



# Pennsylvania Association of School Business Officials

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September 7, 2007

W. Thomas Reeder, Esq.  
Benefits Tax Counsel  
Department of the Treasury  
1500 Pennsylvania Avenue, NW, Room 5418  
Washington, DC 20220

Dear Mr. Reeder,

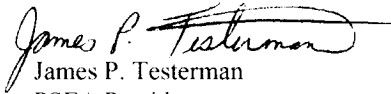
On behalf of the PA State Education Association, the PA School Boards Association, the PA Association of Elementary & Secondary School Principals, the PA Association of School Administrators, and the PA Association of School Business Officials, we are writing to express our deep concern with the potential consequences of the timing established by the 403(b) final regulations on 90-24 transfers, or contract exchanges, and to respectfully request you to delay implementation of this provision until December 31, 2008.

Changes in the regulation state that 90-24 transfers or contract exchanges made after September 24, 2007, are only permissible if the employer has entered into an agreement with the vendor of the contract and the distribution restrictions are as stringent, if not more stringent, than those in the transferring contract. If these conditions are not met, the employee's 403(b) account may be disqualified and subject to applicable taxes. Our concern is that school employees will make decisions that unknowingly and inadvertently result in their retirement accounts becoming subject to taxation.

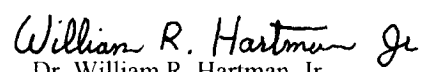
As was stated in the letter that was sent to you by the National Tax Sheltered Accounts Association (NTSAA) and the Association of School Business Officials International (ASBO), the time period between publication of the final regulations and the September 24<sup>th</sup> deadline is an insufficient amount of time to properly notify school employees of these changes in the handling of their 403(b) accounts. The majority of contract holders in the Commonwealth of Pennsylvania are teachers who, at the time of the publication of the regulations in the Federal Register, were not in the schools. In the short time since they have returned to work they have been focused on incoming students, schedules, curriculum and learning. Meanwhile, the school administrators are dealing with transportation, construction, scheduling and other issues that accompany the beginning of any school year. These same administrators must also deal with closing the fiscal year just ended and in working closely with local, and in many instances, state auditors. In short, this small window of opportunity to digest the comprehensive regulations and provide proper guidance to school employees comes at a time when the schools need to be giving 100% to their business of learning.


We would greatly appreciate your consideration of our request and look forward to hearing from you.

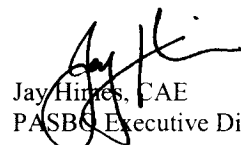
Sincerely,

  
James P. Testerman  
PSEA President

  
Thomas J. Gentzel  
PSBA Executive Director

  
Dr. William R. Hartman, Jr.  
PAESSP Executive Director

  
Stinson W. Stroup  
PASA Executive Director

  
Jay Hines, CAE  
PASBO Executive Director

cc: William Bortz (Treasury Department)  
Robert Architect (IRS)  
Joseph Grant (IRS)  
John Tolleris (IRS)