

TAX SHELTERED ACCOUNTS

This plan is hereby adopted by the San Dieguito Union High School District (hereinafter called the "district").

As permitted by law, the Board shall allow and arrange for contract employees and certificated adult school hourly employees eligible for insurance benefits to enter into tax-sheltered annuity or custodial programs, under the following conditions:

1. Annuities or custodial programs provided for under the internal Revenue Code may be purchased by eligible employees only from private or public insurance carriers, mutual fund organizations or other tax sheltered organizations approved by the Board or the State Retirement System.
2. A company seeking to provide this service to eligible district employees shall apply to the Board.
3. Any eligible employee desiring to participate in the tax-sheltered annuity or custodial program must enter into an agreement with the district, which shall constitute an amendment of the written contract, to provide for the reduction in salary and the diversion of this reduction toward the purchase of the tax-sheltered annuity or custodial account.
4. This contract amendment is continuous until cancelled or changed by the employee, or upon his/her termination.
5. Eligible employees may purchase annuities or custodial accounts from the approved agent of their choice. However, as this is personal business, no contracts shall be made with staff members by agents during the staff member's hours of duty.
6. The district intends by this Plan to make available to its employees the provisions of Internal Revenue Code, Section 403(b) and 403(b)(7), and the California Revenue and Taxation Code, Section 17512. It is not the purpose of the District, by adoption of this plan, to recommend its use by any individual employee. Use of the Plan by an individual employee shall be left to his/her own discretion.
7. The Board hereby authorizes the Secretary of the Governing Board to act in its behalf in respect to the purchase and administration of these annuity contracts. Such procedures as may be necessary if advisable in effecting proper administration by the said Secretary to the Governing Board is likewise authorized.

LEGAL REFERENCE

CALIFORNIA EDUCATION CODE

44041-44042

INTERNAL REVENUE CODE

403(b)

403(b)(7), 571

**HOLD HARMLESS AGREEMENT
FOR TAX SHELTERED ANNUITY PLANS
AND CUSTODIAL ACCOUNTS IN REGULATED
INVESTMENT COMPANY STOCK PLANS**

WHEREAS, the Governing Board of the San Dieguito Union High School District, hereinafter referred to as the "District," desires to make available to its employees the provisions of U.S. Internal Revenue Code Sections 403(b) and 403(b)(7) and California Revenue and Taxation Code Section 17512 permitting certain tax exempt agencies, including school districts, to purchase for their employees Tax Sheltered Annuity Plans (the "Annuity Plan") or Custodial Accounts in Regulated Investment Company Stock Plans (the "Custodial Account Plan"). The Annuity Plan and the Custodial Account Plan are collectively referred herein as "The Plans"; and

WHEREAS, the Company designated below has offered to provide tax sheltered Plans which comply with federal and state law for eligible employees of the District who wish to have such Plans purchased for them by the Governing Board;

IT IS HEREBY AGREED as follows:

1. _____, hereinafter called the "Company," shall provide for purchase by the Governing Board of the San Dieguito Union High School District for its employees only such Plans as comply with the provisions of Sections 403(b) and 403(b)(7) of the U.S. Internal Revenue Code and Section 17512 of the California Revenue and Taxation Code and any other pertinent present or future Federal or State laws. Such Plans shall be available for purchase by the Governing Board for any legally eligible employee electing to participate in a tax sheltered Plan which has been adopted by the District.

2. The Company, its agents and representatives, shall comply with all pertinent written directives regarding the solicitation of employees of the District in the purchase of tax sheltered Plans.

3. The Company agrees that premium payments for the purchase of Plans sent to the Company by the District discharges all obligations of the District to the Company regardless of default or improper performance of any agent or representative of the Company.

4. The Company, its successors and assigns, shall hold harmless and indemnify the District, the County Superintendent of Schools of the County of San Diego, the Auditor of The County of San Diego, their officers and employees, from every claim and demand which may be made by reason of the purchase of Plans by the District from the company for employees of the District.

The Company, at its own cost, expense and risk, shall defend any legal proceedings that may be brought against the District, the County Superintendent of Schools of the County of San Diego, The Auditor of the County of San Diego, their officers and employees, on any claim or demand which may be made by reason of the purchase of Plans by the District from the Company, and shall satisfy any judgment that may be rendered against any of them. The District shall notify the Company of the receipt of any such claim or demand.

AMENDMENT OF EMPLOYMENT CONTRACT

THIS AGREEMENT, entered into by and between the San Dieguito Union High School District and the undersigned employee for the purpose of permitting the said employee to purchase Tax Sheltered Annuity Plans (the "Annuity Plan") or custodial Accounts in Regulated Investment Company Stock Plans (the "custodial Account Plan") which have tax savings features under the provisions of Sections 403(b) and 403(b)(7) of the U.S. Internal Revenue Code and Section 17512 of the California Revenue and Taxation Code in accordance with the provisions of a plan adopted by the Governing Board of the San Dieguito Union High School District, hereinafter called the District. The Annuity Plan and the Custodial Account Plan are collectively referred herein as "The Plans".

IT IS HEREBY AGREED by the District and _____(name of employee), address _____ hereinafter called the employee, that the employment contract made and entered into by and between the District and the employee be amended in the following manner, and that this amendment be incorporated therein by reference and made a part thereof as if set out therein in full as of the date of this amendment:

1. A salary to be paid to the employee by the District shall be reduced by the sum of \$ _____ per regular payday beginning with the salary warrant payable on _____, 19__ to _____, 19__.

Such reduction shall be amended to \$ _____ per regular payday period beginning with the salary warrant payable on _____, 19__.

2. The sum shall be transmitted by the District in accordance with the District's tax sheltered plan to the _____ Company as a premium on one or more Plan.

3. The employee releases any and all rights, present and future, to receive payment of the sum from the District resulting from such a salary reduction in any form except (1) the right of the employee's estate to receipt of sums so paid upon his death, or (2) the right of the employee upon termination of employment by reason other than death personally to receive all or any part of the amount specified for which service has been rendered but which has not been transmitted to the company or companies designated by the employee.

4. This amendment of employment contract shall automatically apply to the employment contract entered into between the District and the employee for each succeeding school year unless amended or terminated by a thirty (30) day written notice to the school district. It is understood by employee that no more than one salary reduction agreement can be made with the District during any taxable year, although employee may amend the agreement to change the companies from which the tax sheltered Plans are to be purchased.

5. The employee for himself/herself, his/her spouse, heirs, administrators and executors agrees that the Governing Board, the District, the County Superintendent of Schools of San Diego County, the County Auditor of San Diego County, their officers and employees, shall have no liability

whatsoever for any claim or demand which may be made as a result of the acceptance of this agreement and the purchase of Plans by the Governing Board.

IN WITNESS WHEREOF, this agreement has been executed by and between the parties hereto this ____ day of _____, 19__.

EMPLOYEE

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT

_____ By _____

Title _____

Circle number of months

Deductions are to be made:

10 11 12

PLEASE HAVE AGENT COMPLETE REVERSE SIDE OF FORM

NAME OF EMPLOYEE _____

COMPANY NAME _____

Company Remittance Address: _____

The entire amount is for tax sheltered purposes:

YES _____

NO _____

If not, please complete the following:

The following amount per month pays for life insurance premiums and the amount shown should be declared as earned income. (If the amount differs from year to year, please state the amount by the tax year.)

Agent's Name (Please Type or Print

Telephone Number

Agent's Signature

City, State, Zip Code

D-64 (12-06-91)

NOTICE OF TERMINATING AMENDMENT OF EMPLOYMENT CONTRACT

(Form must be filed with the District payroll office at least thirty (30) days prior to the payroll date for which it is to be effective. An amendment to an employee contract is irrevocable as to amounts earned while the amendment is in effect.)

NAME OF COMPANY TERMINATING _____

SAN DIEGUITO UNION HIGH SCHOOL DISTRICT
Attention: Payroll Department

Gentlemen:

Effective with my salary warrant payable on _____, 19____, I entered into an agreement to amend my employment contract for the purpose of qualifying under Sections 403(b) and 403(b)(7) of the U.S. Internal Revenue Code and Section 17512 of the California Revenue and Taxation Code in order to purchase Tax Sheltered Annuity Plans or Custodial Accounts in Regulated Investment Company Stock Plans.

I request that the amendment to my employment contract be terminated effective so that no reduction will be made from my salary warrant payable on _____, 19____.

I am aware of Paragraphs 3 and 4 of the amendment of employment contract executed by me specifically as it pertains to my rights to receipt of funds resulting from the amendment and the provisions that I may enter into only one salary reduction agreement during any taxable year, although I may amend the agreement to change the companies from which the Plans are to be purchased.

(Signature of Employee)

Approved: SAN DIEGUITO UNION HIGH SCHOOL
DISTRICT

By: _____