



403(b) Plan Administration

The way we knew it....	The way we are required to perform it... (Generally speaking no later than January 1, 2009 but some provisions are effective sooner.)
<p>We do not have a “plan”; we strictly withhold contributions for employees and remit them to their contracts.</p>	<p>The final regulations state that a contract held by an employee does not satisfy the definition of a 403(b) unless it is maintained pursuant to a “plan”. A plan is defined as a written defined contribution plan in form and operation. A plan must contain eligibility, benefits, applicable limits, investment contracts available under the plan, and time and form of when benefit distributions would be made. The plan may also contain optional features such as hardship withdrawals, loans, plan-to-plan transfers, and acceptance of rollovers.</p>
<p>These are employee contracts. We have no responsibility for them once we make the remittance contribution.</p>	<p>The final regulations state that the employer can not assign responsibilities for the plan to participants. They do allow for assignment to other parties other than the employer for substantial duties necessary to administer the plan. Even if assignments of duties are made, the employer remains ultimately responsible for making sure that all plan duties are performed.</p>
<p>Our investment providers do all of the compliance for our 403(b). We rely on them.</p>	<p>The final regulations require Universal Availability testing for eligibility to make elective deferrals, Contribution limitation testing, and coordination of all contracts held by each employee as if they are all one contract for transactional authorization purposes. Unless the investment provider has access to all other investment provider information and a complete employee census, the testing cannot be performed properly.</p>
<p>We have no control over our employees - once the money goes in we are out of it.</p>	<p>The final regulations state that the existence of a written plan facilitates the allocation of plan responsibilities among the employer, investment providers, and any other party involved in implementing the plan and that cannot be the employee covered under the plan.</p>



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<p>We have several different plans. We provide the ability for employees to make elective deferrals and Roth deferrals, some administrators receive board paid contributions, and we have a special pay plan for retirees. Each of these is covered by their own plan document.</p>	<p>The final regulations identify these as features of one plan, not multiple plans. In addition, they state that adopting a separate plan document from each investment provider will fail to meet the written plan document requirement and could disqualify the plan.</p>
<p>We have never been involved with distributions, hardship withdrawals, or loans. That's between the employee and their investment provider(s).</p>	<p>The final regulations state that the employee cannot be made responsible for any part of the plan administration. Prior operational procedures allowed for employees to self-certify eligibility for payments under the plan, including all of these options. That responsibility will now be the employer's or a party they choose to assign.</p>
<p>We verbally tell our employees that we offer the plan and we state such in our employee handbook. That should be sufficient.</p>	<p>The final regulations clarify that each eligible employee must receive at least annually a written notice of eligibility to participate in the plan, including information about how to enroll, such as times and locations. In addition, the benefit may not be a condition of election of any other benefit.</p>
<p>Most of our employees contribute to pre-tax arrangements, but we started one employee with a Roth this past year. We have two programs.</p>	<p>The final regulations confirm that pre-tax elective deferrals and Roth elective deferrals are all part of one plan. In addition, if you offer Roth to one employee you must offer Roth to ALL employees. Failure to do so could result in a plan failure and disqualification of the entire plan under the universal availability rules.</p>
<p>Employees can choose where their money goes once the amounts are contributed to the plan.</p>	<p>The final regulations require that contract-to-contract exchanges only exist between investment providers with which the employer has established an agreement to provide data for which</p>



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	compliance can done, such as hardship withdrawal, distribution, and loan information. This rule goes into effect on October 26, 2007.
One of our investment providers promotes life insurance in our plan. He/she says it's allowed.	The final regulations allow certain policies that meet the grandfathering rules to continue, but no new policies are allowed after October 26, 2007.
We inform the employees at new employee orientation about the plan, but we never give them any other notices.	The final regulations require that, when an employee becomes eligible for payment under the plan, he must be given a distribution notice identifying the eligible rollover features. This notice should be given in sufficient time to allow the employee to make a decision about the timing and type of payment he wants.
We remit employee contributions once a month or so. We aren't aware of any timing requirements.	The final regulations require all contributions to be remitted as soon as administratively practical. They define that as being when the amounts would have been paid to the employee had he not elected the deferral, but no later than the 15 th day of the month following the date when the amounts were withheld.
We can't get rid of the plan. We are stuck with it!	The final regulations allow for provisions to be added to the plan document to permit complete plan termination, including distribution of all balances to employees, without disqualification of the plan, provided certain conditions are met.
Our employees can transfer their accounts to any other plan of their choice.	The final regulations only allow for plan-to-plan transfers between some employers and/or state retirement systems for purchase of past service credits. Employees can rollover balances to other accounts, such as IRAs and other 403(b) plans with other employers, only when they sever employment or meet another qualifying event.

