

Greater Albany SD 8J
Administrative Regulation

Code: **DL-AR(3)**
Adopted: 1/91
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Orig. Code(s): AR 7111

Guidelines for Payroll Deductions for Tax-Deferred Annuities

General: As provided in ORS 243.820, the district will make available to all regular employees, tax-deferred annuity plans (hereafter called TDA plans). A TDA plan allows an employee to have cash compensation for which he/she is otherwise entitled for services rendered, to be reduced by a specified amount each pay period. Said amount will be remitted by the district each month to the company specified in the salary reduction agreement. As provided by law, the amount of the salary reduction is not subject to state and federal income tax withholdings. The amount of the reduction is, however, subject to Social Security, P.E.R.S. and worker's compensation withholdings.

Contracts: All new TDA agreements and changes to existing agreements must be executed on the form provided by the district and must be signed by an authorized agent of the contracting company. Cancellations may be made without the agent's signature, but must be in writing, specifying the contract be cancelled and the effective date of the cancellation. IRS regulations allow an employee to change the amount of his/her salary reduction once per tax (calendar) year. The district further restricts the number of times the employee can change companies to twice per calendar year and the total number of companies an employee is contracting with at any one time to three.

Exclusion Allowance: The law provides for maximum exclusion allowances. It shall be the employee's responsibility not to exceed these limits.

Company Participation: The district requires that a company have at least five employees participating in its plan before a new payroll reduction plan will be allowed. The district will allow plans in existence to continue even though they have fewer than five participants. If, however, in the future all participants in a plan cancel, that plan would need to meet the five participant rule to qualify for a salary reduction. A "plan" as referred to in this section would be any agreement that required the district to remit a separate check to the company offering said plan. If, in fact, a company offers several different types of investment options, but issues only one billing, the district would consider that to be one plan. The district may make exceptions to the five person rule, only if special circumstances exist affecting an employee and room is available in the education service district computer system.