

McMinnville School District #40

Code: DLBB-AR
Revised/Reviewed: 11/10/08
Orig. Code: DLBB-AR

Employee Tax-Deferred Plans

Employee Voluntary Retirement 403(b) Plan

The district shall make available to all employees fixed or variable annuities and custodial accounts which conform to the provisions of IRC Section 403(b) and applicable regulations and rulings. Annuity contracts and custodial agreements are subject to the limitations of IRC Section 415 and 402(G). To qualify for tax benefits, the annuity contract or custodial agreement must be purchased by the employer for the employee.

1. Participation

Only persons who qualify as “employees” of the district may participate in the district’s 403(b) plan. This includes administrators, classified, confidential, licensed staff, substitutes and other temporary employees, but excludes elective and appointive public officers, and independent contractors for professional services.

Employees must enter into a salary reduction agreement with the district using an approved form, which shall be irrevocable while in effect. The employee can begin, terminate or change an agreement on a monthly basis. The salary-reduction agreement must be received two weeks before payday to take effect for that month.

The participating employee shall designate from the district’s list of authorized investment providers, the company with whom the annuity contract or custodial agreement premiums are to be deposited by the district, and no liability shall arise against the district by reason of the employee’s selection of company, annuity contract or custodial agreement plan, benefits or financial responsibility of the insurer, the district’s responsibility being limited to the purchase of the annuity contract or custodial agreement and payment of the premiums from the employee’s salary-reduction agreement.

The district’s policy requires that the employee conduct all matters with the investment provider’s agent outside the normal duty hours of the employee.

2. Investment Providers

The district as an employer will purchase individual annuity contract or custodial agreement benefits for each participating employee within the following rules and limitations:

For a new investment provider to be eligible, the provider must present ten new employee annuity contracts or custodial agreements. These limitations are necessary to preclude unreasonable costs and burden being imposed on the District as an employer for administration of the program. In addition, the investment provider must meet the requirements for new vendors set forth in the McMinnville School District’s 403(b) plan document.

If the number of participants of a particular investment provider drop to zero, the provider will be removed from the district's authorized investment provider list. For reinstatement of the provider, the number of participants needs to be raised to ten.

The district as employer reserves the right to amend, supplement or change its policy and program at any time, provided that same shall have no retroactive effect and shall be applicable only to transactions thereafter arising.

3. District's Obligation

Payment will be made to the annuity contract or custodial agreement companies in a timely manner.

The district as a participating employer assumes no obligation to the employee with respect to the eligibility or qualifications of any annuity contract or custodial agreement or its issuer to attain the deferment benefits any time, the employer's participation being limited to the functions and purposes herein expressly stated.