



**CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS
CITY SCHOOL DISTRICT**

TAX SHELTERED ANNUITY - SALARY REDUCTION AGREEMENT

EMPLOYEE NAME _____ SOC. SEC. No. _____

TSA PROVIDER NAME _____

THIS AGREEMENT, entered into this _____ day of _____, 20____, by and between _____, hereinafter designated as the Employee, and the Cleveland Heights-University Heights City Board of Education, hereinafter designated as the Employer,

WITNESSETH THAT:

1. For purposes of this Amendment, the following terms shall have the meanings assigned:
 - A. "Contribution" shall refer to a contribution made by the Employer on behalf of the Employee to a TSA due to a salary reduction agreement.
 - B. "Custodial Account" shall refer to a custodial account for investment in Regulated Investment Company Stock for the purpose of providing retirement benefits as described in IRC §403(b)(7).
 - C. "Employer" shall mean Cleveland Heights-University Heights City Schools Board of Education.
 - D. "Internal Revenue Code" or "IRC" means the Internal Revenue Code of 1986, as amended from time to time.
 - E. "IRC limits" means any of the limitations of IRC §403(b), IRC §415, or IRC §402(g).
 - F. "Participant" shall mean an Employee of the Employer who meets the eligibility conditions and elects to participate in the TSA arrangement.
 - G. "Tax Sheltered Annuity" or "TSA" means the annuity contract or Custodial Account utilizing mutual funds which meet the requirements of IRC §403(b).
 - H. "TSA Provider" means the group, organization or entity which has been approved to offer its TSA to the Employees of the Employer.
2. Effective with the pay of _____, 20____, the gross wages of the Employee shall be reduced by \$_____ per pay period. (Twelve month employees circle one: 24 or 26 pays)
3. The Board agrees to purchase a TSA in the amount of the salary reduction agreed to in this Amendment issued by the TSA Provider listed above.
4. The reduction in salary provided in Section 2 shall not be considered in calculating deductions for either the State Teachers Retirement System of Ohio, the School Employees Retirement System of Ohio, city payroll taxes, garnishes or court orders, nor shall such reduction be considered in determining any salary adjustment.
5. The Employee understands that the Employer, in general, has limited the amount of salary reduction to assist the Employee in remaining within applicable limits of the IRS and consequently to limit the Employer's exposure to income tax and other tax withholding problems. The Participant understands that he/she is responsible to produce an exclusion allowance calculation prepared by the TSA Provider which demonstrates that the amount requested as a salary reduction fits within the exclusion allowance or one of the alternatives permitted by IRC §415(c)(4). The Participant understands that unless such exclusion allowance demonstration is provided, the amount requested by this Salary Reduction Agreement will not be implemented.

The Employee understands that all computations in connection with the determination of the amount of the salary reduction hereby authorized, including the amount of the exclusion allowance, includible compensation and years of service pursuant to IRC §403(b), shall be the responsibility of the Employee.

6. The Employee assumes the sole responsibility for the merits of any TSA Provider which he/she has selected and for the tax consequences which result from this Salary Reduction Agreement.

7. The Employee understands that he/she assumes the sole responsibility for the tax consequences of any distribution, including hardship distributions, or loans requested and any minimum distribution that should be made and will provide accurate and complete information as may be required to support such distribution or loan request.

8. This Salary Reduction Agreement shall remain in full force until amended or terminated by written notice from the Employee to the Employer. If the Employee terminates employment with the Employer, this Salary Reduction Agreement shall automatically terminate according to the terms of the Employment Agreement. If the Employer terminates the IRC §403(b) program, this Salary Reduction Agreement shall automatically terminate.

9. If the Employer terminates the TSA Provider relationship with a particular TSA Provider, this Salary Reduction Agreement shall not terminate. In that event, the Participant may either terminate the Salary Reduction Agreement or appoint an alternative TSA Provider to receive the funds.

Employee’s Representations

I have read and reviewed this Amendment and I understand its terms and conditions.

I have reviewed with my tax advisor or a representative of my TSA Provider, the limitations applicable to tax sheltered annuities under IRC §403(b)(2), IRC §415, or IRC §402(g) collectively, the “IRC Limits”). I hereby certify to the Board of Education of the Cleveland Heights-University Heights City School District that if I defer the amounts listed above by way of salary reduction to a Tax Sheltered Annuity, the amount paid into such TSA will not exceed the IRC Limits. In making this certification, I have had my tax advisor or TSA representative consider all amounts being deferred by me into tax sheltered annuities and is qualified under IRC §403(b); any other salary reduction plan in which I participate with any other employer and all contributions being made by the Board of Education to or under the Ohio State Teachers Retirement System or School Employees Retirement System, including any such contribution made pursuant to a pick-up under IRC §414(h)(2)].

I acknowledge that if my contributions to the TSA exceed the IRC Limits, the excess is treated as taxable income and may be subject to additional excise taxes and that I am solely responsible for the payment of any income taxes, employment taxes, excise taxes, penalties or interest that result from my contributions exceeding the IRC Limits, including such taxes or penalties imposed upon the Board, the School District or its Treasurer.

IN WITNESS WHEREOF, the parties have signed this Agreement.

Employee Signature _____

Agents Name (Printed) _____ Agents Phone Number (_____) _____

CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS CITY SCHOOLS BOARD OF EDUCATION

By: _____
(Sign & Date)

**CLEVELAND HEIGHTS-UNIVERSITY HEIGHTS
CITY SCHOOL DISTRICT**

Maximum Contribution Worksheet

**NOTE: Complete this form if employee is using a catch-up option.
Computer generated calculations are accepted in lieu of this worksheet**

PART 1 – Employee Information

Employee Name: _____ Date of Birth: _____

Social Security Number: _____ Employee Number: _____

Date of Full-time Continuous Employment with District: _____
(Month) (Day) (Year)

PART 2 – Maximum Standard 403(b) Contribution Calculation

1. **Before calculating the maximum contribution allowable, an initial net salary must be computed as follows:**

A. Gross salary - calendar year = \$ _____

B. Employer 414(h) pick-up amount

1. STRS ($\frac{\$ \text{_____}}{\text{Gross Salary}} \times 10\%$) = \$ _____

2. SERS ($\frac{\$ \text{_____}}{\text{Gross Salary}} \times 10\%$) = \$ _____

C. Deductions (to be indentified by employee): = \$ _____
Examples include, but are not limited to: Taxes (estimated), credit union, union dues, garnishments, etc.

D. Calendar year net salary (A - B - C) = \$ _____

2. **401(k) or 403(b) Contributions to plans of other employers:**

A. Expected amount of 401(k) or 403(b) salary deferrals to plans of other employers for the year = \$ _____

3. **Maximum Standard 403(b) Contribution is the lesser of:**

- Calendar year net salary from line 1 D above, or
- *Annual plan limit (see schedule below) minus amount, if any, from line 2 A above = \$ _____

IF the amount on line 3 is the annual plan limit (or the amounts on line 3 plus line 2 A equals the annual plan limit) AND:

- **You are at least age 50 in the plan year, AND / OR**
- **You have at least 15 years of continuous service with the district as of the date this calculation is made AND**
- **You wish to contribute more than the annual plan limit**

THEN, complete Parts 3 and 4 on Page 2.

OTHERWISE, complete just Part 4 on Page 2.

PART 3 – Special Catch-up Options

1. Complete this special catch-up section only if you have 15 or more years of service with the district

- (1) Maximum increase = \$ 3,000
- (2) Total of all prior increases to the normal 402(g) limit* = \$ _____
- (3) \$15,000 - \$ _____ = \$ _____
Amount on line (2)
- (4) \$5,000 x (_____) - (\$ _____) = \$ _____
Years of Service All Prior Deferrals
- (5) Least of (1), (3), or (4) =

\$ _____

402(g)(8) increase

**IRC §402(g) limit has been subject to inflation adjustment. For years 1987 through 1997, 402(g) limit is \$9,500. For 1998 and 1999, \$10,000. For 2000 and 2001, 10,500. 2002-\$11,000, 2003-\$12,000, 2004-\$13,000, 2005-\$14,000, 2006-\$15,000.*

2. Only if you are at least age 50 at any time during the plan year (and will not use this catch-up under any plan of another employer for this year)

enter: \$2,000 in 2003, \$3,000 in 2004, \$4,000 in 2005, \$5,000 in 2006 =

\$ _____

3. Add boxes 1.(5) and 2 above = \$ _____
(can not exceed \$5,000 in 2003, \$6,000 in 2004, \$7,000 in 2005, \$8,000 in 2006)

4. Maximum contribution using catch in up options for which you are eligible

Lesser of:

- Annual plan amount plus line 3 above, or
- Calendar year net salary from Page 1, Part 2, line 1D. = \$ _____

PART 4 – Completion Information

Prepared by: _____

(Company Name/TSA Provider)

(Agent's Name Printed)

(Agent's Signature)

(Date)