**Section 2750.10 Faculty and Administrative Employees - Benefits**

a) In accordance with the applicable provisions of the United States Internal Revenue Code and "An Act in relation to State finance", approved June 10, 1919, as amended, the Board of Regents has adopted a tax sheltered annuity plan for the employees of the Regency System to be known as the Tax Deferred Annuity Plan.

b) Description of Plan

1) Approval of Companies

 The Board of Regents will approve companies to write tax deferred Annuity contracts under this plan.

2) Conditions of Agreement with Employees

 Each person now employed or hereafter employed by the Board of Regents shall, while this plan remains in effect, have the privilege of electing to participate in the Tax Deferred Annuity Plan in consideration for which the Board of Regents shall pay the amount of such adjustment in earnings to any one insurance company approved by the Board of Regents, as hereinafter provided, to be applied as a premium on an annuity contract under which the employee's rights are non-forfeitable except for failure to pay future premiums.

A) Each employee who desires to participate in the plan shall elect to do so in writing on forms provided by the University's insurance office or other designated office.

B) New employees of the Board of Regents who have a tax-deferred plan (excluding any life insurance) purchased through a previous employer from a company which is not on the Regency System approved list of companies may exercise one of two options:

i) Suspend contributions to that company leaving prior contributions on deposit until retirement age or

ii) exercise a tax-rollover permitted by Internal Revenue Service which permits direct transfer of tax-deferred annuity contributions from one company to a company on the Regency System approved list without making the transferred contributions reportable income in the year of transfer.

C) Any such election to participate in this program shall become effective as soon as possible, but no later than 30 days after the date on which the election form is delivered to the applicable insurance office.

D) An employee may revoke participation only in accordance with applicable Federal and State law with such revocation to be effective as soon as possible but not later than the first payroll period following thirty (30) days after the date of written revocation.

3) Conditions of Approval Affecting Participating Companies

A) All tax-deferred annuity contracts issued must comply with the United States Internal Revenue Code, as amended. Participating companies must be authorized by the Director of Insurance of the State of Illinois to issue tax-deferred annuity contracts.

B) All monies withheld through agreements between the Board and the employee will be used to purchase only qualified tax-deferred annuity contracts and will exclude waiver of premium provisions, disability income provisions, and life insurance.

C) Upon request the company must provide the Secretary of the Board of Regents all information about its contracts including, but not limited to, all charges and commissions schedules, and must agree that this information may be made available to employees on a comparative basis with other companies. A principal officer of the company will attest to the accuracy of the information provided.

4) Administration of Tax-Deferred Annuity Plan

A) This plan shall be administered by the Secretary of the Board of Regents who shall have the authority to prescribe such additional rules not inconsistent herewith, as are deemed appropriate for accomplishing the purposes herein set forth.

B) Neither the Board of Regents, nor any representative thereof, will recommend any one qualified company.

C) Upon receipt of documented evidence of any violation of Board regulations pertaining to tax-deferred annuities by a representative of an approved company, the Secretary may prohibit the issuance of any additional agreements to Regency employees for an indefinite period of time appropriate to the seriousness of the violation.

D) The Board will notify the approved company of the violation of its Regulations and will include a copy of the specific regulation violated. It will give the company 60 days to respond to the notice of violation, including the actions it will take to prevent a repetition of the violation. The response will be reviewed by the Board. If the Board is satisfied that the company has taken corrective action to prevent a recurrence of the violation, no penalty will be imposed. If the Board feels that the company has not taken corrective action to prevent a recurrence of the violation, the privilege of selling tax deferred annuity contracts may be suspended for a minimum of 60 days.