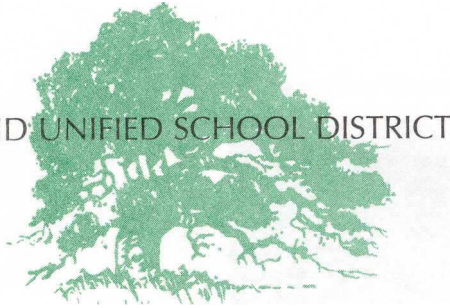


OAKLAND UNIFIED SCHOOL DISTRICT



RISK MANAGEMENT/Benefits Dept.
1025 2ND Avenue, Rm. 112, Oakland, CA 94606
Bus: 510. 879.8179 Fax: 510.879.8240

TO: Oakland Education Association

FROM: Risk Management and Payroll Departments

RE: Health Benefit Payroll Deductions / Section 125 Plan

DATE: September 11, 2006

The OUSD/OEA Collective Bargaining Agreement ratified in May 2006 requires all OEA members to contribute one-half of one percent (0.5%) of their salary towards their medical benefits premium. These deductions will begin with the September 30th, 2006 payroll checks. The District has arranged to have these payroll deductions made through the new Section 125 Plan.

In general having this amount paid through the Section 125 Plan will benefit unit members.* However, the District is providing the option for OEA members to have the deductions made outside of the Section 125 Plan. Those desiring to have the one half of one percent of salary deduction made outside of the Section 125 Plan must present themselves to the Payroll Department (1025 Second Ave., Oakland, CA) before 4:30 p.m. on **September 21st, 2006** and complete the required form indicating they are opting out of the pre-tax benefit and desire to have the deductions made outside of the Section 125 Plan.

In addition to the one half of one percent (0.5%) of salary deduction, the District, through American Fidelity (the Section 125 Plan administrator), and the OEA are working to deliver additional IRS Section 125 Plan benefits before the close of this calendar year. Look for further information in your payroll envelope on these additional aspects of the Plan in the weeks ahead.

* The District does not provide tax advice. Consult your tax advisor.