SUMMARY PLAN DESCRIPTION

COUNCIL OF SCHOOL SUPERVISORS
AND ADMINISTRATORS
COMPENSATION ACCRUAL FUND

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What Is the Compensation Accrual Fund?

The CSA Compensation Accrual Fund (the Fund) was agreed to by the Council of School Supervisors and Administrators of the City of New York, Local 1, American Federation of School Administrators, AFL-CIO (the Union), and the Department of Education of the City School District of the City of New York (DoE) in collective bargaining negotiations in 2007. It began operations in 2010, following receipt of DoE’s initial contributions.

The DoE makes contributions in a contractually agreed to amount into the Fund each year. These contributions and the income earned from investing the contributions go into the Fund and the member’s annuity account.

How Does the Fund Work?

The Compensation Accrual Fund is governed by a Board of Trustees. These Trustees are responsible for the effective operation of the Fund. The Trustees receive the contributions that are paid into the Fund, invest the contributions prudently, maintain the member annuity accounts, and distribute benefits to members when they leave the Fund.

Who Are the Trustees and Who Appoints Them?

The Executive Board of the Union approves all of the Compensation Accrual Fund’s Trustees. The Trustees administer the Fund. There currently are six Trustees, one of whom is the Chair of the Board, another the Secretary, and a third the Treasurer. These Trustees are listed at the end of this booklet.

PARTICIPATION IN THE FUND

Who Is Eligible?

Every employee of the Department of Education who is covered in the bargaining unit represented by CSA, whether a Union member or not, and was on payroll December 9, 2009 or hired subsequently, is eligible for membership in the Fund. Your annuity account starts on the first date that a contribution is received from the DoE (December of each year).

What Do I Have to Do to Become a Member?

By being employed by the Department of Education in a position represented by CSA, you automatically become a member of the Fund. You will need to fill out an enrollment form to help the Trustees verify your status and maintain vital records such as your designated beneficiaries. Other than that, you will need to take no other action. There may be instances when the Fund’s Trustees may require additional information from you, which you are requested to provide promptly.
How Long Do I Remain a Member?

Your membership in the Fund will continue as long as you remain in the bargaining unit. When your inclusion in the bargaining unit ceases, your membership in the Fund will terminate. If you die while still working, the Fund will pay your annuity account balance to the beneficiary or beneficiaries you have designated.

CONTRIBUTIONS TO THE FUND

Do I Have to Make Any Contributions?

You pay nothing into the Fund. All contributions into the CSA Compensation Accrual Fund are made by the DoE in accordance with the terms of the Union’s collective bargaining agreement.

How Much Will the DoE Contribute?

The DoE in the first year of the Fund’s operation will contribute $708 for each participant. In subsequent years, all increases in this amount will in accordance with the collective bargaining agreement.

When and How Will These Contributions be Made?

As soon as possible after December 9th of each year, the DoE will forward the contribution amount for those on the payroll on that date to the Fund.

What Will be Done With This Money?

The Trustees of the Fund invest the accumulated contributions in bonds, money market funds, common stocks and other appropriate financial instruments.

What Will be Done With the Income?

All investment income, whether interest, dividends, or gains in value, is used to increase the Fund’s assets. The Trustees must invest the Fund’s money prudently; however, some investments may result in a loss. Any losses will decrease the value of the Fund and members’ individual annuity accounts.

FUND BENEFITS

What Must I Do To Receive My Benefit?

To receive your benefit from the Fund, you must first notify the Fund in writing of your separation from employment, preferably in advance. Once the information has been verified with the DoE and all requirements of the Fund are satisfied, your benefit will be calculated. Payments will be made in a lump sum.
How Is the Compensation Accrual Benefit Calculated?

The amount of the benefit depends on the amount of contributions DoE has made on your behalf. The longer you have participated in the Fund, the more contributions DoE will have made for you. Over your employment lifetime and membership in the Fund, contributions on your behalf by the Department of Education are credited to your account. Then, your proportionate share of the Fund’s earnings are credited to your account and your proportionate share of the Fund’s administrative expenses (and losses on investments, if any) are deducted from your account. The remaining balance is the amount in your annuity account. Earnings are a critical component of your total annuity benefit. Valuations occur on the last date of any calendar quarter (March 31, June 30, September 30, December 31). The individual annuity accounts are updated as soon as practicable thereafter.

What Happens If I Die While Still a Fund Member?

If you should die while still a member of the Fund, your designated beneficiary or beneficiaries will receive the balance in your annuity account at the time of your death. A beneficiary may be changed at any time by notifying the Fund Administrator. This must be done in writing. If, at the time of your death, a beneficiary has not been named or the one designated has died, payment is made to the next survivor in this order: spouse, children (in equal shares), parents (in equal shares), siblings (in equal shares), and executor of the member’s will or estate administrator.

Do I Have to Report Fund Benefits As Income?

You must report as income the benefit paid by the Fund for the year in which you actually receive the lump-sum payment. By the end of January following the calendar year during which you receive your payment, the Fund will send you a federal form 1099R to attach to your income tax return which you file with the IRS. It will show any taxes withheld when you receive your annuity payment and the exact amount you must report as income. You do not report to the IRS contributions into the Fund on your behalf or earnings credited to your account as income for any year prior to receiving your benefit payment. Important: Mandatory income tax withholding of 20% will apply if your account balance is paid directly to you in a lump-sum regardless of whether you plan to roll over that balance within 60 days.

Rollover Of Your Annuity Benefit

You may defer taxation on distribution of your account balance by requesting the Fund to directly roll your balance over into an Individual Retirement Arrangement (IRA) or to another eligible retirement plan. You can also defer tax on a distribution paid to you by rolling over your benefit amount to an IRA within 60 days after receipt of the distribution. However, in that case, mandatory withholding of 20% will apply. When you apply for distribution of your account balance, the Fund Administrator will provide you with further information regarding rollovers and the procedures to be followed.
ADMINISTRATION OF THE FUND

How Does the Fund Operate?

As mentioned before, the Union appointed Trustees are charged with overseeing the operations of the Fund.

How are the Trustees Changed?

Initially, one Trustee is appointed for a full five year term, another for four years, another for three years, another for two years, and one for one year. In each year over the next four, replacements for the four Trustees with fewer than five year terms will be appointed and they will serve for a full five years. In this way, the terms of the Trustees will become staggered and will ensure administrative and skilled continuity on the Board. When a Trustee dies, resigns or is removed, his or her replacement will be appointed by the Union.

Do the Trustees Approve Each Benefit To Be Paid?

The Trustees oversee the administration of the Fund and approve each annuity payment made to Fund members or their beneficiaries. The terms of payment are governed by the Plan Document, which sets forth the benefits and defines the conditions under which the Fund operates.

Plan Interpretation

The Trustees are the sole judges of the standards of proof required for payment of benefits. The Trustees have the exclusive right, power, and authority, in their sole discretion, to administer, apply and interpret the Plan Document, this booklet, the Trust Agreement establishing the Fund and any other Fund documents, and to decide all matters arising in connection with the operation or administration of the Fund and Trust. In the application and interpretation of the provisions of the Plan Document and all other Fund documents, the decisions of the Trustees shall be final and binding on all parties, including members and beneficiaries.

Must the Trustees Report to Any Agencies?

The Trustees must each year submit an annual report on the financial condition of the Fund to the Comptroller of the City of New York. The Fund is also subject to audit, at any time, by the Comptroller.

Will the Trustees Do All the Work for the Fund?

No. They may hire whatever staff, professionals, or organizations are needed to carry out record keeping and other maintenance functions. The Trustees have appointed a Fund Administrator to oversee the operations. In addition, the Trustees may enlist the services of outside investment managers, attorneys, accountants, and advisors when deemed necessary to assist in the performance of their duties.
WHAT IF THE PLAN TERMINATES?

While the Trustees and the Union expect to continue the CSA Compensation Accrual Fund indefinitely, subject to ongoing contributions by the Department of Education, the Trustees and the Union necessarily reserve the right to amend the operations of the Fund or discontinue the Fund entirely.

If the Fund’s Plan Document is amended, the modifications will not deprive members of any benefits to which they are entitled. If the Fund is discontinued, after payment of debt, expenses and other obligations of the Fund, the remaining assets will be disposed of to the benefit of all eligible members at that time.

Although the Fund is intended to constitute a qualified retirement plan under the Internal Revenue Code, it is not the type of plan that is insured by the Pension Benefit Guaranty Corporation, a federally created organization.

KEEP THIS BOOKLET WITH YOUR OTHER IMPORTANT PAPERS

- Refer to this booklet if you have any questions regarding the Fund.
- Notify the Fund Administrator of changes of address. Address changes can be made over the telephone.

GENERAL INFORMATION

Name: CSA Compensation Accrual Fund  
16 Court Street, 4th floor 
Brooklyn, New York 11241  
Tel: (718) 852 3000  
Fax: (718) 403 0278

Fund Sponsor: Council of School Supervisors and Administrators of the City of New York, Local 1, American Federation of School Administrators, AFL-CIO
Any correspondence relating to the Fund may be directed to the Trustees or to the Fund Administrator.

**Trustees:**

Ernest Logan, Chair  
Peter McNally, Trustee  
Randi Herman, Trustee  
Sandy DiTrapani, Trustee  
Laverne Burrowes, Treasurer  
Debra Handler, Secretary

**Fund Administrator:**  
Policy Research Group LLC  
276 Fifth Avenue, Suite 1011  
New York, New York 10001  
Tel: (212) 779-4760

Legal process may be served on any Trustee or the Fund Administrator.