



The New 403(b) Plan

Understanding and complying with the new rules

On July 26, 2007, The United States Department of Treasury and the IRS introduced final regulations applicable to 403(b) retirement plans and their administration.

These new rules contain the first comprehensive changes in the 403(b) regulations since they were introduced in 1964. These changes will reshape the way you oversee and manage your plan, which now will more closely resemble a 401(k) plan with increased compliance standards. These rules went into effect January 1, 2009.

History

Historically, for many sponsors, their only involvement was offering multiple plan providers. The introduction of the new regulations has changed all of that, as sponsors will need to become much more involved with their 403(b) plan from a regulatory and administrative perspective.

Four significant changes :

- Written Plan Document
- Information Sharing
- Universal Availability
- Provider consolidation

Result of changes:

- Greater fiduciary responsibility
- Increased compliance requirements
- Increased administrative duties
- Increased need for ongoing employee education

Documentation

In the past, only ERISA plans were required to maintain a legal plan document. New regulations require all 403(b) plans to comply with written procedures on the Administration of their plan. This includes small Non-ERISA 403(b)'s.

Universal Availability simply means that all eligible participants

must be notified of their right to participate and to make contributions to the plan when eligible.

Provider Consolidation

A single provider with access to multiple fund families can provide a full range of investment options, allowing them to be diversified across asset classes. With increased complexity in 403(b) plan administration, 74% of Plan Sponsors surveyed stated they may choose to streamline their process by working with a single provider. By providing consolidation, the *information sharing* issues between multiple investment carriers, go away.

WHY?

- Simplify data collection
- Streamline employer administration & oversight
- Offer one point of contact



Help your employees save for retirement. Set up a tax-deferred group 403(b) Plan

Provider consolidation will lead to an increased effectiveness in monitoring the following areas:

- ⇒ **Investments**
- ⇒ **Eligibility**
- ⇒ **Contributions**
- ⇒ **Distributions**
- ⇒ **Loans**

How Can BEI assist you?

- We can provide (*and maintain*) the written Plan Document We have been providing compliance and consultative services to group retirement plans for over 20 years.
- We can create an employee communication program tailored to your employee group. We can assist your HR department with the following: (saving you time)
 - ⇒ Tracking and scheduling employee meetings
 - ⇒ Keep you informed of rules and regulation changes
 - ⇒ Work with your current Advisors to assist with group employee education
 - ⇒ Fully outsourcing administration and recordkeeping to reduce time spent on plan



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