

403(b)/457(b) Administration & Compliance Service (ACS)

**Shawnee Mission School District**  
**403(b) / 457 (b) Plan**  
**Transaction Processing Kit**

This Kit is for Representatives of Investment Providers and/or Employees



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## Procedures for 403(b) Exchanges, Transfers, and Rollovers

Type	Universal Vendor Agreement (Equivalent of ISA)	Procedure
<p style="text-align: center;"><u>Transfer</u></p> <p>Move funds from one plan into another.</p> <p>Example:</p> <ul style="list-style-type: none"> <li>• Transfer funds from previous employer’s plan to current employer’s plan</li> <li>• Transfer funds from inactive vendor to active/approved vendor</li> </ul>	<b>YES</b>	<p>Representative is defined as the investment provider’s local representative or the employee if the employee is self administering his/her 403(b) Plan.</p> <ol style="list-style-type: none"> <li>1. Representative shall complete forms, provided by investment company, to move the funds.</li> <li>2. Representative shall complete the “Transaction Processing Form” along with forms from the investment company, and submit to EBC for signature.</li> <li>3. EBC shall return signed copy of form to Representative in mutually agreed upon manner. EBC will include copy of Information Sharing Agreement (UVA) if necessary.</li> </ol>
<p style="text-align: center;"><u>Exchange</u></p> <p>Move funds within the same plan.</p> <p>Example:</p> <ul style="list-style-type: none"> <li>• Move funds between two of the four approved vendors in the Plan.</li> </ul>	<b>YES</b>	<ol style="list-style-type: none"> <li>4. Representative shall submit paperwork to appropriate investment provider.</li> <li>5. EBC shall enter transaction into the ACS for tracking purposes.</li> </ol>
<p style="text-align: center;"><u>Rollover</u> (e.g., moving funds from 403(b) to IRA)</p> <p>A rollover shall only occur as a result of a qualifying event. A qualifying event includes any one of the following:</p> <ul style="list-style-type: none"> <li>➤ Termination of Employment/Separation from Service</li> <li>➤ Death</li> <li>➤ Disability</li> <li>➤ Age 59 ½</li> </ul>	<b>NO</b>  <i>However, some vendors still insist an ISA be signed.</i>	<ol style="list-style-type: none"> <li>1. Representative shall complete forms, provided by investment company, to roll the funds.</li> <li>2. Representative shall complete the “Transaction Processing Form” along with forms from the investment company, and submit to EBC for signature.</li> <li>3. EBC shall return signed copy of form to Representative in mutually agreed upon manner. EBC will include copy of Information Sharing Agreement (UVA) if necessary.</li> <li>4. Representative shall submit paperwork to appropriate investment provider.</li> <li>5. EBC shall enter transaction into the ACS for tracking purposes.</li> </ol>

<p><b><u>In-Service Distribution</u></b></p> <p>Must have a qualifying event:</p> <ul style="list-style-type: none"> <li>➤ Death</li> <li>➤ Disability</li> <li>➤ Age 59 ½</li> <li>➤ Hardship Distribution <i>(see table below for details)</i></li> </ul>	<p><b>NO</b></p>	<ol style="list-style-type: none"> <li>1. Representative shall complete forms, provided by investment company, to distribute the funds.</li> <li>2. Representative shall complete the “Transaction Processing Form” along with forms from the investment company, and submit to EBC for signature.</li> <li>3. EBC shall return signed copy of form to Representative in mutually agreed upon manner.</li> <li>4. Representative shall submit paperwork to appropriate investment provider.</li> <li>5. EBC shall enter distribution into the ACS for historical purposes.</li> </ol>
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## Procedures for 403(b) Loans and Hardship Withdrawals

Type	Procedure
<p style="text-align: center;"><b><u>Loan</u></b></p> <p>The District does not determine whether an employee qualifies for a loan or not. That decision is made by the Product Provider and EBC.</p> <p><b><u>Loan Rules:</u></b> If an employee has defaulted on a loan from any retirement plan or deferred compensation arrangement sponsored by the Employer and has not repaid the loan, in full, the employee shall not be permitted to take a loan from his/her Account.</p> <p><b><u>Maximum Loan Amount</u></b> \$50,000 reduced by any outstanding balance on any loan; <i>OR</i>, one half of the value of the participant’s vested account balance.</p>	<p>Representative is defined as the investment provider’s local representative or the employee if the employee is self administering his/her 403(b) Plan.</p> <ol style="list-style-type: none"> <li>1. Representative shall complete forms, provided by investment company, to process the loan.</li> <li>2. Representative shall complete the “Transaction Processing Form” along with forms from the investment company, and submit to EBC for signature.</li> <li>3. If no defaulted loans, EBC shall sign and return to Representative in mutually agreed upon manner.</li> <li>4. Representative shall submit loan application to investment provider.</li> <li>5. EBC shall enter loan information into the ACS software system.</li> </ol>

## Hardship Withdrawal

The District does not make a determination whether an employee qualifies for a Hardship Withdrawal or not. That decision is made by the Product Provider and EBC.

1. Representative shall complete forms, provided by investment company, to process the hardship withdrawal.
2. Representative must complete EBC's "Hardship Withdrawal Processing Form" and complete the "Transaction Processing Form" (both are provided in this kit) along with forms from the investment company, and submit to EBC for signature. Along with the forms, applicants must also provide substantiation for their hardship situation. See the "Hardship Withdrawal Processing Form" below for details.
3. If hardship is approved, EBC shall sign and return to Representative in mutually agreed upon manner.
4. Representative shall submit hardship withdrawal application to provider.
5. EBC informs District Administrator that employee and employer contributions into the 403(b) Plan are suspended for 6 months.
6. EBC shall enter Hardship Status into the ACS software system.

## Procedures for 457 (b) Transfers and Distributions

Type	Procedure
<p style="text-align: center;"><u>Transfer</u></p> <p>Move funds from one plan into another.</p> <p>Example:</p> <ul style="list-style-type: none"> <li>• Transfer funds from previous employer’s plan to current employer’s plan.</li> <li>• Transfer funds from one 457 provider to another 457 provider.</li> </ul>	<p>Representative is defined as the investment provider’s local representative or the employee if the employee is self administering his/her 457(b) Plan.</p> <ol style="list-style-type: none"> <li>1. Representative shall complete forms, provided by investment company, to move the funds.</li> <li>2. Representative shall complete the “Transaction Processing Form” along with forms from the investment company, and submit to EBC for signature.</li> <li>3. EBC shall return signed copy of form to Representative in mutually agreed upon manner.</li> <li>4. Representative shall submit paperwork to appropriate investment provider.</li> <li>5. EBC shall enter transaction into the ACS for tracking purposes.</li> </ol>
<p style="text-align: center;"><u>Distributions</u></p> <p>A distribution shall only occur as a result of a qualifying event. A qualifying event includes any one of the following:</p> <ul style="list-style-type: none"> <li>➤ Termination of Employment/Separation from Service</li> <li>➤ Death</li> <li>➤ Age 70 ½</li> <li>➤ Small Amount balance (<i>the total amount of the Participant’s benefit under the plan does not exceed \$5000.00...see Section 4.1c of the 457 Plan Document for details</i>)</li> <li>➤ Hardship due to Unforeseeable Emergency (<i>see table below for details</i>)</li> </ul>	<ol style="list-style-type: none"> <li>1. Representative shall complete appropriate forms, provided by investment company, to distribute funds.</li> <li>2. If Plan signature is required by investment provider, Representative shall complete the “Transaction Processing Form” along with forms from the investment company, and submit to EBC for signature.</li> <li>3. EBC shall sign forms and return to Representative in mutually agreed upon manner.</li> <li>4. Representative shall submit paperwork to appropriate investment provider.</li> <li>5. EBC shall enter transaction into the ACS for tracking purposes.</li> </ol>

## Procedures for 457 (b) Loans and Hardship Withdrawals

Type	Procedure
<p style="text-align: center;"><u>Loan</u></p> <p>The District does not determine whether an employee qualifies for a loan or not. That decision is made by the Product Provider and EBC.</p> <p><b><u>Loan Rules:</u></b> If an employee has defaulted on a loan from any retirement plan or deferred compensation arrangement sponsored by the Employer and has not repaid the loan, in full, the employee shall not be permitted to take a loan from his/her Account.</p> <p><b><u>Maximum Loan Amount</u></b> \$50,000 reduced by any outstanding balance on any loan; <i>OR</i>, one half of the value of the participant's vested account balance.</p>	<p>Representative is defined as the investment provider's local representative or the employee if the employee is self administering his/her 403(b) Plan.</p> <ol style="list-style-type: none"> <li>1. Representative shall complete forms, provided by investment company, to process the loan.</li> <li>2. If Plan signature is required by investment provider, Representative shall complete the "Transaction Processing Form" along with forms from the investment company, and submit to EBC for signature.</li> <li>3. If no defaulted loans, EBC shall sign and return to Representative in mutually agreed upon manner.</li> <li>4. Representative shall submit loan application to investment provider.</li> <li>5. EBC shall enter loan information into the ACS software system.</li> </ol>
<p style="text-align: center;"><u>Hardship Withdrawal due to Unforeseen Emergency</u></p> <p>The District does not make a determination whether an employee qualifies for a Hardship Withdrawal or not. That decision is made by the Product Provider and EBC.</p> <p>*See page 11 for details concerning Withdrawals due to Unforeseen Emergencies.</p>	<ol style="list-style-type: none"> <li>1. Representative shall complete forms, provided by investment company, to process the hardship withdrawal.</li> <li>6. If Plan signature is required by investment provider, Representative shall complete the "Transaction Processing Form" along with forms from the investment company, and submit to EBC for signature. Along with the forms, applicants must also provide substantiation for their unforeseen hardship situation.</li> <li>2. If hardship is approved, EBC shall sign and return to Representative in mutually agreed upon manner.</li> <li>3. Representative shall submit hardship withdrawal application to provider.</li> <li>4. EBC informs District Administrator that employee and employer contributions into the 403(b) Plan are suspended for 6 months.</li> <li>5. EBC shall enter Hardship Status into the ACS software system.</li> </ol>

Educators Benefit Consultants  
403(b)/457(b) Administration and Compliance Service

TRANSACTION PROCESSING FORM

Name of Representative	OR	Attach Business Card
Address		
Phone Number		
Name of Plan Sponsor (School District)		
<b>Shawnee Mission School District</b>		

Please check box that indicates nature of transaction

- Exchange
- Transfer
- Rollover
- Hardship Withdrawal
- Loan
- In-Service Distribution
- Distribution due to termination/retirement

Client Name / SSN
Releasing Carrier
Accepting Carrier
Amount of Exchange/Transfer/Rollover/Hardship/Loan/Withdrawal

Please complete this form and send along with necessary transactions documents to Educators Benefit Consultants for signature.

Educators Benefit Consultants  
ACS Division  
3125 Airport Parkway, N.E.  
Cambridge, MN 55008

**EBC will sign and attach copy of UVA and return to you so you may send to appropriate investment provider.**

<i>For EBC Use Only</i>		
Copy of Universal Vendor Agreement (UVA) is only required for an exchange, transfer, and in some cases a rollover transaction. Attach copy of UVA signed by the investment provider that is receiving the funds.		
Attached:    ___Yes ___No	Initials: _____	Date: _____

**403(b) HARDSHIP WITHDRAWAL PROCESSING FORM**

\*Not to be used with 457(b) Accounts

Before you apply for a hardship withdrawal you must first determine whether you are eligible for a hardship distribution or not.

Please read the “Rules Applicable to Hardship Distributions” on the back of this form.

If you determine that you are eligible for a hardship withdrawal, please check appropriate boxes and sign this form. Make sure you attach documentation that proves and/or supports your financial need. You will also need to complete the hardship distribution form provided by your investment provider.<sup>1</sup>

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I have reviewed the attached “Rules Applicable to Hardship Distributions” and attest that I have an immediate and heavy financial need.

The immediate and heavy financial need falls into the following category (you may check more than one if it applies):

- Medical Care
- Funeral or Burial Expenses
- Purchase of Principal Residence
- Repair of Damage to Principal Residence
- Tuition or Educational Related
- Tax Cost Associated with this Withdrawal
- Prevent Eviction or Foreclosure

I have reviewed the list of “Other Financial Resources” demonstrated in the Treasury Rules, and disclosed to me on the back of this form; none of those resources are available to me.

I have read, and I understand the meaning of the information provided to me in this “Hardship Withdrawal Processing Form”, and I attest that my answers on this form are true and correct, and I have attached supporting documentation to prove my claim of a heavy and immediate financial burden (e.g., medical bills, eviction or foreclosure notice, tuition bill, purchase agreement, burial or funeral bill, etc.).

I hereby request a hardship withdrawal this \_\_\_ day of \_\_\_\_\_ 20\_\_.

\_\_\_\_\_  
Participant’s Signature

\_\_\_\_\_  
Spouse’s Signature

<sup>1</sup> This paperwork should be obtained from your investment company or registered investment advisor. This paperwork will need to be completed and submitted to EBC for signature.

## Rules Applicable to Hardship Distributions

A hardship distribution shall only be approved based on participant's ability to prove that the request for the hardship distribution is on account of an immediate and heavy financial need and that the withdrawal is necessary to satisfy the financial need.

### *Other Financial Resources*

A hardship withdrawal **can not be approved** if the need may be relieved from other resources reasonably available to the employee. Other resources listed in the Treasury rules are:

- Assets of the employee's spouse and minor children that are reasonably available to the employee (for example a vacation home owned by the employee and the employee's spouse, whether as community property, joint tenants, tenants by the entirety, or tenants in common).
- Through insurance payment
- By liquidation of employee's assets
- By cessation of elective contributions to the employee's 403(b) Plan
- By borrowing from commercial sources on reasonable terms
- By taking a loan from the 403(b) or any other available plan maintained by the employer (e.g., 457 Plan)

### *Expenses That Could Qualify Under The Treasury Rules Are As Follow:*

- Medical care
- Costs related to the purchase of a principal residence for the employee—not mortgage payments
- Tuition, related educational expenses, and room and board for up to the next 12 months of post-secondary education for the employee, the employee's spouse, children or legal dependents.
- Payments necessary to prevent the eviction of employee from principal residence or foreclosure on the mortgage of principal residence
- Funeral or burial expenses for the employee's deceased parents, spouse, children or dependents
- Repair of damage to the employee's principal residence that would qualify for the casualty deduction under section 165
- The hardship distribution must not exceed the amount of the financial need. The amount may include the federal, state, or local income tax or penalties that are a result of the distribution.

It is the burden of the employee to **prove** that he/she is in a hardship status according to the Treasury Department's rules.

## **What is a distribution on account of an unforeseeable emergency under a 457(b) plan?**

Under a 457(b) plan, a hardship distribution can only occur when the participant is faced with an unforeseeable emergency. (Code § 457(d)(1)(iii))

An unforeseeable emergency is a severe financial hardship resulting from an illness or accident, loss of property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant or beneficiary. Examples of events that may be considered unforeseeable emergencies include imminent foreclosure on, or eviction from, the employee's home, medical expenses, and funeral expenses. Generally, the purchase of a home and the payment of college tuition are not unforeseeable emergencies. (Reg. § 1.457-6(c)(2)(i))

Whether a participant or beneficiary is faced with an unforeseeable emergency depends on the facts and circumstances. However, a distribution is not on account of an unforeseeable emergency to the extent that the emergency can be relieved through reimbursement or compensation from insurance, liquidation of the participant's assets, or cessation of deferrals under the plan. (Reg. § 1.457-6(c)(2)(ii))

A distribution on account of an unforeseeable emergency must not exceed the amount reasonably necessary to satisfy the emergency need. (Reg. § 1.457-6(c)(2)(iii))