

# Memo

**To:** All Employees  
**From:** Joanne Bourg  
**CC:** Gary Grizaffi  
**Date:** October 2007  
**Re:** Internal Revenue Service 403 (b) Tax Shelter Annuity Plan Revisions

In July, 2007, the Internal Revenue Service published final regulations for 403 (b) tax shelter annuity plans. The District will be required to have a 403 (b) plan in place beginning January 1, 2009.

**The Internal Revenue Service will be releasing a draft of a 403 (b) plan document. Until then the District is not in a position to develop a plan document.**

We do know a plan must include a list of approved 403 (b) tax shelter annuity providers. The providers must agree to the provisions of the District plan document in order to be included in the list of approved providers.

At this time there is no guarantee your current 403 (b) provider will be able to meet those requirements. In fact, some employees may have received notification that their 403 (b) provider will no longer be able to provide 403 (b) tax shelter annuities because the company is not able to meet the requirements of the IRS.

**There is one important provision effective September 25, 2007.** Referred to as a 90-24 Transfer, until a 403 (b) plan document is in place, the transfer or exchange from one provider to another provider may be taxable income to an employee. Once a plan is in place, transfers and exchanges will be limited to providers who agree to be in compliance with 403 (b) regulations or the transfer or exchange may be taxable income to the employee. Please note at this time your contributions will continue to be deducted.

The new regulations for 403(b) plans are significant and have imposed additional requirements for all school districts. As the District progresses towards compliance with the final regulations we will keep you informed.

If you have any questions please contact myself at the District Administration Center or your 403(b) provider.