### **AFFIDAVIT**

Date:

March 7 . 2016

Affiant:

Ronnie LaGrone

379 CR 105 , Carthage, Texas. 75633

Affiant on oath swears that the following statement is true and correct:

"My name is Ronnie LaGrone. I am the County Commissioner for Panola County Precinct One. I have worked for Panola County for over 30 years as a Deputy Sheriff and County Commissioner.

Anson Jones retired as an Operator for Precinct One on August 31, 2015. I had no understanding, nor arrangement, nor prior agreement to rehire Mr. Jones prior to his retirement. I thought his retirement was permanent, and I did not promise him nor make any understanding with him nor give him any expectation he would ever be rehired if he wanted to return to work.

Mr. Jones contacted me on February 12, 2016 and asked if he could go back to work for Panola County, Precinct One as Part Time. I asked Mr. Jones "Are you sure?" He said, "Yes."

I am aware the Texas County and District Retirement System and the IRS requires a bona fide separation and, I state under penalty of perjury that Mr. Jones retirement and rehire is not based on sham, collusion or subterfuge and no promise, agreement, or understanding was made that he would be rehired after his retirement.

RONNIE LaGRONE

I have been furnished and have initialed two (2) pages printed from the Texas County

And District Retirement system website explaining rehiring retirees and the penalties to Panola

County and its employees if Panola County loses its qualified status with the IRS.

At the time of Mr. Jones retirement or any time prior to or thereafter I had no expection nor understanding he would ever want to be rehired or would be rehired. I understand if Mr. Jones" retirement was not a bona fide separation Panola County could owe back taxes, interest and penalties on its contributions and employee deposits back to the date IRS determines the plan to be nonqualified and would have to withhold taxes on the Texas County District Retirement System contributions and deposits in the future. I also understand the Employees of Panola County could be liable for income taxes on the value of their vested interests. This information is explained on the Texas County and District Retirement System webpage which I have read and understand.

I have been furnished and have read and understand the IRS guidelines and the Texas

County and District Retirement System guidelines on rehiring a retiree. I have initialed four (4)

pages of the website of the Texas County and District Retirement System to acknowledge my

understanding of the guidelines and the severe penalties which would be imposed on me,

Panola County, and its employees if Mr. Jones rehire would cause Panola County to lose its

qualified status with the IRS.

RONNIE LaGRONE

I INDEMNIFY PANOLA COUNTY AND ITS EMPLOYEES AND PROMISE TO PAY TO PANOLA COUNTY AND ITS EMPLOYEES ALL PENALTIES, TAXES, INTEREST, COST, DAMAGES, ATTORNEY AND ACCOUNTANT FEES, AND ALL OTHER TAX CONSEQUENCES ARISING FROM ANSON JONES REQUEST TO BE REHIRED IF ANY QUESTION OR INVESTIGATION OR ADVERSE DECISION IS INITIATED OR MADE BY THE IRS OR THE TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM. I UNDERSTAND THESE AMOUNTS WOULD BE SERIOUS SUMS OF MONEY WHICH I WOULD OWE TO PANOLA COUNTY AND ITS EMPLOYEES.

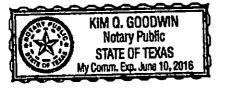
I UNDERSTAND I SHOULD NOT SIGN THIS AFFIDAVIT IF I DO NOT UNDERSTAND IT OR IF I DO NOT AGREE THAT THE FACTS ARE CORRECT OR IF I DO NOT AGREE TO THE INDEMNITY OBLIGATION.

"The foregoing facts are true and correct, and I understand and have read this Affidavit."

RONNIE LaGRONE

Notary Public, State of Texas

SWORN TO AND SUBSCRIBED before me on March 3-7\_, 2016.



**ACKNOWLEDGEMENT** 

**STATE OF TEXAS** ş

**COUNTY OF PANOLA** 

This instrument was acknowledged before me on March 7, 2016, by Ronnie LaGrone.

NOTARY PUBLIC, State of Texas

VOL.

97 PAGE 0973

#### **PLAN ADMINISTRATION**

### REHIRING EMPLOYEES AND RETIREES

REPORTING VEMPLOYER/PLANADMINISTRATION PROSESSREPORTING ASPX) In order to avoid jeopardizing your plan's qualified, tax-deferred status, we strongly encourage

**ENROLLING EMPLOYEES** 

# VEMPLOYER/PLANADMINISTRATION/PAGES/ENROLLINGNEWEMPLOYEES.ASPX) AVOIDING IN-SERVICE DISTRIBUTIONS

REHIRING EMPLOYEES AND RETIRES

(/EMPLOYER/PLANADMINISTRATION/PAGES/REPIGNINGS/ADIS/ENGLING Employed with you. These kinds of distributions are impermissible under federal and state law. An in-service distribution invalidates the

SUBMITTING PAYMENT

employee's retirement or withdrawal. If it is not corrected by the return of benefit payments or VEMPLOYER/PLANADMINISTRATION/PAGEBAUSERINGSPAYERSHASS of either the employee or the employer), then it could Jeopardize your TCDRS retirement plan's qualified status. Losing your plan's qualified status could subject you and your employees to significant fees, penalties and additional taxes levied by the IRS.

#### CONDITIONS FOR REHIRING

Rehlring a retiree who is receiving a benefit from your TCDRS plan, or rehiring a former employee who has withdrawn his or her account, is not an in-service distribution as long as the following two conditions are met:

- . Bona fide separation in service: There must be a true separation in service between the employer and the employee in which the employer/employee relationship is completely severed. There can be no agreement to be rehired by your organization in the future.
- One full calendar month separation in service; Assuming a bona fide termination, the employee must be separated from employment for one full calendar month. For example, if an employee separates from employment on April 15, the earliest that person could be rehired with the same employer is June 1.

Keep in mind that a termination is not considered bona fide if there is an expectation, understanding or agreement that the termination is temporary or that the person will be rehired in the future. This applies even if the position that the employee will occupy:

- Is different from his or her current position
- · Pays more or less than the current position
- Is in a different department
- Requires different hours (for example, going full time to part time, or vice versa)
- . Is an independent contractor position that has the individual providing the same services they provided while an employee
- Is an elected position. Elected officials are considered employees of the county or district for purposes of participating in TCDRS.

These rules apply to employees rehired on a proire nata (PRN) or "as needed" basis.

For more detailed guidance on developing hiring policies that prevent an in-service distribution, please contact your county attorney or district legal counsel.

### ABOUT QUALIFIED TAX STATUS

A "qualified plan" means deposits and contributions to TCDRS are tax-deferred. Losing your plan's qualified status is extremely expensive and has tremendous consequences for your organization and your employees:

- · Your organization could owe back taxes, interest and penalties on your employer contributions and employee deposits back to the date the IRS determines your plan to be non-qualified.
- You may have to withhold taxes on contributions and deposits going forward.
- · Your employees may be liable for income taxes on the value of their vested benefits,
- Rehired retirees who did not have a bona fide separation may owe a 10% excise tax and be required to repay all of their monthly benefits.

If you have specific questions about your plan's qualified status, please consult a tax expert.

### IMPORTANT POINTS FOR YOUR EMPLOYEES

The prospect of drawing a paycheck and retirement check at the same time can be tempting to your employees. However, additional income taxes can diminish the value of receiving two

Also, retiring and returning to work with the same employer can actually reduce their future retirement income, it may make better financial sense to delay retirement. If you have an employee with more questions about how working during retirement may affect taxes, please advise him or her to consult a tax expert.



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### **AFFIDAVIT**

Date:

March  $\theta$  ,2016

Affiant:

**Anson Jones** 

346 CR 319, Carthage, Texas. 75633

Affiant on oath swears that the following statement is true and correct:

"My name is Anson Jones, and I reside at 346 CR 319 Carthage, Texas. 75633. My date of birth is April 4, 1945. I retired from the Panola County Road and Bridge Department on August 31, 2015 after 9 ½ years of service. My position at the time of my retirement was an Operator with Precinct One.

The reasons I wanted to retire were to spend time with my family and grandkids, and to to be on my own time.

At the time of my retirement I did not have or wish any desire to return to work for Panola County. I did not have any understanding I would be rehired after my retirement. I did not have any expectation nor idea I would even want to be rehired by Panola County.

I did not have any prior agreement or arrangement to be rehired after my retirement.

I now would like to go back to work for Panola County as a Part Time Employee. I asked

Commissioner Ronnie LaGrone on February 12, 2016 if I could return to work for the County

as a Part Time Employee. I did not know if I could return or if I would be rehired. This was the

first time we discussed my returning to work as a rehire.

Anzon Jonla Anson Jones I have been furnished and have read and understand the IRS guidelines and the Texas County and District Retirement System guidelines on rehiring a retiree. I have initialed two (2) pages printed from the website of the Texas County and District Retirement System to Acknowledge my understanding of the guidelines and the severe penalties which would be Imposed on me, Panola County, and its employees if my rehire would cause Panola County to Lose its qualified status with the IRS.

Additionally, I understand if I did not have a bona fide separation I would owe 10% excise tax and be required to repay all monthly payments to Texas County and District Retirement System.

I INDEMNIFY PANOLA COUNTY AND ITS EMPLOYEES AND PROMIS TO PAY TO PANOLA COUNTY AND ITS EMPLOYEES ALL PENALTIES, TAXES INTREST, COSTS, DAMAGES, ATTORNEY AND ACCOUNT FEES, AND ALL OTHER TAX CONSEQUENCES ARISING FROM MY REQUEST TO BE REHIRED IF ANY QUESTION OR INVESTIGATION OR ADVERSE DECISION IS INITIATED OR MADE BY THE IRS OR THE TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM. I UNDERSTAND THESE AMOUNTS WOULD BE SERIOUS SUMS OF MONEY WHICH I WOULD OWE TO PANOLA COUNTY AND ITS EMPLOYEES.

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IT OR IF I DO NOT AGREE THAT THE FACTS ARE CORRECT OR IF I DO NOT

### AGREE TO THE INDEMNITY OBLIGATION.

Mason	Jones
<b>ANSON JONES</b>	<del>,                                    </del>

"The foregoing facts are true and correct, and I understand and have read this Affidavit"

ANSON JONES

Notary Public, State of Texas

### **ACKNOWLEDGEMENT**

STATE OF TEXAS §

COUNTY OF PANOLA §

This instrument was acknowledged before me on March  $\underline{\mathcal{B}}_{-}$ , 2016, by Anson Jones.



NOTARY PUBLIC, State of Texas

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#### **PLAN ADMINISTRATION**

### REHIRING EMPLOYEES AND RETIREES

In order to avoid jeopardizing your plan's qualified, tax-deferred status, we strongly encourage you to carefully evaluate your human resource policies concerning rehiring retirees and former REPORTING VEMPLOYER/PLANADMINISTRATION PROFESSIONAL PROPERTY OF THE PROPERTY OF

ENROLLING EMPLOYEES

## VEMPLOYER/PLANADMINISTRATION/PAGES/ENROLLINGNEWEMPLOYEES.ASPXI AVOIDING IN-SERVICE DISTRIBUTIONS

REHIRING EMPLOYEES AND RETIREES

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