



MONTANA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

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Identify Theft - Steps you can take now

(Reprinted with permission from the Montana of Justice's website and the MonTax July 2007 Newsletter)

We decided to include this article to refresh your minds that identity theft can happen to anyone and that by taking a few small defensive steps you can help ensure your identity is protected.

- *Annual Credit Report*

The first step is to go to www.annualcreditreport.com. This is the official government site. Once you are on the screen, select your state (in the space that says "start here"). Be sure to complete this process for all three credit bureaus: Experian, Equifax and TransUnion. It is not necessary to buy or purchase any of the credit scores, unless you are interested. You will be asked a series of questions such as previous addresses, banking and credit card information, etc. If you are unable to answer a question, they might mail you a report number or email you one. *It is very important to print all three credit reports.* Each report could contain different information. That is why it is so important to carefully review all three.

- *Credit Freeze*

As you may be aware SB116, the credit freeze took effect on July 1, 2007. This statute allows a consumer to freeze their credit, so it cannot be accessed without your special code. The Department of Justice's website <http://www.doj.mt.gov/> has a link that will take you to a sample letter you can use to freeze your credit reports. A security freeze allows

consumers to proactively "lock up" their credit information so no one can access it without their permission. This prevents a thief from falsely using someone else's identity to take out a new mortgage, apply for a credit card or get financing. The freeze is easily lifted if consumers plan to make a major purchase, open a new credit card or take out a loan. A security freeze will not:

- ▶ lower your credit score;
- ▶ prevent you from getting your own credit report;
- ▶ stop credit card companies from sending you pre-approved credit offers.

To stop most pre-approved credit offers, call 888-5OPTOUT (888-567-8688) or go online to www.optoutprescreen.com. You can choose to opt out for five years or permanently.

- *Cost*

It costs \$3 to place a security freeze on your credit files with a credit bureau, for a total of \$9 to freeze your files with all three credit bureaus. For a security freeze to be effective for married couples, both spouses have to freeze their separate credit files. The total cost for a couple is \$18. To have a freeze temporarily lifted also costs \$3 per credit bureau. There is no fee to permanently remove a security freeze.

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New Rule Will Not Affect Teacher Salaries in Upcoming School Year

Moving to clear up confusion about a(nother) recent tax law change, the Internal Revenue Service today reassured teachers and other school employees that new deferred-compensation rules will not affect the way their pay is taxed during the upcoming school year.

Recently, the IRS has received inquiries from teachers who had been told that they had to make certain decisions about their pay this month or risk severe penalties. At issue is a 2004 law change that applies to people who decide to defer compensation from one year to a future year. In April, the Treasury Department and the IRS issued final rules implementing this law change.

Under the 2004 law, when teachers and other employees are given an annualization election - that is, they are allowed to choose between being paid only during the school year and being paid over a 12-month period - and they choose the 12-month period, they are deferring part of their income from one year to the next. For instance, a teacher who chooses to get paid over a 12-month period, running from August of one year through July of the next year, rather than over the August to May school year, falls under this law.



The IRS clarified that the new rules do not require school districts to offer teachers an annualization election. Thus, school districts that have not been offering teachers this election are not required to start.

School districts that offer annualization elections may have to make some changes in their procedures. The IRS announced that the new deferred-compensation rules will not be applied to annualization elections for school years beginning before Jan. 1, 2008, so school districts and teachers will have time to make any changes that are needed.

A list of [Frequently Asked Questions](#) on the IRS website contains more information. Place your cursor over "Frequently Asked Questions" and it will take you directly to the site.

Calendar of Events

October 12 -15 ASBO Conference - Toronto

October 17-19 MCEL - Great Falls

October 28-November 1 National Association for Pupil Transportation, annual conference, Grand Rapids, Michigan

November 4 Daylight Saving Time ends

November 7-9 New Clerk Workshop - Billings
REGISTER HERE!

<http://fs3.formsite.com/masbo/form726252819/index.html>

2 NEW BOARD MEMBERS APPOINTED!

A Region 1 and a region 4 director have been appointed by the MASBO Board of Directors. Region 1 Director will be **Teresa VanBuren** from Noxon schools. Region 4 Director is **Kim Aarstad** from East Helena Schools.

Both of their contact information is included in the board Information located later in the newsletter.

Universal Availability of 403(b) Plan for School Employees

(By Edna Russo, CLU. Used by permission of Pennsylvania ASBO.)

It is very important to permit virtually all public school employees to make elective salary deferrals to the employer's 403(b) program if any employee is permitted to do so. There are exceptions, including employees who:

- Normally work fewer than 20 hours a week
- Wish to defer less than \$200 a year
- Participate in a governmental 457(b) program
- Are students performing services for the employer
- Are non-resident aliens with no US source income
- Have made a one-time irrevocable election not to make salary deferrals
- Are covered by a collective bargaining agreement

Under the new 403(b) regulations issued by the IRS in July 2007, two of these exceptions will go away. The exception for collective bargaining employees will not apply after 2009. The exception for collective bargaining employees will not apply as of the later of:

1. The first day of the plan tax year beginning after 2008; or
2. The date the current collective bargaining agreement terminations or, if earlier, three years after the regulations were published (that is, July 2010).

If the IRS finds that eligible employees have been excluded, it could disqualify the entire program. This could result in the employer

having to pay under-withheld federal income taxes for all employees. The IRS has been permitting employers to correct the violation by making employer contributions on behalf of the entire excluded class of employees. So this could indeed be a costly violation for the district.

How will the IRS discover this violation? The IRS examiner will look for this during an audit. Also, the IRS initiated a project in which it sent a letter to certain districts, with a questionnaire regarding 403(b) participation procedures in the district. If the IRS finds a problem with the answers, it sends a follow-up letter advising how to correct the violation. The IRS letters including the questionnaire are attached, as well as an IRS newswire announcing the expansion of the project to districts in all 50 states.

The questionnaire identifies some of the classes of employees that are often excluded from participation, which could result in violation.

- Substitute or part-time teachers have fluctuating hours, but may in fact work an average of 20 hours or more a week for the entire year. If there is uncertainty as to the hours these teachers will work, districts are advised to offer participation to them. If easier for payroll, require that their contributions be made as a percentage of salary instead of a flat dollar amount.
- Also commonly excluded are custodians, bus drivers and cafeteria workers. These classes of employees should be excluded if they are not actual employees of the district – that is, if they are leased employees. Leased employees are not eligible to participate in the 403(b) program. But if they receive W-2

earnings from the district, be sure to offer participation.

It must be demonstrated to the IRS that the 403(b) program has been made available to all eligible employees. This is done by providing a meaningful notice to all employees of the right to participate, through bulletin board notices, payroll stuffers or employee orientation packets.



10 Costliest States for Business

(Information from the Business & Legal reports Compensation Ezine)

Hawaii, New York, and Alaska are the most expensive states for businesses, but Connecticut has the highest costs associated with wages, according to a report by the Milken Institute, an economic think tank.

The same three states took top spots in the institute's Cost-of-Doing-Business Index last year. The index, which is sponsored by the California Manufacturers and Technology Association, takes into account wage costs, taxes, electricity costs, and real estate costs for industrial and office space.

The ten most expensive and least expensive states for business overall follows. An index

score of 100 means that the state is equal to the U.S. average.

The states with the highest and lowest costs in those individual categories are:

	Highest	Lowest
Wages	Connecticut	South Dakota
Taxes	Vermont	New Hampshire
Electricity Costs	Hawaii	Idaho
Industrial Space Costs	Hawaii	Iowa
Office Space Costs	New York	Iowa

Ten Most Expensive States

Rank	State	Index
1	Hawaii	151.5
2	New York	130.9
3	Alaska	130.8
4	Massachusetts	130.6
5	Connecticut	127.5
6	California	122.9
7	New Jersey	120.9
8	Vermont	110.2
9	Delaware	110.1
10	Rhode Island	108.0

Ten Least Expensive

Rank	State	Index
50	South Dakota	70.2
49	Iowa	79.7

48	North Dakota	81.3
47	Idaho	82.3
46	South Carolina	82.8
45	Montana	82.9
44	Minnesota	84.1
43	Missouri	84.6
42	Tennessee	85.2
41	Arkansas	85.4

Appreciation for Silent Auction Gift

(Stephen Hamel is the Business Manager of Chester-JI Schools)

Dear MASBO:

Wow! I am once again overwhelmed by the generosity and fellowship of the people of Montana and our organization. I am sorry this thank-you has been so late in coming but things have been crazy here since the start of July: we were sent to Hawaii by my parents and the community here in Chester, spent several days in Great Falls for a wedding, and traveled to Lewistown for the State Swim Meet so the mail piled up and I just opened your letter.

My wife is an amazing woman and has made a big impact on our community throughout all of her volunteer activities, she is literally my "better half!" Linda, it must have been your babysitting that did the trick!

Richie has been responding very well to the chemotherapy. When she was first diagnosed her CA-19 (that is a protein that is created by her tumor) count was 450+, after her first 8 weeks of chemotherapy it was down to 120+, last week it was 74. Based on how she is responding to the treatment, her doctors are looking into her

possibly getting into a clinical trial at Sloan-Kettering Cancer center in New York.

So, if she is accepted, the monies you have sent will be a huge help in getting her there. If they suggest she continue her current treatment at Sletten Cancer Institute it will pay for a lot of gas to get to Great Falls and back!

Thank you again and please thank everyone who nominated us, donated items, and participated in the auction!



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DON'T FORGET THE VENDORS!

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Learn how your school district can begin using PaySchools by calling MASBO at 406-442-5599 for information—website posting coming soon.



A Joint Service by MT School Board Assoc. and MT Assoc of School Business Officials