Schoolcraft College
Tax Sheltered Annuity Program
Summary

Overview

In compliance with the IRS Code Section 403(b), the Schoolcraft College Tax Sheltered Annuity Program (the “TSA Program”) allows employees to voluntarily contribute a portion of the salary they earn at Schoolcraft College to an approved TSA company.

Student employees are not permitted to contribute to the TSA Program.

To participate in the program, the employee must complete the Schoolcraft College Salary Reduction Agreement.

Amount of Contribution

The Salary Reduction Agreement shall automatically be renewed each year thereafter, unless the employee completes a new Salary Reduction Agreement either terminating or changing the amount of the salary reduction. An employee may complete only two Salary Reduction Agreements per calendar year.

Salary Reduction Agreements may not be for less than $200 per year.

An employee may terminate his/her contribution at any time by checking the “Terminate” box on a Salary Reduction Agreement and sending it to Payroll by the Friday preceding the effective payroll date.

Part-time and temporary employees may express their contributions as either a percentage of compensation or a specified dollar amount.

For contributions in 2002 and subsequent years, the maximum amount one may contribute each calendar year is the lesser of:

1. 100% of Allowable Compensation (Salary less MIP contributions and any Tax Deferred Purchase of Service Credit contributions)
2. $11,000 (2002)
   $12,000 (2003)
   $13,000 (2004)
   $14,000 (2005)
   $15,000 (2006)

Elections of percentage contributions must be made in whole number percentages.
In order to qualify for the “Catch-Up Provisions”, a person must have worked at Schoolcraft a full 15 years.

To calculate how much you may contribute under the “Catch-Up Provisions”, contact the TSA company in which you participate and ask them to perform the calculation. The Finance Office and the Payroll Office can only give you broad guidelines from which to calculate your “Catch-Up” contribution.

Payroll will periodically monitor contributions for eligibility. They may ask you to provide calculations supporting your contributions. If the contributions are not supported, excess contributions will be reported on your W-2 as income.

A new provision was added to the law for those employees, who are aged 50 or older during the calendar year, may make an additional catch-up contribution up to $2,000. The 15-year requirement is not mandatory for this provision.

**TSA Companies**

Generally, the college approves up to ten TSA companies to act as funding vehicles for employee contributions. Each employee selects his/her TSA company(ies) to receive his/her contributions. An employee may designate no more than five TSA companies to receive his/her contributions at any one time.

A person may change TSA companies at any time during the calendar year and more than once during the calendar year by completing a “Change in Tax Sheltered Annuity Carrier” form and sending it to Payroll.

A list of approved TSA companies may be obtained from Human Resources or Payroll.