



**403(b) SALARY REDUCTION AGREEMENT (SRA)
 Tax Sheltered Annuities and/or Tax Sheltered Accounts (TSA)**

This agreement must be signed by the employee and received in the Healdsburg Unified School District Business Services office no less than four weeks before the pay date for which it is to take effect. If you participate in multiple TSAs, all salary reduction TSAs must be on one SRA form. This agreement is not effective until approved by Healdsburg Unified School District.

This SRA is binding and irrevocable with respect to amounts earned while the SRA is in effect and will apply only to amounts earned and made available after the effective date of the SRA.

This agreement may only be terminated or changed on a prospective basis.

DISTRICT: *Healdsburg Unified School District #87*

Employee Name: _____

Social Security Number: _____

Check One:

- This is my first agreement, or
- This is an amended agreement (**complete for payments to all Companies**) or
- Terminate my current agreement. All 403(b) salary reduction amounts are terminated with the pay date of: _____, 20__, or the next available pay date following receipt of this termination note, if later.

Compensation to be paid to this Employee by the District shall be reduced by the sum indicated per pay period starting with the compensation to be paid on the date stated, but shall not be effective for compensation already paid (**Amount will be deducted every month employee is in paid status**).

Monthly amount: \$_____

Start with compensation to be paid on and after _____, 20__

For: ____ 9 Months (Classified) ____ 11 Months ____ 12 Months per year

The above shall be transmitted by or on behalf of the District in accordance with the 403(b) TSA Plan in the following manner:

<u>Amount</u>	<u>Company/CALSTRS 403(b) Compare Registration Number</u>	<u>Account Type</u>
\$_____	To _____ CalSTRS 403(b) Vendor # _____	____ Annuity Contract ____ Custodial Account
\$_____	To _____ CalSTRS 403(b) Vendor # _____	____ Annuity Contract ____ Custodial Account
\$_____	To _____ CalSTRS 403(b) Vendor # _____	____ Annuity Contract ____ Custodial Account

For new contributions, you must provide a valid CalSTRS 403(b) Compare Registration Number for the Company. If an employee initiates an Exchange on or after September 25, 2007, and the vendors involved refuse to sign a shared information agreement with the district prior to January 1, 2009, then there could be a significant tax liability imposed upon the employee associated with the transfer of funds. The District cannot provide employees with tax advice. We therefore recommend that prior to initiating a Plan to Plan Transfer, an employee should discuss this issue with his or her TSA provider and/or tax advisor.

In accordance with California Education Code Section 44041 or Education Code Section 87040, and for the purpose of qualifying under the provisions and for the benefits of Section 403(b) of the Internal Revenue Code of 1986, as amended, Section 17501 of the California Revenue and Taxation Code and the 403(b) TSA Plan adopted by the Governing Board of the District.

IT IS HEREBY AGREED by the District and the Employee that the certain valid and existing employment contract (written or otherwise) made and entered into by and between the District and Employee be amended by salary reduction in the manner documented by this Agreement, and that this Agreement be incorporated therein by reference and made a part thereof as if set out therein in full, as of the date of this Agreement.

This Agreement supersedes and replaces all previous Agreement(s) naming the issuer(s) and/or custodian(s) designated above. The Employee shall have no more than one SRA in effect at any time listing all annuity contracts and/or custodial accounts to which payments are made by the District. The Employee understands that, in accordance with the regulations under the Internal Revenue Code this Agreement may only be effective with respect to compensation received by the employee subsequent to the effective date (and District approval) of the Agreement and shall not apply to compensation paid or made available before such date.

1. **Release:** The Employee releases any and all rights, present and future, to receive payment from the District of the sums resulting from such salary reduction in any form except (a) the right of the Employee's estate to receipt of sums so paid upon his death or (b) the right of the Employee upon termination of employment by reason other than death personally to receive all or any part of the amount specified for which service has been rendered but which has not been transmitted to a life insurance company or custodian.
2. **Duration:** The Agreement shall automatically apply to the employment contract entered into between the District and the Employee for each succeeding school year unless amended or terminated by a thirty (30) day written notice to the District.
3. **Acknowledgments:** The Employee acknowledges that:
 - a. **No Endorsement:** For purposes of this agreement, the "Accommodating Parties" are the District and officers and employees respectively. The Accommodating Parties do not recommend participation in any Plan to any individual employee. The fact that a particular annuity contract or custodial account may be available under the District's 403(b) Plan does not constitute an endorsement recommendation or approval of any kind of any of the Accommodating Parties and they do not warrant any particular tax consequence or investment benefit to the employees who elect to participate.
 - b. **No Reliance:** The Employee has elected to participate in the Plan, determined the salary reduction amounts and the selected annuity contracts, custodial accounts and individual funds in which such amounts shall be invested, without relying in any matter on the Accommodating Parties, and understands and acknowledges that a loss of all or a portion of such investment may result.
 - c. **Surrender Charge: No Guarantees:** If the Employee has selected an annuity contract or certain types of mutual fund shares within a custodial account, and the account is cashed in

earlier than at retirement, surrender charges may apply. In the case of the separate account(s) in a variable annuity or mutual fund shares the cash values are based upon equity-type securities and are not guaranteed.

- d. **Maximum Exclusion:** The Salary Reduction contributions and Non-elective Contributions on behalf of a participant for a Taxable Year shall not exceed the maximum amount that may be excluded from the employee's taxable income pursuant to the Internal Revenue Code.
 - e. **Multiple TSAs:** If for any Taxable Year of a Participant, this plan applies to two or more TSAs, such TSAs shall be treated as one TSA for purposes of computing the maximum amount that may be contributed by the Participant or excluded from income.
 - f. The Salary Reduction Contribution Amounts ("SRCA") selected by Employee do not exceed the maximum allowable contribution ("MAC") limits that may be excluded from gross income under the applicable provisions of the Tax Code regardless of the number of accounts to which contributions are being made; and Employee further agrees that Employer or designee may amend the SRCA and/or suspend any portion thereof, so as to not permit the Employee to exceed his/her MAC limits, and authorizes Employer or designee to then resume the previous SRCA effective with the first payroll period of the following tax year; and Employee further acknowledges that Administrator and/or Employer may require corrective distributions if Employee's MAC limits are exceeded.
 - g. Employee acknowledges that the Administrator and/or Employer may terminate this Agreement at any time in the event the employee, or the provider of the investment options under the Plans, fails to comply with the 457(b) and/or 403(b) Plan federal and state regulations and/or the procedures and/or rules established by the Administrator and/or Employer..
 - h. **Prospectus Delivery:** Employee certifies that he or she has received a prospectus or similar disclosure document for annuity contract and/or mutual funds to be purchased through the custodial account, and understands the applicable sales and management charges.
4. **Limitations:** The Employee acknowledges that there are rules that limit contribution on behalf of the Employee to the Plan and limit the maximum amount of salary reduction that can be made that will reduce Employee's taxable income. Some of these rules involve calculations, which require salary and employment histories, as well as knowledge of the Employee's current and past participation in other programs. If it is determined that contributions have exceeded eligible limits, Employee understands that corrective distributions and/or declaration of excess contributions may result, with Provider required to report those corrective distributions as taxable events.
5. **Computing Limits:** The Employee agrees that all computations in connection with the determination of the amount of the salary reduction, hereby authorized, shall be the responsibility of the individual employee. Employee is not required to provide District with Limitation computations unless the SRA submitted provides for contributions that exceed the 402(g) Elective Deferral Limit, as adjusted by the Over Age 50 Catch-Up provisions, scheduled below:

<u>Year</u>	<u>402(g) Elective Deferral</u>	<u>Over Age 50 Catch-Up</u>
2022	\$20,500	\$6,500
2021	\$19,500	\$6,000

Employee is required to provide computations, prepared by a party authorized by District, when SRA contributions will exceed the above limits. Employee agrees to provide accurate information to the party performing such computations. In no event shall such computations be the responsibility of the Accommodating Parties or of any officer or employee of the Accommodating Parties assigned any duties in connection with the District 403(b) TSA Plan.

6. **No Liability for Loss:** The Employee agrees that the Accommodating Parties shall have no liability whatsoever for any loss suffered by the Employee with regard to the selection of an insurance or investment company, or the solvency of, operation of, or benefits provided by said insurance or investment company. The Employee further agrees that the Accommodating Parties shall have no liability whatsoever for any loss suffered by the Employee by reason of the transmittal of any funds pursuant to this or any other Agreement.

7. **Indemnification:** The Employee agrees to hold harmless and indemnify the Accommodating Parties from any and all damages that may result from Employee's participation in the District's 403(b) Plan, including the incorrect calculation of the Employee's contribution limits. Indemnification from damages shall include any tax, interest, penalties or assessments or related costs that may be incurred by or imposed upon the Accommodating Parties. The employee agrees and authorizes the District to recover indemnification through payroll deduction or, at the option of the District, through any other legal process.

IN WITNESS WHEREOF, this Agreement has been executed by and on behalf of the parties hereto.

District Approval:

Employee Name: _____

Title: Director of Business Services

Date: _____

Date: _____

Signature: _____

Approved by: _____