



**Angelo State University
Operating Policy and Procedure**

OP 52.45: Tax Sheltered Annuity/Deferred Compensation Plan

DATE: June 8, 2011

PURPOSE: The purpose of this Operating Policy and/or Procedure (OP) is to establish the university's policy on tax sheltered annuities and deferred compensation plans.

REVIEW: This OP will be reviewed in January of odd numbered years by the director of human resources with recommended revisions forwarded through the vice presidents to the president by February 15 of the same year.

POLICY/PROCEDURE

1. Tax Sheltered Annuities

Full-time faculty and staff employees of the university may purchase tax-exempt annuities with a portion of their salaries. The tax-sheltered feature defers payment of income tax until such time as the employee begins receiving payments from his/her annuity. Employees who wish to participate in the program must contact the Office of Human Resources to request a determination of allowable contributions prior to enrolling in the program.

Tax-Sheltered Annuity Program carriers must meet guidelines established by the university before they may be added to the list of companies approved to solicit business at the university. Employees interested in the Tax-Sheltered Annuity Program should contact the Office of Human Resources for additional information and a current list of all authorized carriers.

2. Deferred Compensation Plan

The State of Texas Deferred Compensation Program allows university full-time and part-time faculty and staff employees to withhold a portion of their earnings, thereby reducing current taxable income. Salary withheld will be invested in life insurance, fixed or variable annuities, savings and loan investment plans, or mutual funds as desired by the employee. Companies must be selected from a list approved by the State of Texas Comptroller. Employees may enroll during any month with the effective date to be the first day of the following month. Salary withheld will be available to the employee only upon retirement, leaving state employment, proving financial hardship, proving total disability, or upon death (proceeds to the employee's estate).

Employees desiring to take advantage of this benefit should contact the Office of Human Resources.