

<b>Category:</b> 7000 PERSONNEL	<b>Policy Number:</b> 7350
<b>Policy Title:</b> Tax Sheltered Annuity	<b>Effective Date:</b> December 17, 2008

Snake River School District 52 will participate in tax sheltered annuity plans for employees who request the service. Several insurance companies have been authorized to write tax sheltered annuity contracts for District employees. The names of these companies can be secured from the District Office. Additional companies wishing to write tax sheltered annuities may be added to the authorized list by presenting a minimum of five employee applications to the District Office.

If a District employee chooses to have an annuity purchased by the District, the amount of the annuity will be deducted from the employee's gross salary.

An established procedure will be followed whenever the Administrator of the Snake River School District's 403b Plan receives an order which attempts to divide or assign any part or all of any benefits part of a 403b contract or account maintained pursuant to the 403b Plan, or such order purports to be a qualified domestic relations order (QDRO) to determine if the order in fact qualifies under Internal Revenue Code §414(p). This procedure shall be effective when this policy is adopted by the board and supersedes all prior procedures that may have been adopted for purposes of processing orders received by the 403b Plan for determination if they qualify under Internal Revenue Code §414(p).

**Legal Reference:** Internal Revenue Code §414(p)

**Reference:** Procedure 7350, "Qualified Domestic Relations Order Procedure"

<b>Category:</b> 7000 PERSONNEL	<b>Procedure Number:</b> 7350 p Page 1 of 2
<b>Policy Title:</b> Qualified Domestic Relations Order Procedure	<b>Effective Date:</b> December 17, 2008

This procedure will be followed whenever the Administrator of the Snake River School District's 403b Plan receives an order which attempts to divide or assign any part or all of any benefits part of a 403b contract or account maintained pursuant to the 403b Plan, or such order purports to be a qualified domestic relations order (QDRO) to determine if the order in fact qualifies under Internal Revenue Code §414(p).

1. Within 10 days of receiving the order, the Administrator will notify the employee whose benefits are targeted by the order and each alternate payee specified in the order that the District has received the order and provide each of them a copy of this Policy and the order.
2. At the time the Administrator so notifies the employee and alternate payee(s), the Administrator will also notify the Investment Provider of the receipt of the order, and direct the Investment Provider to segregate the *QDRO amount* (the amount of the employee's benefits that the order ostensibly awards to alternate payee(s)) if possible from the remaining benefits of the employee.
3. The Investment Provider will suspend the employee's right to direct the investment of the segregated *QDRO amount* until it is determined if the order is qualified, by so instructing in writing Investment Provider. If the employee is receiving benefit payouts from Investment Provider when the order is received, the Administrator will instruct the Investment Provider to suspend distributions to the employee that would otherwise be payable by reason of the *QDRO amount*.
4. The Administrator will review the order, with the assistance of qualified legal counsel, and complete a QDRO Determination Checksheet with respect to the order. In most circumstances, the Administrator will complete review of the order within 30 days of receiving the order. After review, the Administrator will determine whether the order is a QDRO.
5. If the Administrator determines the order qualifies as a QDRO under Internal Revenue Code §414(p):
  - a. The Administrator will promptly notify the employee and each alternate payee that the order has been determined to be a QDRO, by mailing to each of them a copy of the QDRO Determination Checklist bearing the Administrator's certification. The Administrator will explain to the employee and alternative payee(s) that, upon request and free of charge, he or she may have access to and copies of all documents, records and other relevant information, at that time or during or after a review if requested per part 7 below.
  - b. The Administrator will instruct the Investment Provider to maintain a separate accounting (which may include a segregated account) for each alternate payee until the Investment Provider has completed payment of the *QDRO amount* for that alternate payee, as to which the alternate payee may direct the investment while the *QDRO amount* remains part of 403b contract or account to the same extent (if any) and on the same terms and conditions the employee may do so under the 403b contract or account.
  - c. If the QDRO specifies a time for payout of the *QDRO amount* (or when the Alternate Payee elects a time within the time frame specified by the QDRO for payout of the *QDRO amount*), the Investment Provider will pay the designated benefits as soon as administratively feasible after providing the appropriate written distribution elections, providing the appropriate written notices and the passage of the minimum 'contemplation' time required by federal pension laws. Nevertheless, no payout shall be made until 60 days have passed from the time of the determination may be made, in order to give any aggrieved party the opportunity to appeal the determination per part 7 below.
  - d. Each alternate payee is entitled to file with the Investment Provider designation(s) of death beneficiary(ies) in the same manner as the employee.

<b>Category:</b>  7000 PERSONNEL	<b>Procedure Number:</b>  7350 p Page 2 of 2
--	--

<b>Policy Title:</b> Qualified Domestic Relations Order Procedure	<b>Effective Date:</b> December 17, 2008
--	---

6. If the Administrator determines the order is not a QDRO per Internal Revenue Code § 414(p):
- a. The Administrator will promptly notify in writing the employee and each alternate payee of the adverse decision by mailing to each party a copy of the QDRO Determination Checksheet (bearing the Administrator's certification) which shall identify each parameter of Internal Revenue Code §414(p) as to which the order is deficient, so that it is evident what aspects of the order need to be modified by the issuing court in order to 'perfect' the order as a QDRO under Internal Revenue Code § 414(p). The Administrator will explain to the employee and alternative payee(s) that, upon request and free of charge, he or she may have access to and copies of all documents, records and other relevant information, at that time or during or after a review if requested per part 7 below.
  - b. If no appeal is filed by any party (see part 7 below) and no modified or other order addressing the same *QDRO amount* is received by the Administrator within 60 days of mailing out the adverse QDRO Determination Checksheet, then the Investment Provider will reintegrate the *QDRO amount* (if it was segregated) with the remainder of the employee's benefits under the 403b contract or annuity, and the employee shall then have all rights to direct the investment (if any under the 403b contract or account) and distribution as if the order had not been received by the Administrator. Any separate accounting for the *QDRO amount* by the Investment Provider shall then end.
7. Either the employee or alternate payee(s) may submit a written request for a full and fair review to District's Superintendent within 60 days after the initial decision by the Administrator. The Superintendent shall promptly notify the employee and alternate payee(s) of the request for a review and that each may submit within 15 days any comments, documents, records or other relevant information, even if such was not submitted to the Administrator.
- The Superintendent will, without a hearing (unless the Superintendent deems such advisable under the circumstances) review court order anew to determine if it is a QDRO and if so, how it shall be interpreted on behalf of the 403b Plan. The Superintendent will send a written notification to the employee and alternative payee(s) of the Superintendent's determination, specifying each reason for the determination, with references to the specific provisions of Internal Revenue Code § 414(p) and any internal rules of the 403b Plan on which the determination was based.
- If the Superintendent makes no determination within 60 days of the request for review of the Administrator's initial decision, the Administrator's initial decision shall be considered final and also become the Superintendent's determination.
- From the time a review is requested until the Superintendent makes a determination (or such is deemed by the passage of 60 days), the Administrator shall take no steps outlined in parts 5.b-d or 6.b.
8. The Administrator shall consult with qualified legal counsel as to each question that arises with respect to the interpretation of any provision of the order.