

Transitional Agreement for Fiscal-Year 2007-08

Between: _____ (The “Employer”)

And: Carruth Compliance Consulting, Inc., an Oregon Corporation (“CCC”)

This agreement is designed to allow the Employer to meet the contract exchange and plan-to-plan transfer requirements of the final 403(b) Regulations that become applicable September 25, 2007, by coming under the CCC umbrella of covered plans in a limited capacity through June 30, 2008. CCC hereby agrees that it will provide the Employer with the limited services described in Part A below, without charge, beginning on the date this contract is fully executed, and ending on June 30, 2008. By executing this agreement, the Employer accepts CCC’s agreement to provide limited services and, in consideration therefore, agrees that, on or before July 1, 2008, the Employer will enter into a full-service CCC Agreement for the July 1, 2008, through June 30, 2009, fiscal year. The material terms of the full-service CCC Agreement, including the fee structure, are summarized in Part B below.

A. Description of CCC Limited Service 403(b) TSA Compliance Assurance and Plan Administration Services (to be provided beginning on the date this contract is fully executed):

- Provide a letter for distribution to Employees of Employer, notifying them that, for all contract exchanges and plan-to-plan transfers made after September 24, 2007, a request for the exchange or transfer must be submitted to CCC in advance for processing.
- Include the Employer as a party to all Information Sharing Agreements entered into by CCC with 403(b) Vendors. As a result, Employees of Employer will be allowed to make contract exchanges and/or plan-to-plan transfers to any target Vendor that has entered into an Information Sharing Agreement with CCC. This item is subject to the Employer providing CCC with documentation showing that it has authorized CCC to enter into Information Sharing Agreements on behalf of the Employer.
- Process all requests for contract exchanges and/or plan-to-plan transfers submitted to CCC by Employees of Employer.
- Indemnify the Employer, all Employees of Employer, and all members of the governing board of Employer with respect to any tax penalties imposed by the IRS as a result of CCC’s administration of contract exchanges and/or plan-to-plan transfers during any period that CCC provides the Employer with the limited services described in this Part A.

B. Description of CCC Full Service 403(b) TSA Compliance Assurance and Plan Administration Services (to be provided beginning July 1, 2008):

- Accept responsibility for ensuring that all aspects of the Employer TSA Plan are operated in compliance with applicable federal and state law and with IRS rules and regulations.
- Indemnify the Employer and its Employees with respect to any and all sanctions, penalties, and interest that might arise as a result of an IRS audit of any year for which CCC provides full-service compliance assurance services to the district. This indemnification will apply only to the services described in this Part B.

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- Use monthly payroll and human resources data to monitor TSA contributions for compliance during all years for which an agreement for full-service compliance assurance services remains in effect.
 - Isolate those TSA contributors for whom compliance of projected contributions are in doubt based on available data and assist Employer staff in collecting additional historical data using the efficient and cost-effective CCC proprietary “Critical Pathway” methodology.
 - After sufficient historical data have been obtained, instruct Employer staff with respect to reducing and/or suspending contributions for those TSA contributors projected to exceed applicable limits.
 - Isolate any TSA contributors for whom contributions have already exceeded applicable limits and work with the Employer to correct those excess contributions in a timely fashion.
- Provide draft eligibility and allowable contribution announcements for distribution to employees at least annually.
- Provide calculations of Maximum Allowable Contributions (MAC) for employees who request them.
- Provide recommended “Salary Reduction Agreements” and “Vendor Hold-Harmless Agreements” that reflect CCC’s responsibility for monitoring contributions for compliance on behalf of the Employer.
- Review and monitor all Employer practices associated with the TSA Plans, with special attention to the following:
 - Any relationships between health insurance premiums and TSA contributions.
 - Any relationships between cafeteria plans and TSA contributions.
 - Employer discretionary or matching TSA contributions on behalf of any employees.
 - Policies regarding eligibility for participation in the TSA Plans.
- Maintain a dedicated Employer section of CCC website, which provides information about the TSA Plans to Employees of Employer.
- Use a method approved by the Employer for obtaining sensitive payroll, human resources, and other data required for successful performance of CCC compliance assurance duties.
- Accept responsibility for privacy of sensitive data after receipt by CCC.
- Be indemnified and held harmless by the Employer for any liability resulting from the interception of any private or sensitive data during transmission via the internet.

Personal Services Agreement

The work described above is to be performed during the period commencing on July 1, 2008 and ending on June 30, 2009, using the fee schedule described below. Monthly fees are to be paid to CCC by the Employer, based on monthly invoices submitted. CCC is to provide monthly reports that summarize services provided upon request of the Employer.

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Fees

The full-service compliance assurance and plan administration services are to be provided from July 1, 2008 through June 30, 2009 on a fixed monthly fee basis of \$_____ per month (see below).

A table of initial fees is available at [www.ncompliance.com/CCC Initial Fee Structure.doc](http://www.ncompliance.com/CCC_Initial_Fee_Structure.doc).

_____ Public School District	403(b) Only \$ _____	403(b) & 457(b) \$ _____
_____ Education Service District	403(b) Only \$ _____	403(b) & 457(b) \$ _____

Detailed Description of Services

Professional consulting includes all standard consulting activities:

- Maintain Information Sharing Agreements with all Vendors associated with the Employer's TSA Plan.
- Process requests for contract exchanges and plan-to-plan transfers submitted by Employees of Employer.
- Provide initial 403(b) Plan Document and continuing Plan Document update services.
- Provide plan transactions service for processing loans and hardship distributions, subject to Plan Document.
- Provide eligibility memoranda for distribution to participants and non-participants at least once each year.
- Coordinate Hold-Harmless Agreement processing when needed.
- Maintain dedicated Employer section of CCC website.
- Assist Employer in adoption of Roth 403(b) contribution options upon Employer request.
- Analyze current practices, procedures, forms, and agreements.
- Develop recommendations for improvements in practices and procedures.
- Consult with legal counsel when necessary, subject to Employer authorization.
- CCC will absorb the first \$20,000 in legal fees during the term of this agreement.
- Any additional legal fees will be prorated among CCC client Employers.
- Analyze compliance testing results at each step along the proprietary CCC Critical Pathway.
- Develop list of participants for whom additional data will be needed to complete compliance testing.
- Develop plan to reduce and/or suspend contributions to ensure compliance.
- Monitor CCC technical staff at critical points in processing Employer data.
- Negotiate additional services/fees if the CCC administers an Employer 457(b) Plan.
- Communicate with Employer personnel as needed.
- Perform other compliance assurance tasks as necessary to protect the Employer's plan in the event of an audit.

For Further Information Contact

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Acceptance of the Terms of this Proposal:

Employer Federal EIN _____

For: Carruth Compliance Consulting, Inc.

Date

For: Employer

Date