

AREA: Business and Finance
AGENDA ITEM(S): 403(b) Annuity & Recommendations
CONTACT PERSON(S): Susan J. Little, Chief Operating Officer
X ACTION FOR INFORMATION

Synopsis of Agenda Item

In July, the Board of Education amended two policies in order to comply with IRS regulations on Annuity Plans. As promised, all of our current vendors have been written and the new policies have been shared. Each company has been given until October 31, 2008 to bring their minimum number of participants to 10 each. The table below recaps each company and how many participants our records currently show in their plan.

<i>Company</i>	<i># of Participants</i>
American Fidelity Life Insurance Company	1
Retirement Benefits Group AXA Advisors	7
American National Life Insurance Company	6
General American Life Insurance Company	6
Great American Advisors/ GALIC	4
Horace Mann Insurance Company	13
ING ReliaStar Life Insurance Company	85
Life Insurance Company of the Southwest	4
Metropolitan Life Insurance Company	7
Paul Revere Variable Annuity Insurance Company	1
Security Benefit Life Insurance Company (NEA Value Builder)	12
VALIC AIG Retirement	22
Washington National Life Insurance Company and Conseco	23

In order to monitor compliance of all new IRS regulations, we have approached ING ReliaStar Life Insurance Company about partnering with the Chatham County Board of Education to provide oversight to the plan. ING ReliaStar is currently partnering with more than 40 Board's of Education across the state of North Carolina to insure that they receive as much information as possible about the new regulations. They are offering their services to us at no charge. ING ReliaStar is very well known to our employees because they have the largest number of participants within their plan. We selected them on purpose because of their familiarity to our staff.

With the recent economic events in our country, ING ReliaStar has released some information regarding their company and the impact of the recent events on the financial



market. The attachment provides questions and answers about investments with the company.

In order to move forward with the January 1, 2009 deadline, the next step is for the Board to select a company to partner with for oversight purposes. We are recommending ING ReliaStar. With the Board's approval of the financial partner, companies that do not meet the Board's policy requirements by October 31, 2008 will be dropped for payroll deduction purposes. Employees in the dropped plans will be notified and given the opportunity to select one of the other companies and move their investments to continue the payroll deductions. All of this must be accomplished by December 31, 2008 in order to meet the IRS requirements. The Business Office will work with every single employee to insure they understand these requirements.

Superintendent's Recommendation: For Approval.

Suggested Motion: I move that we approve ING ReliaStar Life Insurance Company to partner with the Chatham County Board of Education in their 403(b) Annuity Plan.