



## Illinois Department of Corrections

### Administrative Directive

Number: <b>02.60.119</b>	Title: <b>Tax Sheltered Annuity</b>	Effective: <b>11/1/2021</b>
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<b>Authorized by:</b>	<i>[Original Authorized Copy on File]</i> <b>Rob Jeffreys</b> Director
<b>Supersedes:</b>	02.60.119 effective 11/1/1996

<b>Authority:</b> 730 ILCS 5/3-2-2	<b>Related ACA Standards:</b> 5-ACI-1B-07 and 16, 5-ACI-1C-01
<b>Referenced Policies:</b> 02.60.115	<b>Referenced Forms:</b> DOC 0446 – Revocation of Payroll Deduction

#### **I. POLICY**

Employees eligible to receive a Tax Sheltered Annuity (TSA) may have earnings reduced for that purpose, in accordance with the guidelines in this directive.

#### **II. PROCEDURE**

##### **A. Purpose**

The purpose of this directive is to establish a procedure for reducing a qualified employee's earnings for tax savings purposes.

##### **B. Applicability**

This directive is applicable to all correctional facilities, offices, programs and parole services within the Department.

##### **C. Facility Reviews**

A facility review of this directive shall be conducted at least annually.

##### **D. General Provisions**

A qualified or eligible employee for the Tax Sheltered Annuity (TSA) program is one who is subject to the will and control of a Public School System regarding both assignment of work and method of accomplishment. Included in this category are principals, teachers, clerical and custodial employees. In addition, employees who have a significant degree of executive or policy making authority and whose appointments are based on required training or experience in the field of education shall be eligible. However, employees of the State Teachers' Retirement System shall not be considered eligible employees.

##### **E. Requirements**

1. An employee who has entered into a contract with an approved TSA company shall present the contract to the employing facility's Business Administrator for processing. The contract shall:
  - a. Be signed by the employee.
  - b. State the amount the employee desires to reduce from his or her earnings each pay period.
  - c. Be with an annuity company approved by the Office of the Comptroller. If the company is

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not on the approved list issued by the Office of the Comptroller, the Central Office Payroll Section in Springfield shall be contacted at 217/522 2666, extension 4207.

2. The Business Office shall forward a copy of the approved contract to the facility's Payroll Specialist ten days prior to the requested date of the first reduction. If less than ten days, reductions shall not begin until the following pay period. The facility's Payroll Specialist shall file the contract in the employee's payroll file.
  3. Upon receipt of a TSA contract, the facility's Payroll Specialist shall enter the reduction into the automated payroll system using the appropriate transaction code. The reduction shall become a permanent transaction until:
    - a. The employee revokes the TSA reduction by submitting a Revocation of Payroll Deduction, DOC 0446, to the Business Office (refer to Administrative Directive 02.60.115).
    - b. The employee elects to change the amount of reduction by submitting a new contract.
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