

MEMORANDUM

TO: SOLICITORS - TAX SHELTERED ACCOUNTS – DONNA ISD

FROM: National Plan Administrators

SUBJECT: TSA Administration

Donna ISD has entered into an agreement with National Plan Administrators, Inc. to act as the third party administrator for Tax Sheltered Annuities. The third party administrator will be providing the following services for the Public Schools: 1) consolidated billing; 2) auditing legal documents; 3) acting as liaison for employees, agents, and providers; and 4) collecting provider Hold Harmless Agreements.

There is no cost to the participants, solicitors, or providers. All of the current Providers and Solicitors will be afforded an opportunity to participate. The Provider will be required to sign a Hold Harmless Agreement which exempts the Public School, Public School employees and the Third Party Administrator (National Plan Administrators) from Product Liability. The most significant changes for Solicitors are a) new forms and b) submitting all paperwork directly to National Plan Administrators. New payroll reduction forms for employees of Donna ISD will be honored only if:

1. Cooperating Providers have submitted a signed Hold Harmless Agreement.
2. Solicitors have signed the Solicitor's Agreement (Please include your address and phone number).
3. A properly executed Salary Reduction Agreement and Disclosure Statement have been submitted.

The purpose of TSA administration is not to inhibit you from doing business in the Donna ISD Rather, it is to provide the professional annuity solicitors the proper atmosphere in which to conduct business. TSA administration will relieve some of the burden and liability from the Public Schools. For your information, National Plan Administrators, Inc. is an administration company only and will not be soliciting 403(b) or 403(b)(7) contracts. Should you have any questions, please direct them to:

National Plan Administrators, Inc.
P. O. Box 161630
Austin, Texas 78716
Phone: 800-880-2776
FAX: (512) 275-9395
E-mail: TSA@Natlplan.com

In order to continue as a Solicitor in Donna ISD, please complete the Solicitor's Agreement. Forward it to National Plan Administrators, Inc. Please send a Hold Harmless Agreement to each of the companies that you represent.

DONNA ISD

SOLICITORS AGREEMENT

Processing Rules for Solicitors

Donna ISD desires to offer employees a payroll reduction plan for the purchase of annuities or other authorized investments as authorized under the provisions of Public Law 87-370, U.S. Internal Revenue Code Section 403(b) as amended to include 403(b)(7). Solicitors wishing to solicit these accounts from Donna ISD employees must meet the requirements outlined below. Failure to comply will be cause for non-acceptance of any contract submitted by that solicitor.

1. National Plan Administrators, Inc., herein after referred to as "NPA", has been contracted by Donna ISD as the Third Party Administrator for processing the above mentioned accounts. NPA will provide consolidated billing service to the Public School and disburse payments to all providers within 2 business days after receipt of payment from the Public School (holidays and weekends excluded). In addition to billing functions, NPA will serve as your liaison to the Public School. NPA will provide the required forms, agreements, and review salary reduction agreements for compliance with I.R.S. regulations.
2. Any/all salary reduction agreement(s) for contribution to the before mentioned plan must be approved as to form and content by the Third Party Administrator. NPA's address is:

National Plan Administrators, Inc.
PO Box 161630
Austin, Texas 78716
Phone: (512) 327-6481

3. The TSA Hold Harmless Agreements provided by NPA are required. The Solicitor must have the Provider sign a Hold Harmless Agreement; no payroll deductions will be honored without a signed agreement.
4. Any/all changes to participant's account contributions will be made through the Third Party Administrator.
5. A Disclosure Statement must be completed on any additions or changes of account contributions by an employee. The Disclosure Statement must be signed by the employee and the solicitor. On any new or changes to an existing account, a properly completed salary reduction agreement must be submitted to and approved by the Third Party Administrator before the account is processed.
6. **ENROLLMENT PERIOD.** Employees may start 403(b) or 403(b)(7) plan at any time, however, the deductions will begin after paper work has been submitted to the TPA and according to TIME FRAME FOR DEDUCTIONS.
7. **TIME FRAME FOR DEDUCTIONS:** All paperwork must be completed and delivered to National Plan Administrators, Inc. on or before the twenty-sixth (26th) of the month in order to effect a salary reduction for the next month. Any/all paperwork not completed and delivered to National Plan Administrators, Inc. by the 26th will be included in the next available months payroll adjustments. Incomplete paperwork will be returned to the Solicitor.

8. Solicitors will not be allowed to make presentations to campus personnel on campus during normal school hours. Solicitors are not permitted to initiate phone calls to employees during normal school hours. Solicitors must check in with the principal's office upon arrival prior to meeting with a school employee. Solicitors must obtain prior approval from the principal before proceeding on any campus. Solicitation may be allowed during open enrollment as designated by Donna ISD.
9. Solicitors are to attach a copy of their state insurance license to solicit annuities.
10. Solicitors are to provide a copy of each application with the salary reduction agreement and the Disclosure Statement.

I do hereby understand and accept the rules and regulations for solicitation in the Donna ISD.

(Name of Companies that you can sell for)

(Solicitor – Print Name)

(State License Number)

(Solicitor's Address & Zip Code)

(Solicitor's Telephone Number)

(Solicitor's Fax Number)

(Solicitor's E-mail Address)

(Solicitor's Signature)

(Date)

Please Attach a Copy of Your License

**HOLD HARMLESS AGREEMENT
REGARDING SALE OF ANNUITIES AND INVESTMENTS
UNDER SECTION 403(b) and 403(b)(7)**

WHEREAS, DONNA ISD, herein referred to as the “Public Schools” desires to offer employees a payroll reduction plan for the purchase of annuities or other authorized investments under the provisions of Public Law 87-370, U. S. Internal Revenue code Section 403(b) as amended to include 403(b)(7).

WHEREAS, the Public Schools only provides its employees Non-ERISA 403(b) and 403(b)(7) plans.

WHEREAS, _____, herein referred to as the “Provider” desires to provide a plan or plans complying with Federal and State law for eligible employees of the Public Schools wishing to have such accounts qualified under Section 403(b) and 403(b)(7) IRC established and purchased for them by the Public Schools.

NOW, THEREFORE, in consideration of the above stated premises and mutual covenants herein, the Provider agrees to the following:

1. The Provider shall provide or hold as an investment vehicle for purchase by the Public Schools for its employees only accounts complying with the provisions of Public Law 87-370, Section 403(b) and 403(b)(7) of the U. S. Internal Revenue Code, as amended, and any other pertinent present or future Federal or State Law. Such accounts shall be available for any legally eligible employee electing to participate.
2. The Provider agrees to do all things, with the scope of Provider’s control or authority, necessary as a provider of the above described accounts to insure that the plan(s) offered to the Public School’s employees comply with all applicable Non-ERISA requirements. The Provider will do nothing that causes the plan(s) provided by the Provider to be interpreted as an ERISA plan.
3. When Provider agrees to prepare a maximum exclusion allowance calculation, the calculation will be accurate assuming the information provided to Provider by the employer and/or the employee is accurate.
4. The Company, its agents and representative shall comply with all pertinent written directives and reasonable requests regarding the solicitation of employees of the Public Schools with respect to the purchase of tax deferred accounts or investment companies’ custodial accounts.
5. The Provider agrees to make any and all tax reporting of distributions directly to the Internal Revenue Service. This includes, but is not limited to, the reporting of P. S. 58 costs on any and all life insurance plans.
6. The Provider agrees that any and all determinations regarding hardship distributions are made by Provider or the Company holding the investment for the plan. The Provider, if the holder of the investments under the plans, shall notify the Public Schools, in writing, as to the date of any hardship distribution from an investment held by Provider, to any Public Schools employee.

7. The Provider agrees to notify the Public Schools of any and all excess contributions made by a Public Schools employee to the Provider's plan(s) when the Provider holds or controls the investment vehicle. All notices and reports must be made in writing and received by the Public Schools prior to January 10th of each year for any prior year's excess contributions.
8. The Provider agrees that any and all loan arrangements are solely the responsibility of both the Provider and the participant in the plan and that any all reporting to governmental authorities is the responsibility of the Provider.
9. **The Provider shall hold harmless the School Board, the Public Schools (its administrators and employees), and the Third Party Administrator from every claim and demand, excluding those based upon negligence of the School Board, the Public Schools (its administrators and employees), and the Third Party Administrators, which may arise directly or indirectly from Provider's action under this Agreement.**
10. **The Provider, at its own expense, shall defend any legal proceedings that may be brought against the School Board, the Public Schools (its administrators and employees), and the Third Party Administrator, which may arise directly or indirectly from the Provider's actions under this Agreement. Further, the Provider shall pay the reasonable attorney's fees of the Public School in the event the Public School desires to involve its own counsel in any such proceeding, and shall satisfy any judgement that may be rendered against any of them by reason of the Provider's actions under this Agreement. The Public Schools shall promptly notify the Provider by Registered or Certified Mail upon the receipt of any such claim or demand.**
11. The Provider and the Public School reserve the right, upon thirty (30) days written notice to the other, by Registered or Certified Mail, to terminate this Agreement, but such termination shall in no manner affect any liability of the Provider incurred prior to such termination.
12. This Agreement may only be modified by a written instrument signed by duly authorized representatives of each party.
13. This Agreement shall be subject to the laws of the State of Texas.

Name

Date

Address

City, State, Zip

Authorized Officer of Provider

Phone Number

Signature of Officer

Officer's Title

SALARY REDUCTION AGREEMENT

WHEREAS, _____ herein referred to as the "Employee", desires to establish a payroll reduction plan for the purchase of annuities or other authorized investments as authorized in Section 403(b) and 403(b)(7) of the Internal Revenue Code. Such plan to be known as the TSA Plan.

WHEREAS, Donna ISD herein referred to as the "Employer" wishes the employee to have those benefits.
NOW THEREFORE IT IS AGREED:

1. The employee's salary will be reduced by the employer.
2. The employer will apply the amount of the salary reduction to the purchase of a nonforfeitable contract for the employee.
3. The month that the reduction should begin is _____.
4. The amount of salary reduction per month is \$ _____.
 Continue until Terminated **OR** In accordance with the following schedule:
\$ _____ per pay period beginning _____ 20__ through _____ 20__
\$ _____ per pay period beginning _____ 20__ and continue until terminated.
5. I elect to use the following catch up option (Economic Growth & Tax Relief Reconciliation Act of 2001):
____ Age 50 or more
____ 15 years or more with the current employer
____ 15 years or more with the current employer and age 50 or more
6. The employer will apply and remit the salary reduction described to National Plan Administrators, Inc.. National Plan Administrators, Inc., the third party administrator will forward funds to the provider that you have elected.
7. THE PROVIDER TO RECEIVE THE SALARY REDUCTION IS _____
8. TERMINATE my reduction with _____
9. National Plan Administrators, Inc. is the third party administrator for the Employer's TSA Plan. The administrator is providing consolidated billing services among other things for the district.
10. CONFIDENTIALITY. During the time information that identifies an individual covered by a plan is in the administrator's custody or control, the administrator shall take all reasonable precautions to prevent disclosure or use of the information for a purpose unrelated to administration of the plan.
The administrator shall disclose information described only:
 - (a) in response to a court order;
 - (b) for an examination conducted by the commissioner of insurance;
 - (c) for an audit or investigation conducted under the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1001, et seq.);
 - (d) to or at the request of the insurer or plan sponsor; or
 - (e) with the written consent of the identified individual or his or her legal representative.
11. It is understood and agreed between the employer and the employee that such contract is to be purchased at the request of the employee under a program adopted by the employer and that the employee hereby accepts the provision of that program, and that the employer neither guarantees such contract nor warrants adopted payroll procedures respecting same.
12. This agreement is legally binding, however, each party to the agreement expressly reserves the right to terminate said agreement upon giving 30 days' written notice to the other party.
13. The employee is completely responsible for any/all compliance issues regarding life insurance as a part of their supplemental retirement plan. This includes but is not limited to the Incidental Benefit Regulations which pertain to the contribution proportion to life insurance.
14. Donna ISD nor National Plan Administrators does not endorse any provider or product; nor is Donna ISD or National Plan Administrators responsible for any investment gain or loss.

(Signature of Participant)

(Email Address of Participant)

(Street Address)

(Social Security Number)

(Donna ISD Employee #)

(City, State, Zip)

(Home Telephone Number)

(Agent/Broker Witnessing)

(Date)

Salary Reduction Agreement ONLY VALID with Disclosure Statement Attached

DISCLOSURE STATEMENT

Name: _____ Date of Birth: _____

School District: **Donna ISD** Date of Hire: _____ Annual Gross Salary for 20__ : \$ _____

Total 403(b) deposits while with current School District through the end of 20__ : \$ _____

Have you received a Hardship distribution in the past 12 months? ___ Yes ___ No

Are you participating in any other retirement plans? (i.e. 401(k), 457, IRA, Sep, ORP) ___ Yes ___ No

If yes, how much were the total contributions in the last 12 months? _____

Years of service under TRS: _____

Is this the final year of service: [] YES [] NO If yes, when is your final paycheck? _____

1. List all sales charges, maintenance fees, management fees, etc. pertaining to this account.

2. Is there any life insurance as part of this plan? [] YES [] NO
3. List and explain any/all lump sum termination or surrender charges. (Explain any differences in account value due to election of distribution option.)

4. Has the participant received a brochure and/or prospectus on the product(s) purchased? [] YES [] NO
5. Effective January 1, 1989, a distribution from a Tax Sheltered Annuity (TSA) purchased under 403(b) of the Internal Revenue Code may be made only if the employee/participant has:
 - a. attained age 59 1/2; or
 - b. separated from the service of the employer that purchased the TSA; or
 - c. died; or
 - d. become disabled, as defined in Section 72(m)(7) of the Code; or
 - e. encountered financial hardship within the meaning of Section 403(b) of the Code.
6. Does the participant understand that withdrawals prior to attaining age 59 1/2 will be subject to an IRS penalty of 10 % except in circumstances as defined by IRS Code? [] Yes [] No
7. **Complete if fixed product.** The provider's net rate of investment income for 19__ was ____. The guaranteed rate for the selected product is ____, and the rate chosen for illustration is ____. If the rate chosen for illustration is larger than the provider's net investment rate, please explain why the participant could expect a return greater than the company's net investment rate.

8. Interest is credited: [] Daily [] Monthly [] Quarterly [] Semi-Annually [] Annually
9. What is the amount of any up-front, surrender, or market value adjustment charges?

10. Does the product contain any bonus accumulation values: [] Yes [] No
If yes, what is the period of time the product must be in force before the client is entitled to the full bonus accumulation value?

11. How is the amount of the death benefit under the product calculated (gross value or net value after surrender charges)?

403(b) or 403(b)(7) DISCLOSURE STATEMENT

12. Are personal loans available under the product? Yes No
13. The participant will receive statements and/or confirmations Each Transaction Monthly Quarterly Semi-Annually Annually Other
14. Please list any restrictions on accessibility of money once the client is retired or no longer employed by the employer.

Agent/Broker Name: _____
Agency/Brokerage Name: _____
Agency/Brokerage Address: _____
Agency/Brokerage Phone Number: _____

Name of the company to receive the deferral: _____
Address: _____
City, State, Zip: _____
Phone Number: _____

Ins. License Number of person selling the product: _____
Sec. License Number of person selling the product: _____
State the license(s) was issued for: _____

(Print Agent\Broker Name)

(Agent's Signature)

(Date)

(Participant's Signature)