

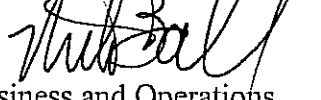


# College Station Independent School District

Success....each life....each day....each hour

## MEMORANDUM

To: Dr. Eddie Coulson, Superintendent

From: Mike Ball, Deputy Superintendent for Business and Operations 

Date: March 10, 2008

Subject: Consider approval of an Interlocal Agreement with the Region IV ESC Cooperative for Section 125 Plan Services and Supplemental Insurance Products

Agenda Item: K-3

Board Priority/  
District Goal: Priority 3, Goal 4

## BACKGROUND

The Internal Revenue Service has recently issued final regulations that will impact the way Internal Revenue Code Section 403(b) Plans are administered. These regulations will require that employer sponsors of Sec. 403(b) Plans assume much more responsibility for plan administration that is currently required.

The Region IV Education Service Center has formed a Cooperative that provides Sec. 403(b) Plan administration along with the administration of Sec. 125 Plans that involve voluntary employee contributions for supplemental insurance and other products and services. These plans are often referred to as "cafeteria plans."

The Region IV Cooperative conducts a public bidding process for products to be included in their product offerings. Many of the products are the same as those currently offered by College Station ISD. The fees for administering the plan are paid from the insurance commissions that are generated by the sale of the insurance products.

It is believed that this Cooperative will provide employees with better products from which to choose and that it will enable the District to remain in compliance with the new regulations related to Sec. 403(b) plans. Since the costs are paid from the insurance commissions, it is anticipated that there will be no cost to the District for participating in the Cooperative.

## **RECOMMENDATION**

It is recommended that the Board of Trustees of College Station Independent School District consider approval of the Interlocal Agreement with the Region IV ESC Cooperative for Section 125 Plan Services and Supplemental Insurance Products and the associated Resolution that authorizes the Deputy Superintendent for Business and Operations to execute the agreement on behalf of the District.