

Department of Finance  <b>STATE OF CALIFORNIA MANUAL OF STATE FUNDS</b>	<b>Fund: 0963a</b>  <b>PAGE 1</b> Renumbered From:
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**Legal Title**  
 Teacher Tax Sheltered Annuity Fund

**Legal Citation/ Authority**  
 Chapter 870, Statutes of 1978  
 Education Code sections 22231-22310

<p><b><u>Fund Classification</u></b>   <b><u>GAAP Basis</u></b>          Fiduciary/Trust and Agency-Other</p>	<p><b><u>Fund Classification</u></b>   <b><u>Legal Basis</u></b>          Nongovernmental/Trust and Agency Funds--          Non-Federal</p>
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**Purpose**  
 To provide a tax-sheltered annuity program for persons who are members of the State Teachers' Retirement System. Section 22231 of the Education Code specifically authorizes the system to operate such a program for its members, which meets the tax qualification requirements of the Internal Revenue Service and to adopt rules governing the operation of the program.

Tax sheltered annuity contributions from teachers who are eligible and elect to participate are deposited in the fund. The Teachers' Retirement Board provides by rule for optional methods of payment to persons who are participants.

The basic purpose of this program is to allow members of the State Teachers' Retirement System to exclude a portion of their income for income tax purposes by contributing into the fund during their active years or employment and to withdraw the amount contributed, plus accrued interest income, after retirement to supplement their regular retirement benefits. All money withdrawn, including the interest income, becomes subject to income taxes at the time of withdrawal. In general, contributions into the fund cannot be withdrawn until retirement from the teaching profession, except where the person can establish that a dire hardship exists.

**Administering Agency/Organization Code**  
 State Teacher's Retirement System/Org 1920

**Major Sources**  
 Contributions from actively employed members of the State Teachers' Retirement System.

Interest on investments.

**Disposition of Funds (upon abolishment)**  
 Payments to participating members of the State Teachers' Retirement System.

**Appropriation Authority**  
 Section 22310 of the Education Code continuously appropriates all money in the fund to the Teachers' Retirement Board for the purposes of the tax-sheltered annuity program authorized under this part of the

Education Code.

**State Appropriations Limit**

**Always Excluded** – Revenues in this fund are not proceeds of taxes and even after transfer, will never become proceeds of taxes because the major revenue source is derived from a Trust and Agency Fund (Non-Federal).

**Comments/ Historical Information**

Pursuant to Chapter 489, Statutes of 1994 this fund is abolished effective 07-01-98.