Date: June 4, 1998

Code: TECHNICAL LETTER
HR/BENEFITS 6600
98-07

To: Human Resources Directors
   Benefit Officers

From: Cathy Robinson, Senior Director
   Human Resources Administration

Subject: AUTHORIZED TAX SHELTERED ANNUITY (403(b)) COMPANIES

It has come to our attention that Kemper Investors Life Insurance Company (deduction code 027-037), one of our Tax Sheltered Annuity (TSA) 403(b) vendors, has had an informal arrangement with Kemper Funds. Kemper Funds is not on our authorized TSA vendor list. Through this arrangement, which was transparent to the CSU, the deduction code for Kemper Investors Life Insurance Company was being used to transfer funds for participants with mutual fund accounts to Kemper Funds. Although Kemper Life Insurance Company and Kemper Funds are “sister” companies, they are separate and distinct and offer different investment options (annuities and mutual funds, respectively). This arrangement has been terminated.

The CSU “TSA Authorized List of Companies” represents companies who have signed hold harmless agreements and have contracts with the CSU that authorizes them to provide TSA products to our employees.

When employees elect to participate in the TSA program, they execute a Salary Reduction Agreement (SRA) in which they indicate the company they have selected as their TSA provider. When accepting an SRA, it is critical that you verify that the employee has established an account with an authorized TSA vendor. Please review the confirmation that an account has been established and verify the name of the company where the funds will be invested. If the vendor name is not on our authorized list, contact the company for clarification prior to implementation of the SRA.

If you have any questions, please contact Felice Bakre at (562) 985-2669. Thank you.

CR/fb

Distribution:
Presidents
Interim Senior Director, Human Resources
Payroll Managers