

## TAX SHELTERED ANNUITIES AND DEFERRED COMPENSATION PLANS

The Internal Revenue Service (IRS) allows employees of education institutions to participate in tax sheltered annuity (TSA) plans and deferred compensation plans. A TSA is also known as a 403(b) plan. A deferred compensation plan is also referred to as a 457 plan. Contributions to a TSA and/or deferred compensation plan are deducted from the participant's paycheck and forwarded to a District approved vendor selected by the participant. Contributions made are not taxed, with income tax deferred until retirement, when the funds are withdrawn. The annual limit on a TSA and deferred compensation plan contribution is set by IRS laws.

### General Procedures

1. If an employee wishes to participate in a TSA and/or deferred compensation plan, s/he must choose a preferred vendor from the deferred compensation vendor list available on the Human Resource Department's website and complete the Payroll Deduction Authorization form (Exhibit A).
2. The Payroll Deduction Authorization form shall be returned to District Office Payroll by the 15<sup>th</sup> of the month for the initial reduction to be made in that salary month.
3. An employee's authorization for a TSA and/or deferred compensation plan deduction shall be effective until changed or terminated by the employee in writing and submitted to District Office Payroll by the 15<sup>th</sup> of the month to be effective in that salary month.

### Employer Responsibility

District Office Payroll is responsible for maintaining files of current payroll deduction authorization forms. The file is reviewed when any employee modifies or establishes a new authorization form.

Any employee who participates in a 403(b) or 457 plan is the direct owner of the plan and is entitled to exercise all policyholder rights without intervention of the employer.

### Tracking Contribution Limits

District Office Payroll routinely monitors individual employees contributing to a 403(b) or 457 plan to ensure compliance with the Internal Revenue Code, Section 402(g).

### Important Note:

**The Contra Costa Community College District Payroll Department does not provide tax advice. Employees requiring further explanation should be referred to their TSA agent or qualified tax advisor.**

Contra Costa Community College District

Payroll Deduction Authorization Form

Employee Name: \_\_\_\_\_

Employee ID/SSN: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Home Phone: (\_\_\_\_) \_\_\_\_\_ Email: \_\_\_\_\_

Please check one of the following:

New Deduction: \_\_\_\_\_ Terminate Deduction: \_\_\_\_\_ Change Deduction: \_\_\_\_\_

<b>Organization</b> _____
<b>Address:</b> _____
<b>City:</b> _____ <b>Zip:</b> _____
<b>Phone:</b> _____ <b>Current Amount/Percentage:</b> _____
<b>New Amount/Percentage:</b> _____ <b>Effective Date:</b> _____

I hereby authorize Contra Costa Community College District (CCCCD) to initiate a payroll deduction, terminate a payroll deduction, or change a payroll deduction, as appropriate based on the selection I have checked above.

I understand that if I am initiating or changing a payroll deduction, the deduction may not be made if I have insufficient income in a pay period to cover this and other required and authorized deductions, and will not hold CCCCC liable for any deductions not made.

I understand that if I am terminating a payroll deduction, the deduction may still be taken during the current payroll due to the time needed to process the termination, and will not hold CCCCC liable for any deductions made.

I understand that I am changing a payroll deduction; the change may not take effect during the current payroll cycle due to the time needed to process the change.

I agree that this deduction shall be made each month until changed or cancelled by submission of a Payroll Deduction Authorization Form.

CCCCD shall have no liability for any loss suffered by the Employee with regard to his/her selected company; or for funds transmitted in the manner authorized by its Tax Sheltered and Investment Programs and/or a 457 CalPERS plan. All deductions shall be made in accordance with Education Code Sections 22810, 22811 and 22812; Internal Revenue Code of 1954 as amended; Section 17512 of the California Revenue and Taxation Code and of the Plan adopted by the Governing Board of CCCCC.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

<b>FOR PAYROLL USE ONLY</b>		
Entered By	Date:	Deduction Code: