Entity* will not be activated in the program and none of the employee applications will be processed. The entity must wait a minimum of twelve (12) months before making a new application.~~
- ~~F. Once the foregoing requirements are satisfied, an *Entity* will be placed on the board's list of active *Entities*.~~
- ~~G. Each *Entity's* designated agent (DA) must have an established place of business in Sarasota or Manatee County from which to operate. Agents outside Sarasota or Manatee County must provide a Sarasota telephone number or an 800 number for easy access by the employees.~~
- ~~H. Once an *Entity* is activated, it must maintain an active group of at least twenty (20) participants. A participant must have a minimum annual salary reduction of two hundred dollars (\$200.00). On an annual basis, the level of participation will be reviewed. *Entities* with less than twenty (20) participants will be deactivated from the program and no new employee applications may be submitted. Further, deactivated *Entities* are required to re-apply and may not do so for a period of twelve (12) months following the date of deactivation.~~

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- I. ~~All initial Salary Reduction Agreements must be accompanied by a fully executed district approved 403(b)/403(b)(7) Product Disclosure form.~~
- J. ~~All Salary Reduction Agreements must adhere to the maximum allowable contribution (MAC) limits established by the Internal Revenue Code, as amended time to time.~~
- II. Recruitment and/or Solicitation **of employees are subject to district guidelines.**
  - A. ~~Recruitment and/or solicitation for the underwriting or marketing of tax sheltered contracts or the marketing of custodial accounts by an *Entity* and/or any DA is NOT permissible at any time on School Board property.~~
  - B. ~~A list of the active *Entities* is published periodically in the Office of Risk Management. The selection of an *Entity* for the purpose of purchasing a tax-sheltered plan is the sole responsibility of the employee. The School Board of Sarasota County, Florida, undertakes no obligation by making available a salary reduction agreement through payroll deduction to make contributions to any tax deferred Section 403(b) plan. The School Board is in no way responsible for an employee's selection of an *Entity* or the product marketed by the *Entity*, recommends no particular *Entity* or product and has no responsibility for investment results, *Entity* fees, loads or surrender time limits.~~
- III. Eligible Employees
  - A. All regularly scheduled employees, with the exception of elected school board members, **student workers and contractors** are eligible to contribute to a tax sheltered account through salary reduction.
  - B. Employees may commence such salary reductions via payroll deductions at any time during the year according to cut-off dates available to active *Entities*. ~~Active employees can only execute one salary reduction agreement per calendar quarter (four per year), but they may terminate the agreement at any time. An employee can commence, restart, increase or decrease the amount of a payroll deduction at any time as long as there is only one change in the amount of reduction during a calendar quarter. All salary reduction transactions require the execution of an authorization for payroll deduction~~ **a Salary Reduction Agreement** by the employee.

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C. When an employee goes to unpaid status, their payroll deduction **salary reduction** for a tax sheltered account will cease. A new Salary Reduction Agreement must be initiated to restart following a break in employment or unpaid leave.

**D. If the salary reduction is stopped for a sixth month period by the district after the employee takes a Hardship Distribution from their account as required under IRS guidelines, the employee must submit a new Salary Reduction Agreement in order to resume contributions.**

**STATUTORY AUTHORITY:** 1001.41, 1001.42, 1012.23, F.S.

**LAW(S) IMPLEMENTED:** 1001.43, 1011.60, 1012.22, F.S.

**HISTORY:** ADOPTED: 12/12/95  
REVISION DATE(S): 05/07/02, 1/3/06  
FORMERLY: 6.124

**NOTES:** No Procedure Necessary