

Carolyn Spaht, Associate Superintendent  
Human Resources, Evaluation and Technology

**SUBJECT:                            PROPOSED REPEAL TO SCHOOL BOARD RULE:  
    INITIAL READING 6Gx13- 4D-1.081, TAX  
    SHELTERED INVESTMENT PLAN – POLICY**

**PROPOSED PROMULGATION OF NEW SCHOOL  
BOARD RULE: INITIAL READING 6Gx13- 4D-  
1.103,                    SUPPLEMENTAL                    RETIREMENT  
INVESTMENT PROGRAMS**

**COMMITTEE:                        INNOVATION,                    EFFICIENCY                    AND  
    GOVERNMENTAL RELATIONS**

**LINK TO DISTRICT  
STRATEGIC PLAN:                GENERAL OPERATIONS**

This item is submitted for consideration by the Board to repeal School Board Rule 6Gx13- 4D-1.081, Tax Sheltered Investment Plan – Policy, and the document, Tax Sheltered Investment Plan Rules and Guidelines, which is incorporated by reference and part of this rule, and to promulgate new School Board Rule 6Gx13- 4D-1.103, Supplemental Retirement Investment Programs. The proposed new Board Rule is necessary in order to accomplish four strategic goals which include:

1. **Compliance of the District's Tax Sheltered Annuity Investment Program IRC §403(b), with new Federal Regulations which become effective January 1, 2009**

These regulations require institutions to create and approve an official plan document for The School Board of Miami-Dade County, Florida as the plan sponsor of the District's Tax Sheltered Annuity Investment Program IRC §403(b), hereafter referred to as "TSA Investment Program". The new Federal regulations require this plan document to incorporate specific information regarding the investment options offered by the District for its employees and requires the Board to assume responsibility for plan compliance with Internal Revenue Service (IRS) regulations such as starts, stops, increases, decreases, distributions and loans.

**E-200**

2. **Investment Options for District Employees which include financially sound companies offering investment choices with the lowest fee structures available in the marketplace**

In anticipation of Florida School Districts having to comply with the new Federal Regulations for IRC §403(b) programs, the Independent Benefits Council (IBC), consisting of representatives from the Florida Educational Association (FEA); Florida Association of School Administrators (FASA); Florida School Boards Association (FSBA); and the Florida Association of District School Superintendents (FADSS), issued a Request For Proposals (RFP) to select an Employee Benefits Administrator to assist them in creating a statewide "Model Plan". Following the issuance of a Request For Information (RFI) by Gallagher Benefits, the IBC's selected benefits administrator, the IBC interviewed and selected five companies to offer investment programs in three investment platforms. This Model Plan has been created for districts to use as their basis for selection of investment companies, having undergone intensive scrutiny and due diligence to identify them as "best in class" for their investment offerings.

Staff is recommending that the Model Plan be introduced as the base for the District's plan offerings, including the provision that any new providers added to the District's plan offerings in the future be incorporated as part of the Model Plan, as recommended by the IBC. Additionally, staff is recommending that existing District providers with at least 5% of the employee base enrolled in the District's plan as of September 1, 2008 be "grandfathered" into the District's program, provided that providers agree to provisions incorporated into the Model Plan which include, but are not limited to fees paid to the District to offset administrative expenses, and fee structures by investment type charged to employees.

3. **Efficiency and Source of Revenue for districts who select the Model Plan as their platform for companies offering IRC § 403(b) Plans**

The new Federal guidelines require that effective January 1, 2009, Miami-Dade Schools as a component of the Adopted Plan Document, to monitor a host of transactions including starts, stops, increases, decreases, distributions and loans. These transactions were previously handled directly between district employees and the companies providing the investments, except for payroll changes. With over 3600 transactions occurring during calendar year 2007 and over 3000 having been processed so far in calendar year 2008, this additional responsibility to monitor transactions to assure IRC compliance will result in a significant increase in the workload for the administration of this program. Adopting the IBC Model Plan with a few additions of currently offered companies will provide efficiency to the District with the limited staff currently in place.

Additionally, a component of the Model Plan provides for revenue to districts (currently \$12/employee/year) to offset District administrative costs. The current Board Rule which was implemented 10 years ago provides a revenue source of \$5/employee/year to offset administrative expenses. Staff is recommending the Board continue to collect the existing \$5/employee/year, in addition to the amount negotiated by the IBC to be paid by Model Plan providers, as well as those providers which are recommended to be "grandfathered" into the District's plan. Currently, over 60 of the 67 School Districts in the State of Florida utilize Third Party Administrators to assist districts in the administration of their IRC §403(b) plans. These funds may be used in the future to fund the cost of third party administrative services, including using such administrator as a common remitter for all employee funds, should the Board seek such services.

**4. Document in Board Rule the existence of the other two Board approved supplemental retirement plan programs currently in existence which include the District's IRC §457 and §401(k) plans**

- a. The District's IRC §457 Plan was originally established in 1999 as the Miami-Dade County School Board's Money Purchase Plan, in the form of the International City Management Association Retirement Corporation (ICMA) Governmental Money Purchase Plan and Trust. This plan was established for eligible Board members, pursuant to the guidelines established for the elected State and County Officers' Class (ESCOC) under the Florida Retirement System (FRS). As a result of the changes made by The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) of 2001, as well as The Job Creation and Worker Assistance Act (JCWAA) of 2002, employees became eligible to defer additional income through the IRC §457 in addition to deferring income through the IRC § 403(b) and 401(k) plans. The Board adopted this plan for employees at the Board meeting of June 19, 2002. The plan administrator is the International City Management Association Retirement Corporation (ICMA).
- b. The District's IRC §401(k) plan, known as the VISTA 401(k) Plan, became effective January 1, 1985, was amended in 1986, and was amended and restated effective January 1, 1994. Effective in 1986, governmental entities no longer had the ability to establish IRC§ 401(k) plans; however, being that the plan had been established prior to the law change, the VISTA 401(k) Plan was "grandfathered in".

The Plan Sponsors for the VISTA 401(k) Plan include Miami-Dade County Public Schools, Monroe County Public Schools, Charlotte County Public Schools and Pasco County Pubic Schools. The Plan Administrator is Vista Management Company.

Attached are the Notices of Intended Action, the proposed repeal of the School Board Rule and document, and the proposed new School Board Rule.

Authorization of the Board is requested for the Superintendent to initiate rulemaking proceedings in accordance with the Administrative Procedure Act for the repeal of School Board Rule 6Gx13- 4D-1.081, Tax Sheltered Investment Plan – Policy, and the document, Tax Sheltered Investment Plan Rules and Guidelines, which is incorporated by reference and made part of this rule, and to promulgate new School Board Rule 6Gx13- 4D-1.103, Supplemental Retirement Investment Programs.

**RECOMMENDED:**

That The School Board of Miami-Dade County, Florida authorize the Superintendent to initiate rulemaking proceedings in accordance with the Administrative Procedure Act to:

1. repeal School Board Rule 6Gx13- 4D-1.081, Tax Sheltered Investment Plan – Policy, and the document, Tax Sheltered Investment Plan Rules and Guidelines, which is incorporated by reference and made part of this rule; and
2. promulgate new School Board Rule 6Gx13- 4D-1.103, Supplemental Retirement Investment Programs.

CS:sc

## NOTICE OF INTENDED ACTION

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on September 10, 2008, its intention to repeal School Board Rule 6Gx13- 4D-1.081, Tax Sheltered Investment Plan – Policy, and the document, Tax Sheltered Investment Plan Rules and Guidelines, which is incorporated by reference and part of this rule, at its meeting of October 15, 2008.

**PURPOSE AND EFFECT:** To repeal the existing Board Rule and incorporate the new Federal Guidelines for IRC§ 403(b) Programs into a proposed new rule, in conjunction with the creation of eligibility guidelines for companies to participate in offering such products to District employees.

**SUMMARY:** To repeal School Board Rule 6Gx13- 4D-1.081, Tax Sheltered Investment Plan – Policy, and include the provisions of the new Federal regulations of such plans along with the adoption of the Independent Benefit Council's (IBC) "Model Plan" in conjunction with eligibility criteria for other company's participation in such plan in the new Rule 6Gx13- 4D-1.103, Supplemental Retirement Investment Programs, which incorporate all supplemental investment plans offered to district employees.

**SPECIFIC LEGAL AUTHORITY UNDER WHICH RULEMAKING IS AUTHORIZED:** 1001.41(1), (2); 1001.42(23); 1001.43(10), F.S.

**LAW IMPLEMENTED, INTERPRETED, OR MADE SPECIFIC:** 1001.42(5); 1001.43(6), (11); 1012.23, F.S.

IF REQUESTED, A HEARING WILL BE HELD DURING THE BOARD MEETING OF October 15, 2008, which begins at 1:00 p.m., in the School Board Auditorium, 1450 N.E. Second Avenue, Miami, Florida 33132. Persons requesting such a hearing or who wish to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative as provided by Section 120.54(1), F.S., must do so in writing by October 6, 2008, to the Superintendent of Schools, Room 912, at the same address.

ANY PERSON WISHING TO APPEAL THE DECISION made by the School Board of Miami-Dade County, Florida, with respect to this action will need to ensure the preparation of a verbatim record of the proceedings, including the testimony and evidence upon which the appeal is to be based (Section 286.0105, Florida Statutes).

A COPY OF THE PROPOSED REPEALED RULE is available at cost to the public for inspection and copying in the Citizen Information Center, Room 158, 1450 N.E. Second Avenue, Miami, Florida 33132.

Originator: Ms. Carolyn Spaht  
Date: August 27, 2008

**Compensation and Related Benefits**

**TAX SHELTERED INVESTMENT PLAN -- POLICY**

The document, **Tax Sheltered Investment Plan Rules and Guidelines**, which is incorporated by reference and is a part of this Board Rule, formulates the framework under which the Tax Sheltered Annuity Program will function. It consists of the following:

- A. Company Qualification Requirements;
- B. Recruitment and/or Solicitation Procedures;
- C. Determination of Eligible Employees Participation;
- D. Factors for Consideration;
- E. Permissible Transactions;
- F. Required Forms;
- G. Internal Processing Procedures;
- H. Company Billing or Premium Notices;
- I. Company Notification to Employees;
- J. Appendix.

The document, **Tax Sheltered Investment Plan Rules and Guidelines**, is on file in the Board Office, in the Citizen Information Center, and in the Office of the School Board Clerk.

Specific Authority: 230.22(2) F.S.

Law Implemented, Interpreted, or Made Specific: 230.03; 230.22(1) and (5) F.S.

**History: THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA**

New: 5-8-91

Amended: 8-26-98

**TAX SHELTERED INVESTMENT PLAN**

**RULES AND GUIDELINES**

**RULE 6Gx13-4D-1.081**

**FINAL READING:**

**August 26, 1998**

**REPEAL**



**PERSONNEL MANAGEMENT AND SERVICES**

**OFFICE OF RISK AND BENEFITS MANAGEMENT**

**MIAMI-DADE COUNTY SCHOOL BOARD**

**Dr. Solomon C. Stinson, Chair**  
**Mr. Demetrio Perez, Jr., Vice Chair**  
**Mr. G. Holmes Braddock**  
**Mr. Renier Diaz de la Portilla**  
**Ms. Perla Tabares Hantman**  
**Ms. Betsy H. Kaplan**  
**Dr. Michael M. Krop**  
**Mrs. Manty Sabates Morse**  
**Dr. Frederica S. Wilson**


**Roger C. Cuevas**  
**Superintendent of Schools**





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## GLOSSARY

Company	A Life Insurance Company or a Broker/Dealer Company
Active Company	A company that has the ability to initiate all transactions. The agent(s) can <b>start</b> new annuitants; <b>re-start</b> existing inactive annuitants; <b>increase</b> or <b>decrease</b> existing annuitant contributions; <b>transfer and/or exchange</b> existing annuitant contributions.
De-activated Company	The agent of the company has the ability to initiate only transactions that <b>increase and</b> or <b>decrease</b> the contributions of existing participants.
Designated Agent	The responsible party who has been selected by an officer of the company to be the controlling party for all transactions and activities of the company's agents selling products to the Board's employees.
Annuity Rate	The rate of interest which a company will pay out should the annuitant choose an option that distributes the accumulated values over time.
Guaranteed Rate	This is the rate of interest that the company guarantees to pay as an absolute minimum return on an investment.
Surrender Rate	This is the rate of interest actually earned on the funds invested when the employee's participation ends.
Surrender Charge	Penalty for withdrawing accumulated funds from the program or for transferring invested funds from the company to another company.

Credit Risk	The risk that the company holding the investor's money will not pay the interest or dividends owed, or the principal amount when it falls due.
Market Risk	The risk that the value (share price) of investment will decline.
Inflation Risk	The risk that the dollar received when the investment is sold will buy less than the dollar invested.
Maximum Sales Load on Purchases	The commission or sales charge some funds levy when shares are bought. The legal maximum sales load is 8.5% of the amount invested.
Sales Load on Re-Investment	The sales charge imposed when dividends are automatically reinvested in additional fund shares.
Contingent Deferred Sales Charges	Also called "deferred sales loads" "back-end loads" "redemption fees" and "exit fees".
Exchange Fees	Administrative fees when money is switched from one fund to another in the same fund group.
Management Fees	These are paid to the company that manages the fund's investments as compensation for its services.
12b-1 Fees	This a Securities and Exchange Commission regulation that lets funds use some of their shareholders money each year to pay certain marketing expenses.
Other Expenses	These include legal and accounting fees, printing and posting costs, custodian and transfer agent fees and other fund expenses.

## MIAMI-DADE COUNTY PUBLIC SCHOOLS TAX SHELTERED INVESTMENT PLAN RULES AND GUIDELINES

On September 16, 1964, The School Board of Miami-Dade County, Florida approved a resolution making available to Board employees, through voluntary means, the opportunity to purchase a tax sheltered contract from a company made available by the Board. In 1979, the program was revised for the inclusion of Mutual funds into the plan.

Effective June 1, 1991, the Board approved a revision of the program that set forth new requirements for the companies and their agents in the solicitation of tax sheltered annuity products with the Board's employees. The qualifications, procedures and guidelines of the operation of this program have been revised from time to time. These revisions allow for the implementation of other plans permitted by the Internal Revenue Service, such as annuities with incidental life and/or disability insurance, a second plan, mutual funds, and the privilege of transferring and/or exchanging current plan(s) to another plan. The program now has specific requirements of the companies and agents as well as revised forms and procedures to allow for greater disclosure to the employees.

Effective September 1, 1998 the Board approved a revision of the program that set forth revised requirements for the companies and their agents in the solicitation of tax sheltered annuity products with the Board's employees. This revision incorporates changes to the Internal Revenue Service regulations that now allow multiple changes in contributions per year. Secondly, changes will streamline the processing of transactions and elevate the disclosure of product information to the employees. Additional requirements in the calculation of limits on contributions will ensure compliance with the law.

I. COMPANY QUALIFICATION

- A. All companies must agree to the requirements established by The School Board of Miami-Dade County, Florida, before an application submitted on behalf of an employee will be accepted and processed.
- B. A **QUALIFICATION AND HOLD HARMLESS AGREEMENT** must be completed and signed by the president and secretary of the company, the corporate seal affixed and the Agreement returned to:

THE SCHOOL BOARD OF MIAMI- DADE COUNTY, FLORIDA  
1500 Biscayne Boulevard, Suite 127  
Miami, Florida 33132

Attention: Office of Risk and Benefits Management

Companies meeting or exceeding the following criteria will be considered eligible for acceptance into the program:

Insurance Companies that are A.M. Best rating "A"; and Insurance Companies that are A.M. Best Financial Size Class "VII";  
Broker/Dealer Companies that are **insured by the Securities Investor Protection Corporation (SIPC).**

All companies entering the program after September 1, 1998 must also meet or exceed two of the next three requirements:

Standard and Poor's rating of "A+"  
Moody's rating of "A+"  
Duff & Phelps rating of "A+"

As part of the qualification requirements, the company agrees to remit an **annual payment to the Board of \$5.00 per participant** to cover the Board's costs of administering the program. The total amount will be determined by the Board utilizing the number of participants for each company as of June 30 of each year.

As part of the qualification process, the company will be placed on the Board's probationary list of new companies for a **twelve month (one year)** period.

During this time period, the company must secure **50** new applications, to be submitted at one time to the Insurance Department, Office of Risk and Benefits Management. Should the company not achieve this required goal, then the company will not be activated in the program and none of the applications will be processed.

Once the qualification requirements are satisfied, the company will be placed on the Board's list of approved companies for dissemination to the employees. The company will be sent a copy of the signed Agreement and assigned an internal code number.

- C. Require that the Designated Agent (DA) have an established place of business in Miami-Dade, Broward or Palm Beach County from which to operate. Agents outside Miami-Dade County, **must** provide a Miami-Dade telephone number or an 800 number, for easy access by the employees. DA's should be responsive to the needs of the Board and provide guidance to other TSA agents as to the rules and guidelines of the program at Miami-Dade County Schools.

All agents **must be licensed to market tax sheltered investment products in the State of Florida** and should maintain the highest level of professional conduct and be readily accessible to the public.

- D. At this point, the company's designated agent or broker/dealer may receive a supply of Board forms and may begin solicitation of tax sheltered plans within the guidelines issued herein and agreed to by the company. The company is responsible for advising its designated agent or broker/dealer of the contents of the Qualification and Hold Harmless Agreement and Board rules.
- E. Once the company is qualified, it must maintain an active group of at least fifty(50) participants. On an annual basis, the level of participation will be reviewed. Companies with less than (50) participants will be de-activated from the program so that no new applications could be submitted. Further, **de-activated** companies have to re-qualify and could not do so for a period of twelve months.
- F. It will be deemed that sufficient notification of any regulation revisions subsequently made from the date the company receives a copy of the fully executed Qualification and Hold Harmless Agreement, will have been met by mailing such notification to the address listed on the agreement, unless written notice of address change has been received by the Office of Risk and Benefits Management.

- G. Require that for all transactions submitted other than cancellations and decreases, the Maximum Exclusion Allowance (MEA) be **accurately calculated by the agent**. A copy of the MEA form signed by the employee and the agent, must be mandatorily included as the part of the documents submitted to initiate a transaction.
- H. The Office of Risk and Benefits Management has the authorization to deactivate a company and its agents upon breach of these rules and guidelines.
- I. Require that on a minimum of an annual basis, the Company perform Maximum Exclusion Allowance calculations to ensure that employee contributions do not exceed the applicable limits.
- J. Require that the company notify the Board of any approved financial hardship distributions so that all elective contributions can be suspended (*§401(k) rules applied for financial hardship*)
- K. Require that for transactions involving an exchange of funds from one company to another, existing funds will not be transferred until the effective date of the transaction.

## II. RECRUITMENT AND/OR SOLICITATION

- A. Recruitment and/or solicitation for the selling of tax sheltered contracts by a company and/or any designated agent or broker/dealer is **NOT permissible at any time on School Board property except pursuant to School Board Rule 6Gx13-3C-1.07.**
- B. A list of the companies that have met the Board's eligibility requirements is published periodically in the Office of Risk and Benefits Management showing the type of plans for which the company has met the requirements. The selection of the company for the purpose of purchasing a tax sheltered plan is the sole responsibility of the employee. The School Board of Miami-Dade County, Florida, its employees and agents, undertake no obligation by making available a salary reduction agreement through payroll deduction to make contributions to any tax deferred Section 403(b) plan. **The School Board is in no way responsible for the employee's selection of a company or the product marketed by the company, recommends no particular company or product and has no responsibility for investment results, company fees, loads or surrender time limits.**



### III. ELIGIBLE EMPLOYEES

All active full-time employees appointed to an established position and paid on a daily rate, whether or not on contract, are eligible for a tax sheltered investment plan through payroll deductions. Full-time employees will have a fixed dollar amount to be reduced from their salary on a per-payroll basis. Under State Law and pursuant to IRS code regulations, elected officers of the Board are not permitted to participate in §403(b) plans.

As a result of recent tax reforms, all **part-time** employees paid on an hourly rate are eligible for a tax sheltered investment plan through payroll deductions. Part-time employees will have a **percentage** value to be reduced from their salary on a per payroll basis.

When full-time employees go to a part-time status, their fixed dollar amount taken on a per payroll basis for a tax sheltered annuity will be stopped. When part-time employees go to a full-time status, their percentage value taken on a per payroll basis for a tax sheltered annuity will be stopped. A **restart** transaction must be initiated to continue contributions.



IV. **FACTORS FOR CONSIDERATION**

- A. A Maximum Exclusion Allowance worksheet is included in this manual. This form must be used as required for the applicable transaction. Companies that have certified software for the MEA calculation may use forms generated by their systems. A company statement guaranteeing the accuracy of the calculation must appear on the forms generated by the computer. No other **manually** calculated forms will be accepted.
- B. Salary information should be obtained from the employee's pay stub.
- C. Current contributions to other §403(b), §403(b)(7) and §401(k) plans must be taken into consideration in the calculation of the Exclusion Allowance.
- D. Past contributions to §403(b) and §401(k) plans.

## V. PERMISSIBLE TRANSACTIONS

- A. Transactions which must be handled through the employee's agent or broker/dealer are:
1. **Two CHANGES IN AMOUNT, which include a START, RESTART, INCREASE or DECREASE may be accomplished during a calendar year, AS PROVIDED UNDER IRS GUIDELINES.** Applications will be accepted to effect a change at any time throughout the year according to cut-off schedules available from the Office of Risk and Benefits Management.
  2. The start of a new tax sheltered investment plan may be accomplished at any time throughout the year. Applications will be accepted according to cut-off schedules available from the Office of Risk and Benefits Management.
  3. A **restart** of an existing tax sheltered investment plan may be accomplished at any time throughout the year. Applications will be accepted according to cut-off schedules available from the Office of Risk and Benefits Management. If an employee, who had a payroll status change (i.e. full time to part-time or part-time to full-time) wishes to exercise the option of restarting contributions to the same plan, this can be done in the same calendar year and not counted as a change **ONLY IF THE AMOUNT TO BE CONTRIBUTED PER PAYROLL DOES NOT DIFFER SUBSTANTIALLY FROM THE PREVIOUS CONTRIBUTIONS.**
  4. The addition of a second company is permitted, but is treated as an **"increase"** or a change in AMOUNT allowed by the Internal Revenue Service each calendar year. Applications to start a second company will be accepted throughout the year according to cut-off schedules, provided there has been not more than one change in amount during the calendar year.
  5. Two transfers and/or exchanges of companies may be accomplished during a calendar year if the employee desires to exercise this option. Applications will be accepted to effect a transfer and/or exchange throughout the year according to cut-off schedules, **except that two cut-off periods will be required and provided there has been no more than one other such transaction during the calendar year.**
  6. Change of the biweekly reduction amount because of a change of

payroll status (10 to 12-month) where total annual amendment to salary is NOT to be changed, can be requested by the employee by use of a form available through the Office of Risk and Benefits Management.

7. When an employee retires, he/she may exercise the option of deferring the value of some of their accrued sick and/or vacation time into a tax deferred annuity plan as authorized by the Internal Revenue Service. The number of days that can be deferred is limited only to those accrued within the last twelve months prior to the retirement date. Applications will be accepted by the Office of Risk and Benefits Management only if they are signed prior to the date of retirement.

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**All transactions handled through the employee's agent must be submitted within seventy two (72) hours of the amendment to employment contract being signed and dated by the employee.**

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**B. Transactions which must be handled by the employee:**

1. Cancellation of existing plan(s) may be accomplished at any time, however, at least 30 days notice is required before cancellation can take effect, to allow for adequate notice to the affected company of the employee's intent to cancel.

**VI. REQUIRED FORMS**

- A. Forms which must be completed by the company's agent or broker/dealer and signed by the employee, are available from the Office of Risk and Benefits Management. All forms necessary for a transaction must be submitted by the agent at the same time. The **UNIFORM DISCLOSURE PROPOSAL** is now designed specifically for fixed annuity products (FM - 2610A) and for Variable Annuities and Mutual Funds (FM - 2610B). Only the Board approved forms and the specific company forms will be accepted. *Distribution of the copies will be made by the Office of Risk and Benefits Management, after processing is complete.*

1. **FOR NEW APPLICATIONS AND RE-STARTS (EITHER FIRST OR SECOND COMPANY)**

- a. **403(b) TAX SHELTERED INVESTMENT PLAN AMENDMENT TO EMPLOYMENT CONTRACT.** (FM-2609,)

All employees, whether on contract or not, must sign this form (and any other required form) before a tax sheltered investment plan will be instituted. The original **CLEARLY AND LEGIBLY PRINTED** form must be submitted.  
**(NO CHANGES ALLOWED ON THIS FORM)**

- b. **CONTROL FORMS** (FM-0625)

A **TYPED** two-part control form is required for each transaction. Signature of agent or broker/dealer is required on the form.

- c. **UNIFORM DISCLOSURE PROPOSAL.** (FM-2610A or FM-2610B)

A **TYPED COMPLETED** set of copies must be submitted (as indicated on the form), both signed by the employee and the agent or broker/dealer. (The original must be left with the employee at the time the Amendment to Employment Contract is signed).

d. ***COMPANY MAXIMUM EXCLUSION ALLOWANCE FORM***

Proof of the calculation of the Maximum Exclusion Allowance must be submitted with all transactions initiated by the agent and or broker/dealer. **This form must be signed and dated by the employee and the agent or broker/dealer.**

e. ***COMPANY APPLICATION FORM***

A duplicate of the company's own application form as well as all specific fund application forms, signed by the employee and the agent or broker/dealer, is required. Application form(s) will be retained in the employee's file.

2. **FOR INCREASES (EITHER FIRST OR SECOND COMPANY)**

a. ***TAX SHELTERED INVESTMENT PLAN AMENDMENT TO EMPLOYMENT CONTRACT (FM-2609)***

All employees, whether on contract or not, must sign this form (and any other required form) before a tax sheltered investment plan will be instituted. The original **CLEARLY AND LEGIBLY PRINTED** form must be submitted. **(NO CHANGES ALLOWED ON THIS FORM)**

b. ***CONTROL FORMS (FM-0625)***

A **TYPED** two-part control form is required for each transaction. Signature of agent or broker/dealer is required on the form.

c. ***COMPANY MAXIMUM EXCLUSION ALLOWANCE FORM***

Proof of the calculation of the Maximum Exclusion Allowance must be submitted with all transactions initiated by the agent and or broker/dealer. **This form must be signed and dated by the employee and the agent or broker/dealer.**

3. **FOR DECREASES (EITHER FIRST OR SECOND COMPANY)**

a. ***TAX SHELTERED INVESTMENT PLAN AMENDMENT TO EMPLOYMENT CONTRACT*** (FM-2609)

All employees, whether on contract or not, must sign this form (and any other required form) before a tax sheltered investment plan will be instituted. The original **CLEARLY AND LEGIBLY PRINTED** form must be submitted. **(NO CHANGES ALLOWED ON THIS FORM)**

b. ***CONTROL FORMS*** (FM-0625)

A **TYPED** two-part control form is required for each transaction. Signature of agent or broker/dealer is required on the form.

4. **FOR TRANSFER AND/OR EXCHANGE OF COMPANIES**

a. ***ADDENDUM TO THE 403(b) AMENDMENT TO EMPLOYMENT CONTRACT*** (FM-3756)

All employees, whether on contract or not, must sign this form (and any other required forms) before a transfer and/or exchange will be effected. The original **CLEARLY AND LEGIBLY PRINTED** form must be submitted. **(NO CHANGES ALLOWED ON THIS FORM)**

b. ***CONTROL FORMS***. (FM-0625)

A **TYPED** two-part control form is required for each transaction. Signature of agent or broker/dealer is required on the form.

c. ***UNIFORM DISCLOSURE PROPOSAL***. (FM-2610A or FM-2610B)

A **TYPED COMPLETED** set of copies must be submitted (as indicated on the form), both signed by the employee and the agent or broker/dealer. (The original must be left with the employee at the time the Amendment to Employment Contract is signed).

d. ***COMPANY MAXIMUM EXCLUSION ALLOWANCE FORM***

Proof of the calculation of the Maximum Exclusion Allowance must be submitted with all transactions initiated by the agent and or broker/dealer. This form must be signed and dated by the employee and the designated agent or broker/dealer.

e. ***COMPANY APPLICATION FORM***

A duplicate of the company's own application form as well as all specific fund application forms, signed by the employee and the agent or broker/dealer, is required. Application form(s) will be retained in the employee's file

**TRANSFERS/EXCHANGES** may vary in type in that a participant can transfer from one company to another; from two companies to one; from one company to two, and from two companies to two other companies. **If the total dollar amount contributed to the company(ies) does not change, then these forms are sufficient, one set for each company the participant is changing to. If however, the total dollar amount contributed to the company(ies) changes, then the following form is also required:**

f. ***TAX SHELTERED INVESTMENT PLAN AMENDMENT TO EMPLOYMENT CONTRACT (FM-2609)***

All employees, whether on contract or not, must sign this form (and any other required form) before a tax sheltered investment plan will be instituted. The original **CLEARLY AND LEGIBLY PRINTED** form must be submitted. **(NO CHANGES ALLOWED ON THIS FORM)**



**SAMPLE TRANSFERS WITH NO CHANGE IN AMOUNT:**

Two companies to one company:

Required forms: 2 Addendum to the §403(b) Amendment  
1 Company Application  
1 Control Form  
1 or 2 Uniform Disclosures as applicable  
1 Maximum Exclusion Allowance Calculation

One company to two companies:

Required forms: 1 Addendum to the §403(b) Amendment  
2 Company Application  
2 Control Form  
2 or more Uniform Disclosures as applicable  
1 Maximum Exclusion Allowance Calculation

**SAMPLE TRANSFERS WITH A CHANGE IN AMOUNT:**

Two companies to one company:

Required forms: 2 Addendum to the §403(b) Amendment  
1 Company Application  
1 Control Form  
1 or 2 Uniform Disclosures as applicable  
1 Maximum Exclusion Allowance Calculation  
1 Amendment to Employment Contract

One company to two companies:

Required forms: 1 Addendum to the §403(b) Amendment  
2 Company Applications  
2 Control Forms  
2 or more Uniform Disclosures as applicable  
1 Maximum Exclusion Allowance Calculation  
2 Amendment to Employment Contracts

B. Forms which must be **completed, signed and submitted by the employee** are available from the Office of Risk and Benefits Management.

1. FOR CANCELLATION OF AN EXISTING PROGRAM

a. ***TAX SHELTERED PLAN CANCELLATION REQUEST (FM-3529)***

An employee is entitled to cancel an Amendment to Employment Contract at any time by submitting three signed copies of this form to the Office of Risk and Benefits Management; however, at least 30 days notice is required before the cancellation can take effect to allow for adequate notice to the affected company of the employee's intent to cancel. This is to allow the company time to advise the employee of any possible financial loss.

If the employee does not rescind the request in writing, the cancellation will be processed.

## VII. PROCESSING

### A. STARTS, RESTARTS, INCREASES AND DECREASES (EITHER FIRST OR SECOND COMPANY)

1. Applications that are procedurally correct and include all completed and required forms with appropriate signatures will be processed. Those that are deficient will be returned to the agent or broker/dealer designated on the Control Forms. Incomplete forms submitted will cause a delay in processing and the agent should notify the employee of the delay.
2. Written notification that a complete application package has been received, will be sent to the employee, using information furnished on the application and Control Form for verification.
  - a. If the employee returns the notification with a signed request to withdraw the application, the company will be notified.
  - b. If the employee does not respond prior to the deadline date the application will be processed.
    - (1) At this point the transaction becomes official. The Control Form is sent to Deduction Control to initiate salary reductions beginning with the date requested.
    - (2) A copy of the documents submitted to initiate the transaction will be retained in files maintained by the Office of Risk and Benefits Management.

### B. APPLICATIONS INVOLVING TRANSFER AND/OR EXCHANGE

1. Applications that are procedurally correct and include all completed and required forms with appropriate signatures will be processed. Those that are deficient will be returned to the agent or broker/dealer designated on the Control Forms. Incomplete forms submitted will cause a delay in processing and the agent should notify the employee of the delay.
2. Written notification that the complete application package has been

received will be sent to the employee using information furnished on the application Control Form. Notification(s) to the existing company(ies) will also be mailed.

- a. If the employee returns the notification with a signed request to withdraw the application, the company applying for the transfer and/or exchange will be advised.
- b. If the employee does not respond prior to the deadline date the application will be processed.
  - (1) At this point the transaction becomes official. The Control Form will be sent to Deduction Control to effect a change in contributions from the existing company to the new company.
  - (2) A copy of the documents submitted to initiate the transaction will be retained in files maintained by the School Board's Office of Risk and Benefits Management.

**VIII. BILLING OR PREMIUM NOTICES**

- A. **UNDER THE ESTABLISHED PROCEDURE USED BY THE SCHOOL BOARD IT IS UNNECESSARY FOR A COMPANY TO PRESENT A BILLING OF ANY KIND TO THE BOARD AND NO BILLINGS WILL BE UTILIZED OR RETURNED TO A COMPANY.**
  
- B. Reductions will be made from the payroll checks according to the Control Form on file for the employee. In the event that either the amount of earnings due the employee during any regular pay period is insufficient to pay the corresponding installment, or the Board fails because of error to make said reduction, then the amount of reduction provided for by the Amendment shall be reduced by the amount of said installment or installments not made to the company through insufficiency or through error. An itemized listing of the employees enrolled and the authorized amounts will be sent each company, together with a check for the total shown on the listing, on a biweekly basis.

IX. NOTICES TO EMPLOYEES

All dividend statements, loan interest notices, statements of contribution, and prescribed Internal Revenue forms indicating the amount of any contract that includes incidental life and/or waiver of premium insurance, and is thus taxable for the year, must be mailed to the employee at the home address the company has on file. In the event mail is returned as undeliverable, the Office of Risk and Benefits Management, will assist in securing a current address.

All distributions should be made after current contributions have been suspended. Distributions must be made payable to the participant. Form 1099r should be mailed to the employee reflecting the distribution.

**APPENDIX**

A



**APPENDIX**

**B**





## NOTICE OF INTENDED ACTION

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, announced on September 10, 2008, its intention to promulgate new School Board Rule 6Gx13-4D-1.103, Supplemental Retirement Investment Programs, at its meeting of October 15, 2008.

**PURPOSE AND EFFECT:** To promulgate a new Board Rule which will incorporate the new Federal Guidelines for IRC§ 403(b) plans into the District's Supplemental Retirement Investment Program, in conjunction with the creation of eligibility guidelines for companies to participate in offering such products to District employees.

**SUMMARY:** To promulgate School Board Rule 6Gx13- 4D-1.103, Supplemental Retirement Investment Programs which includes the provisions of the new Federal regulations of such plans along with the adoption of the Independent Benefit Council's (IBC) "Model Plan" incorporating eligibility criteria for other company's participation in such plan and all other supplemental investment plans offered to district employees.

**SPECIFIC LEGAL AUTHORITY UNDER WHICH RULEMAKING IS AUTHORIZED:** 1001.41(1), (2); 1001.42(23); 1001.43(10), F.S.

**LAW IMPLEMENTED, INTERPRETED, OR MADE SPECIFIC:** 1001.42(5); 1001.43(6), (11); 1012.23, F.S.

IF REQUESTED, A HEARING WILL BE HELD DURING THE BOARD MEETING OF October 15, 2008, which begins at 1:00 p.m., in the School Board Auditorium, 1450 N.E. Second Avenue, Miami, Florida 33132. Persons requesting such a hearing or who wish to provide information regarding the statement of estimated regulatory costs, or to provide a proposal for a lower cost regulatory alternative as provided by Section 120.54(1), F.S., must do so in writing by October 6, 2008, to the Superintendent of Schools, Room 912, at the same address.

ANY PERSON WISHING TO APPEAL THE DECISION made by the School Board of Miami-Dade County, Florida, with respect to this action will need to ensure the preparation of a verbatim record of the proceedings, including the testimony and evidence upon which the appeal is to be based (Section 286.0105, Florida Statutes).

A COPY OF THE PROPOSED PROMULGATED NEW RULE is available at cost to the public for inspection and copying in the Citizen Information Center, Room 158, 1450 N.E. Second Avenue, Miami, Florida 33132.

Originator: Ms. Carolyn Spaht  
Date: August 27, 2008

**Compensation and Related Benefits**

**SUPPLEMENTAL RETIREMENT INVESTMENT PROGRAMS**

I. Goals

The goals of this rule are as follows:

- a. assure compliance of the District's Tax Sheltered Annuity Investment Program IRC §403(b) with Federal Regulations
- b. adopt an official plan document for The School Board of Miami-Dade County, Florida as the plan sponsor of the District's Tax Sheltered Annuity Investment Program IRC §403(b), hereafter referred to as "TSA Investment Program" which can be amended from time to time to assure adherence with all Internal Revenue Service (IRS) regulations including approval of investment options and plan administration guidelines
- c. adopt the Independent Benefits Council's (IBC) statewide "Model Plan" as the accepted platform for companies offering investments to district employees as part of the TSA Investment Program, including any newly added providers to be offered to District employees
- d. provide for the grandfathering of existing providers to remain in the TSA Investment Program, who as of September 1, 2008, have at least 5% of the employee base enrolled in the TSA Investment Program and agree to the provisions incorporated in the Model Plan which include fees paid to the District to offset administrative expenses, and fee structures by investment type charged to employees
- e. create efficiency and a source of revenue for the District in determining the number of providers offering investments to district employees, in conjunction with a per participant fee structure to be collected by the District from providers to offset administrative expenses, including the possibility in the future of seeking the services of a third party administrator to assist in the plan's administration with funds to pay the administrator to come from the revenue from participating companies

- f. document in Board Rule the existence of the District's IRC §457 and §401(k) plans
- II. The School Board of Miami-Dade County, Florida as the plan sponsor of the TSA Investment Program, sets forth the following requirements:
- a. All employees of the district are eligible to participate.
  - b. Employees' investments will be limited to maximums as determined by IRC §415(c) (1)(A) and §402(g)(1) limitations, or as to be determined by the Internal Revenue Code in the future.
  - c. Employees will have the opportunity to select from providers incorporated as part of the State of Florida Model Plan, as recommended by the Independent Benefits Council (IBC) which may change from time to time. All terms and conditions of such participation in the Model Plan are comprised of the Letters of Agreement between the IBC and selected companies agreeing to provide competitive rate structures to maximize potential returns on investments for employees and also agree to the fee structure as agreed upon by the IBC to offset district administrative expenses. Any newly added providers to the TSA Investment Program must be part of the Model Plan.
  - d. Employees may also select from existing providers who have been grandfathered to remain in the TSA Investment Program having at least 5% of the employee base enrolled in the TSA Investment Program. Any such providers must agree to the provisions incorporated in the Model Plan which include, but are not limited to, fees paid to the District to offset administrative expenses, and fee structures by investment-type charged to employees.
- III. The district will collect fees in amounts determined by the Model Plan in addition to the existing \$5/participant/year to offset administrative expenses for the Office of Risk and Benefits Management to manage the plan. These funds will continue to be used to offset administrative expenses within the Office of Risk and Benefits Management to administer the TSA Investment Program, including the possibility of using such funds to pay for a third party administrator, including using such administrator as a common remitter for all employee-funds.

- IV. The School Board of Miami-Dade County, Florida as the plan sponsor of the District's IRC §457 Plan which has been in place since 2001, sets forth the following requirements:
- a. All employees are eligible to participate.
  - b. Employees' investments will be limited to maximums as determined by IRC §415(c) (1)(A) and §402(g)(1) limitations, or as to be determined by the Internal Revenue Code in the future.
  - c. Employees will have the opportunity to select from investment options which are offered by the plan administrator which may change from time to time.
  - d. The plan document can be amended from time to time to assure adherence with all Internal Revenue Service (IRS) regulations including approval of investment options and plan administration guidelines.
- V. The School Board of Miami-Dade County, Florida as the plan sponsor of the district's IRC § 401(k) Plan which has been in place since 1985 sets forth the following requirements:
- a. All full time employees are eligible to participate.
  - b. Employees' investments will be limited to maximums as determined by IRC §415(c) (1)(A) and §402(g)(1) limitations, or as to be determined by the Internal Revenue Code in the future.
  - c. Employees will have the opportunity to select from investment choices which are offered by the plan administrator which may change from time to time.
  - d. The plan document can be amended from time to time to assure adherence with all Internal Revenue Service (IRS) regulations including approval of investment options and plan administration guidelines.

Specific administrative criteria for processing of contribution changes including, but not limited to starts, stops, dollar contribution level changes, loans, and distributions will be made in accordance with applicable IRC regulations and will be recorded by the Office of Risk and Benefits Management in a handbook entitled "Procedures Manual for Supplemental Retirement Investment Programs."

Specific Authority: 1001.41(1), (2); 1001.42(23); 1001.43(10), F.S.  
Law Implemented, Interpreted, or Made Specific: 1001.42(5); 1001.43(6), (11);  
1012.23, F.S.

**History:** THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA  
**New:**