

AGENDA ITEM 9 B

ACTION

BACKGROUND:

The IRS issued new Section 403 (b) regulations for annuity plans in public schools effective January 1, 2009. These regulations add cumbersome compliance responsibilities to employers and annuity vendors. As a result, many vendors currently offering 403(b) annuity plans are leaving the market and have notified clients.

The IRS also stipulates that employers are responsible for tracking loans, transfers and exchanges, hardship withdrawals, etc. and must obtain an information sharing agreement with each vendor. First Financial Administrators is BISD's third party administrator. It is their responsibility to contact each vendor on payroll and ensure that our contract provider agreement is signed and in place before January 1, 2009. Vendors refusing to sign the agreement will not be allowed to receive contributions after that date.

STATUS:

Attached is a revised contract between BISD and First Financial Services which incorporates all of the new provisions of the Section 403(b) regulations for annuity plan administration in public schools.

RECOMMENDATION:

The Superintendent recommends Board approval of the revised contract with First Financial Services to comply with new IRS regulations effective January 1, 2009.