

CRIDER INSURANCE SERVICES, INC.

THIRD PARTY ADMINISTRATORS

6300 Ridglea Place Suite 315 Fort Worth, TX 76116

817-735-8304 817-735-8301 (FAX) 1-800-466-2324 (TOLL FREE) email: criderins@aol.com

To: Grady ISD Employees, 403(b) and 403(b)(7) agents/representatives

Re: Procedures and Forms

With the new 403(b) regulations are new requirements for establishing, stopping, or changing a 403(b), 403(b)(7) contribution. Forms required for transactions are as follows:

- Salary Reduction Agreement,
- Maximum Annual Contribution worksheet, and
- Uniform Disclosure form (annuities only). Investments other than annuities do not require the Uniform Disclosure form.
- **Vendor companies must have a signed Investment Service Provider form on file with Crider Insurance Services, Inc. for the district to enter into a Salary Reduction Agreement with the vendor company.** Companies that are not listed as participating companies (see last page) must complete this form before the District will process the Salary Reduction Agreement. A copy is available at www.criderins.com, click on forms, then Investment Provider Service agreement.

These forms and a copy of the application/enrollment form are required items in order to process the request. Forms can be obtained from our website, www.criderins.com. Click on forms, then Grady ISD.

Only products that are certified by the Teacher Retirement System of Texas (TRS) on the list of vendor companies or companies which were grandfathered in June 2002 are eligible to receive employee contributions. See www.trs.state.tx.us for complete list of certified companies.

Completed forms need to be mailed, faxed, or scanned and emailed to:

Crider Insurance Services, Inc.

6300 Ridglea Place Suite 315

Fort Worth, TX 76116

800-466-2324 FAX: 817-735-8301

criderins@aol.com

If faxing copies to Crider Insurance Services, Inc., the originals are to be sent to:

Ms. Rhonda Tubb

Grady ISD

3500 FM 829

Lenorah, TX 779749

IMPORTANT

A transaction form (available at www.criderins.com) must be completed and signed by the employer and/or TPA before a loan, exchange, hardship withdrawals, or any distribution of assets request may be completed. IRS regulations require prior approval by the employer before any transaction may take place. Transfers are not allowed in the Grady ISD 403b Plan.

Contact Andy Crider at Crider Insurance Services, Inc., 800-466-2324 if you have any questions.

FIRST, IDENTIFY VENDOR COMPANIES APPROVED BY YOUR EMPLOYER

Some Districts do not allow all types of transactions call to confirm.

Exchange is moving plan assets from one Vendor Company to another vendor company within the current employer's plan.

Transfer is moving plan assets from a former employer's plan to your current employer's plan.

Rollover is moving plan assets from an employer 403(b) plan to an IRA (must be retired, no longer working for the employer, disabled or have attained age 59 1/2).

HOW TO COMPLETE A 403(b) EXCHANGE, LOAN, TRANSFER, ROLLOVER and/or DISTRIBUTION TRANSACTION



HERE IS HOW TO GET STARTED!

1. To initiate an Exchange, Rollover or Transfer determine the approved vendor companies in the employer's 403b plan.
2. Contact the desired investment provider (or representative) to get the forms you will need to complete in order to move your assets.
3. Contact your current vendor company (or representative) to get the forms you will need from your current provider.
4. Complete the 403b Transaction form found on our web site, www.criderins.com.
5. For other transactions, distributions, hardship withdrawals or any other transaction contact your representative and complete the 403b Transaction form.

See column 3 for instructions for sending forms.

Once you have completed the 403b Transaction form,

- distribution request from your current provider and exchange form for your new provider, and a new
- Salary Reduction Agreement for your new provider, (your representative or provider company can assist with these forms), all items are to be sent to Crider Insurance Services, Inc. for review and approval at the address below.

To initiate contributions:

1. Select approved Vendor Company from list for your district.
2. Open an account by contacting your representative or vendor company.
3. Submit Salary Reduction agreement: (download & complete form from web site).
4. Salary reductions for contributions begin the month specified if received prior to employer's cutoff date.

CIS is an independent company for administrative services. CIS does not market 403(b) products and is not affiliated with any vendor company.

Crider Insurance Services, Inc.

6300 Ridgela Place Suite 315

Fort Worth, TX 76116

800-466-2324 email: criderins@aol.com



AUTHORIZATION FORM FOR 403(b) TRANSACTIONS

This form must be completed and submitted with all other required forms for establishing, changing, modifying, or any movement of your 403(b) assets will be approved. Crider Insurance Services, Inc. will return approved requests or forward to insurance/investment provider companies as directed by employee or agent/representative.

NAME OF SCHOOL DISTRICT: _____

ACCOUNT INFORMATION

Owner/Participant Name _____
Last First Middle

Mailing Address _____
Street City State Zip

Social Security Number _____ Date of Birth _____

Work/Daytime Phone Number _____ Home Phone Number _____

Employment Status (check one) Currently Employed Retired Severed from above district
If Retired/ Severed provide date of retirement/severance _____

Investment/Annuity Provider _____

Product Name _____ Policy or Account Number _____

ACTION REQUESTED (Please check each that applies)

- TRANSFERS** Call 800-466-2324 to verify if transfers are allowed. Check appropriate box.
 - Money coming from another employer's 403(b) plan to the current Employer's 403(b) plan. Note, the prior employer's plan must allow transfers out of its plan and the current employer must allow transfers into its plan.
 - Money transferring out of prior employer to new employer
Note: The new employer's plan must allow transfers into its plan. The prior employer must allow transfers out of its plan.

Transfer assets from the _____
(name or insurance/investment company) to _____ insurance/investment company.

_____ (name of employer transferring assets from).

Transfer assets as follows:

- Full Balance
- Partial Balance Amount \$ _____

- EXCHANGES** (Change of insurance/investment selection within the current employer's 403(b) plan.

Transfer assets from: _____
(name of insurance/investment company)

Transfer assets to: _____
(name of insurance/investment company)

Transfer assets as follows:

- Full Balance
- Partial Balance Amount \$ _____

- LOANS**

Amount of loan request \$ _____

Current balance in account _____

IMPORTANT: Loan amount may not exceed (A) the lesser of \$50,000 reduced by (1) the highest outstanding balance of loans from the plan during the one year period ending on the day before the date on which loan was made or (2) the outstanding balance of loans from the plan on the date on which such loan was made with this employer or any related employer) or (2) the greater of 50% of present value of the nonforfeitable accrued benefit (surrender value) under the plan, or \$10,000.

Insurance/investment company where current 403(b) and/or 457 accounts are with this employer:

Have you ever take out a 403(b) or 457 loan with current employer?

- Yes No

If yes, what is the name(s) of the company(ies)?

Is there a balance still due on loans with current employer? Yes No

If yes, what is the current balance due on the loan? _____

Is there a balance still due on loans with former employers? Yes No

If yes, what is the current balance due on the loan? _____

Have you ever defaulted on a 403(b) or 457 loan? Yes No

If yes, what is the name of the company? _____

I have outstanding loans from other retirement plans. Yes No

If yes, please list below:

WITHDRAWALS/DISTRIBUTIONS

- Financial Hardship -- Documentation, including receipts to verify the hardship need and amount requested must be submitted. By completing this request, I certify that I have exhausted all other financial resources available to me.

You must take the maximum loan available to you before taking a Hardship Withdrawal if loans are allowed by your employer's Plan and your vendor company.

Reason for hardship: Check one (will not be processed if not checked)

- Deductible Medical Expense in excess of 7.5% of gross income
- Casualty loss of principal residence
- Purchase of principal residence
- Funeral expense for immediate family
- Prevent eviction from principal residence
- Post secondary education, tuition, room and board or related fees

If hardship withdrawal is taken, IRS regulations prohibit contributions to this Plan or any other plan your employer sponsors for six months following the Hardship withdrawal

- Disability – Permanent disability as defined in IRC Section 72(m)(7) – Physician verification required
- Required Minimum Distribution (RMD)
- Normal Distribution (Severance from employment, age 59 ½ or older, or other reason not Listed).

ROLLOVER CONTRIBUTION

Reason for rollover distribution: (check all that apply)

- Age 59 ½ or more
- Disabled
- Severance from employer on _____ (retirement, change of employment, termination) _____ date (employment, termination)

Rollover assets from: _____
(name of insurance/investment company)

Rollover assets to: _____
(name of insurance/investment company)

Transfer assets as follows:

- Full Balance
- Partial Balance Amount \$ _____

QUALIFIED SERVICE CREDIT

Moving funds from a 403(b) account to purchase years of service from an approved governmental pension plan.

Move assets from: _____
(name of insurance/investment company)

Move assets to: _____
(name of governmental pension plan)

Move assets as follows:

- Full Balance
- Partial Balance Amount \$ _____

I understand, acknowledge and certify that:

- ◆ _____ Independent School District and/or Crider Insurance Services, Inc. acting in the capacity of Third Party Administrator for 403(b) administration is authorized to review this transaction request.
- ◆ I further have attached documents necessary for the insurance/investment company to process the transaction.
- ◆ I have met the applicable requirements under my prior plan to request a rollover distribution (if applicable).
- ◆ _____ Independent School District and/or Crider Insurance Services, Inc. acting in the capacity of Third Party Administrator for 403(b) administration will determine if the loan feature is available to me (if applicable).
- ◆ I have provided full, accurate and complete information.

_____ Employee (participant) Signature	_____ Date
_____ Authorized Signature _____ Independent School District	_____ Date
_____ Authorized Signature Crider Insurance Services, Inc.	_____ Date

Only one authorizing signature is required for approval. The date signed by the District or by its Third Party Administrator for 403(b) administration shall be the date the transaction is approved.

Mail, FAX or email a copy to:
Crider Insurance Services, Inc.
6300 Ridglea Place Suite 315
Fort Worth, TX 76116
800-466-2324 FAX: 817-735-8301
Email: criderins@aol.com

**UNIFORM DISCLOSURE NOTICE TO POTENTIAL PURCHASER OF 403(b)
ANNUITY CONTRACT THROUGH SALARY REDUCTION AGREEMENT
WITH EDUCATIONAL INSTITUTION**

Section I (for All Annuity Contracts)

Name of Agent Offering the Annuity Contract for Sale:	
Address of Offering Agent:	
Telephone Number of Offering Agent:	
State License Number of Offering Agent:	
State Agency Issuing the Offering Agent's License:	
SEC License or Registration Number of Offering Agent (if applicable):	
Name of Insurance Agency:	
Address of Insurance Agency:	
Telephone Number of Insurance Agency:	
State License Number of Insurance Agency:	
State Agency Issuing the Insurance Agency's License:	
Name of Insurer (company underwriting the annuity):	
Address of Insurer:	
Telephone Number of Insurer:	
Name of Insurer's Account Representative Authorized to Respond to Inquiries or Complaints:	
Address of Insurer's Account Representative:	
Telephone Number of Insurer's Account Representative:	
FAX Number of Insurer's Account Representative:	

Section II (for Fixed Annuity Contracts, and Variable Annuity Contracts as Applicable)

Product Name:	
Current Interest Rate or the Formula Used to Calculate the Current Rate of Interest:	
Guaranteed Rate of Interest and Percentage of the Premium to Which the Interest Rate Applies:	
How Interest is Compounded:	
Amount of any Fees, Costs, or Penalties	
Up-Front Charges, such as Front-End Sales Load:	
Surrender Charges:	
Withdrawal Charges:	
Deferred Sales Charges, such as Back-End Sales Load:	
Market Value Adjustment Charges:	
Loan Initiation Fee:	

Amount of Any Other Fees, Costs or Penalties:			
Any Other Contract Restrictions that Exceed 10 Years:			
How long the annuity is required to be in force before the purchaser is entitled to the full bonus accumulation value:			
The manner in which the amount of the guaranteed benefit under the annuity is computed:			
Are loans guaranteed to be available under the annuity:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
What restrictions, if any, apply to the availability of money attributable to the value of the annuity once the purchaser is retired or separated from the employment of the employer:			
Does the annuity guarantee the participant the right to surrender a percentage of the surrender value each year, and the percentage, if any:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	
Does the annuity guarantee the interest rate associated with any settlement option:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	

Section III (Relating to Variable and Equity-Based Index Annuity Contracts)

Article 6228a-5, Vernon's Texas Civil Statutes, Section 11 provides the following:

- (a) A person who offers to sell an annuity contract that is or will likely be the subject of a salary reduction agreement shall provide notice to a potential purchaser as provided by this section: ...
- (d) A variable annuity must be accompanied by:
 - (1) a notice that includes any item listed in Subsection (c) of this section [Section II of this form] that is applicable to variable annuities;

- (2) the prospectus; and
 - (3) any other purchasing information required by law.
- (e) An equity-based index contract must state in plain language how the annuity contract will be credited with growth.

Section IV (for All Annuity Contracts)

The company offering this annuity must comply with the provisions of Sections 5 and 8A, Article 6228a-5, Vernon's Texas Civil Statutes (V.T.C.S.) and TRS rules 34 Texas Administrative Code (TAC) Chapter 53. The annuity must be a qualified investment product registered with TRS under Section 8A.

A potential purchaser may contact TRS by phone at 866-616-4032 or access the TRS Web site at www.trs.state.tx.us to determine which companies are in compliance with Section 5 and which qualified investment products are registered under Section 8A. Companies on the *TRS List of 403(b) Certified Companies* have certified they are in compliance with Section 5, Article 6228a-5, V.T.C.S. Qualified investment products on the *TRS 403(b) Active Products List* have been registered with TRS by certified companies under Section 8A, Article 6228a-5, V.T.C.S.

A school employee may purchase only a registered eligible qualified investment product through a salary reduction agreement. Note: All products on the *TRS 403(b) Active Products List* may not be available to employees of all districts.

Civil remedies are available to a school employee under the Deceptive Trade Practices – Consumer Protection Act (Chapter 17, Subchapter E, Texas Business & Commerce Code) against a person for selling, offering to sell, or illegally promoting an annuity contract to the employee with the intent that it will be the subject of a salary reduction agreement if the annuity is not an eligible qualified investment product under Article 6228a-5 or is not registered with TRS as required by Section 8A of Article 6228a-5. Additionally, under Article 6228a-5, Section 11(f) and (g), if the uniform disclosure notice and information required by law is not provided, any annuity contract for which the notice is required is voidable at the discretion of the purchaser. Not later than the 30th day after the date an employee notifies the seller in writing of the employee's election to void the contract, the seller shall refund to the employee the amount of all consideration paid to the purchaser and 10 percent interest up to the date the employee provides the notice to the seller. A seller who receives a refund request under these provisions is not required to make a refund if, not later than the 30th day after the date the seller receives a request for a refund from the employee, the seller provides a copy of the notice signed by the employee.

To inquire or file a complaint about the insurance agent or company, contact the Consumer Protection Division of the Texas Department of Insurance at: Toll Free Number: 1-800-252-3439; In Austin, call: (512) 463-6515; Fax: 512-475-1771; Web site: www.tdi.state.tx.us

The Consumer Protection Division of the Texas Attorney General's Office can be reached at: 1-800-337-3928 or 1-800-621-0508. The Web site is: www.oag.state.tx.us

This disclosure notice has been explained to me by the agent named in Section I, and I understand that if the investment product related to this notice does not meet the requirements of Texas law and TRS rules, that I have specific legal remedies. I also understand that I will be given a completed copy of this notice.

Signed: _____ Date: _____
Signature of Potential Purchaser

Signed: _____ Date: _____
Signature of Agent Shown in Section I

**GRADY ISD
403(b) VENDORS
AS OF DECEMBER 31, 2008**

<u>COMPANY NAME</u>	<u>STATUS</u>
Great American Life (GALIC Disbursing Company)	1
Life of the Southwest Insurance Company	1

(1) Designates companies which have signed Information Sharing Agreements, accept new participants and continuing contributions from current participants under the 403(b) plan.

**COMPANIES EXITING 403(b) MARKET OR NON-RESPONSIVE
TO INFORMATION SHARING REQUEST**

VALIC/AIG	2
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(2) Designates companies that will be eligible for exchanges only after 01/01/09. Employees who are currently contributing to these companies must consider other alternatives from the list above or from TRS certified companies which meet the new 403(b) regulations and complete an Information Sharing

NOTES:

1. Non-Responsive companies will be considered for exchanges only. No new contributions may be made to these accounts after 12/31/08.

To add a new vendor company:

- The company must be a TRS certified company
- The company must complete an Investment Service Provider or Information Sharing Agreement prior to being added to the plan.
- See instructions at www.criderins.com, forms - click on Grady ISD

**ADMINISTRATION AND SOLICITATION RULES
FOR
GRADY INDEPENDENT SCHOOL DISTRICT
403(b) PLANS**

Listed below are the rules that **GRADY Independent School District** (the "District") has approved which apply to Annuity or Investment Products ["403(b) Plans"] which qualify under the Internal Revenue Code (IRC) 403(b) in the District. Sales Representatives must agree to these rules.

IT IS VERY IMPORTANT THAT EACH COMPANY AND SALES REPRESENTATIVE READ ALL OF THESE RULES AND UNDERSTANDS THEM. FAILURE TO ABIDE BY THESE RULES WILL RESULT IN A DELAY IN SETTING UP YOUR CUSTOMERS' PAYROLL CONTRIBUTIONS, DELAYS IN PROCESSING YOUR COMPANY'S ONGOING PREMIUMS, AND/OR LIABILITY FOR YOUR COMPANY.

These rules are to protect the District from any activity which creates any liability for the District or the employees and to provide uniformity of administration of the 403(b) Plans at the lowest possible cost and least interruption of instructional programs while providing important benefits to as many employees as possible.

1. **Product Approval** -- 403(b) and 403(b)(7) products must be approved by the Teacher Retirement System of Texas which are automatically approved for presentation to the district.
2. **Compliance** -- Each approved Insurance and Investment Company is expected to be familiar with all applicable federal and state laws and regulations that apply to the 403(b) Plans. If the Company is offering products its Agents are expected to be knowledgeable with the Internal Revenue regulations applicable to the Plan and further that all activities related to the sale of products do not cause a compliance problem for the District.
3. **Sales Representatives** -- Each approved Company is responsible for the activities of its Sales Representatives and any compliance problems that these Representatives may cause for the District or its Employees. If there is evidence of activities by a Company or its Representatives that could result in compliance problems, the Company will be notified in writing. Failure to take substantive measures to correct such problems will result in suspension of the Company's right to market products and, ultimately, permanent revocation of the Company's authorization to market its products within the District.
4. **Agreements** -- Each Sales Representatives must sign ALL required agreements with the District and Crider Insurance Services, Inc. (CIS). These will be enforced if liability develops for the District, any of its employees or CIS. Such liabilities include activities of Sales Representatives (Agents), whether committed with or without the knowledge of the Company, and whether or not the Representative is employed or contracted with the Company when the activity is discovered.
5. **Brochures and Literature** -- All literature presented to Employees must be accurate and complete. The Sales Representative and Company are responsible for the content, errors of omission, incomplete or incorrect statements, and/or misleading statements. Incomplete, inaccurate, or misleading information presented to an Employee will be considered a Compliance violation.
6. **Processing Applications/Enrollment Forms** -- Each approved Company's application must be submitted directly to the Company by its Sales Representative (Agent). A copy of the application, Salary Reduction Agreement, Maximum Annual Contribution worksheet and Uniform Disclosure form must be provided to CIS prior to or at the same time as the application is submitted to the Company.
7. **Payroll Deduction Deadline** -- All application forms, payroll authorization forms, additions or deletions coverage change forms must be submitted at least four weeks prior to the payroll date for the first deduction from the Employee's paycheck.

**ADMINISTRATION AND SOLICITATION RULES
FOR
GRADY INDEPENDENT SCHOOL DISTRICT
403(b) PLANS**

8. Processing of Employee Payments/Contributions - List billings from the Company shall be directed to GRADY ISD, unless otherwise directed.

9. Solicitation -- Sales Representatives (Agents) may not contact District employees during the working hours unless provided prior written permission by the District. No sales literature, material or sales information may be distributed to Employees at District facilities or via inter-school mail, except by prior written authorization from the District. Any contact with Employees at District facilities or distribution of materials without prior approval will be considered a violation of the Administration and Solicitation Rules.

10. Enrollment Dates -- The District allows eligible employees to enroll 403(b) and/or 403(b)(7) plans continuously during the year. Deductions will begin on the first payroll date following the enrollment date for Employees whose forms are submitted in compliance with these rules.

Any violation of these administration and solicitation rules may result in forfeiture of the Sales Representative/Agent and/or or the Company opportunity to offer 403(b) Plans. Additionally, violation of these rules may result in liability for the Sales Representative and/or the Company.

FOR MORE INFORMATION CONTACT:
Crider Insurance Services, Inc.
800-466-2324 FAX: 817-735-8301