

Division of Risk Management and Insurance Services Benefits Administration Branch

David L. Brewer III
Superintendent of Schools

David R. Holmquist
Interim Chief Operating Officer



Dawn Watkins
Interim Chief Risk Officer

For year 2007

Dear Employee:

Effective January 1, 2007, the Internal Revenue Service increased the basic annual maximum for Tax Shelter Annuity 403(b) contributions to \$15,500 for employees who are less than 50 years of age as of December 31, 2007 and \$20,500 for employees who are at least 50 years of age as of December 31, 2007. The following information is provided for employees who may wish to shelter more than \$15,500 or \$20,500 limit (whichever is applicable) for the tax year 2007.

Section 402(g)(8) of the Internal Revenue Code provides a special election for certain long-term employees. Under the rule, they may "catch-up" on the funding of their retirement benefit by increasing their elective deferrals over the \$15,500 or \$20,500 limit. The election is available only to an employee who has completed at least 15 years of service (Defined in Section 403(b) with an employer that is an educational organization). Under the election, the annual limitation is increased by the lesser of: (1) \$3,000, (2) \$15,000 minus any elective deferrals previously excluded under the catch-up election or (3) \$5,000 times the employee's years of service minus, the elective deferrals made to plans of the employer in prior taxable years. As can be seen from this election, there is a lifetime limit on increases under the election of \$15,000, and the annual limit cannot exceed \$18,500 for employees less than 50 years of age and \$23,500 for employees 50 years of age and older.

Effective January 1, 1996, the Los Angeles Unified School District adopted a policy that does not allow employees to participate in the catch-up provision of the Tax Reform Act unless a certification of eligibility is submitted to the District. A certification of eligibility will be required for each year that you wish to participate. If you are eligible for the "catch up" provision to shelter an amount over \$18,500 or \$23,500 annually, please complete the certification form provided and return it to the Benefits Administration Branch. The certification form must be signed by you and the agent/broker or an authorized representative of the TSA Company and be notarized. If this form is not returned, your TSA 403(b) contribution will not be allowed to exceed \$15,500 or \$20,500 limits for the tax year 2007.

Other provisions of Internal Revenue Code may affect your contribution limits. The Employee Benefits Administration Branch staff cannot give legal or tax advice. Therefore, we suggest that you consult with your financial advisor/tax preparer before completing and signing the certification form.

If you have any questions regarding the District eligibility form, please contact the District's Benefits Administration Branch at (213) 241-4262.

Sincerely,

Wendolyne Traylor
Benefits Manager

**Division of Risk Management and Insurance Services
Benefits Administration Branch**

Employee No. _____

**CERTIFICATION OF ELIGIBILITY
FOR LOS ANGELES UNIFIED SCHOOL DISTRICT
TAX YEAR 2007**

TO: LOS ANGELES UNIFIED SCHOOL DISTRICT

FROM:

EMPLOYEE CERTIFICATION

I, _____, certify that I am eligible for a
Employee Name
“catch up” amount of \$ _____ under the provisions of the
Tax Reform Act of 1996.

Employee Signature

Date

COMPANY CERTIFICATION

I, _____, of _____
Authorized Representative Company Name
Certify that _____ is eligible for the
Employee Name
“catch-up” amount stated above.

Authorized Representative Signature

Date

Notary

Please Note: If this form is not returned, your TSA reduction will not be allowed to exceed \$15,500.00 for the 2007 calendar year for employees who are less than 50 years old. For employees who are at least 50 years old your TSA deduction will not exceed \$20,500.00 if this form is not return.

THIS FORM WILL NOT BE ACCEPTED UNLESS NOTARIZED