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Date:  July 25, 1995  
To:  Personnel Officers  
Benefits Officers  

From:  Cathy Robinson, Director  
Human Resources Administration  

Subject:  TAX SHELTERED ANNUITY PROGRAM- CALVERT ASSET MANAGEMENT COMPANY (DEDUCTION CODE 026-055)  

The "Ariel" mutual fund product was initially one of the products offered through the Calvert Group of Funds until they created their own family of funds in 1994. The California State University (CSU) was recently advised that all ties between Calvert and Ariel have been terminated. The CSU does not have a master plan agreement in effect with the Ariel Group and cannot at this time designate contributions to them either directly or through the Calvert Group. The earliest possible date that the Ariel Group could be added to our list of companies is January 1996. Therefore, CSU participants with the Calvert Group who are currently contributing to the Ariel mutual funds must choose one of the following options:  

1. Change to another provider until the Ariel Group joins the CSU TSA program  
2. Open an account with one of the remaining Calvert funds.  
3. Cancel their Salary Reduction Agreement until the Ariel Group becomes authorized.  

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Distribution:  
Presidents  
Vice Chancellor, Human Resources and Operations  
Payroll Supervisors  
Chief, PPSD/State Controller’s  
Linda Edwards, State Controller’s Office  

Without Attachment  
Without Attachment  
With Attachment  
Without Attachment
Under normal circumstances, only one salary reduction agreement (SRA) change can be made within a calendar year. However, due to this unusual situation, we are authorizing campuses to make an exception to this general rule, as long as the dollar amount of the SRA remains unchanged. Specifically, if an employee has already completed one SRA this calendar year, and if he/she is contributing to the Ariel Fund through the Calvert Group (deduction code 026-055), the employee may change to another provider, or cancel the SRA. No other type of SRA action is allowable. (Redirecting contributions to another Calvert fund does not require completion of a new SRA.)

Ariel has provided a listing of individuals determined to be CSU employees. For those campuses with employees on the Ariel list, we have attached a copy of the list. Please notify these employees of Ariel situation. Additionally, it is strongly recommended that each campus contact all employees who contribute to the Calvert Group to verify if they are affected by this situation. Should no action be taken (and the employee contributes to Ariel), the employee’s contributions will be rejected by the Calvert Group, and returned to the State Controller’s Office for re-entry through the payroll system. Consequently, the employee’s anticipated tax-deferred amount will be jeopardized.

If you have any questions, please contact Theresa Hines by calling (310) 985-2674.

CR/dth
Attachment