

Frequently Asked Questions

The New Internal Revenue Service 403(b) Plan Regulations and How They Affect You

In July, 2007, the Internal Revenue Service published 136 pages of new regulations for 403(b) retirement plans. These regulatory changes are the most significant in 40 years. This FAQ is designed to highlight the major regulatory changes and how they impact your employer, 403(b) investment providers, and most importantly, you. This is the first of several communications that you will receive concerning these changes.

Q. What are the major changes to the 403(b) regulations and who do they impact?

R. Under the new regulations, your employer must comply with many new compliance matters that include: maintaining a written Plan document, providing annual notification to employees concerning their eligibility to participate in the 403(b) Plan and monitoring certain Plan activities. Investment providers must update their product offerings and their service infrastructures to comply with the new regulations. Finally, your employer and all 403(b) investment providers must enter into a formal agreement that authorizes the investment provider to offer 403(b) investments to Plan participants. These changes may affect your investment options and will from time to time impact your service interactions when requesting certain Plan activities. We will discuss these issues in more detail shortly.

Q. When do the new regulations take effect?

R. The new regulations are effective January 1, 2009. Your employer has chosen to comply early. The written Plan document is effective [January 1, 2008](#).

Q. Who is ADMIN Solutions, LLC?

R. ADMIN Solutions is an independent third party administrator (TPA) that specializes in 403(b) retirement plan administration and record keeping. ADMIN has been retained by your employer to assist you and the organization to comply with the new regulations.

Q. What does ADMIN Solutions do to assist me and my employer?

R. As the Plan's TPA, ADMIN assists your employer to design and maintain its written Plan document, to provide payroll contribution administration and record keeping functions and to act on behalf of the employer to approve and monitor certain plan transactions. ADMIN also works with your employer and the Plan's authorized investment providers to facilitate information sharing among the parties. ADMIN assists Plan participants by: communicating and explaining the new regulations, assisting them with investment provider issues and helping determine whether or not they are able to perform certain Plan activities.

Q. What are the consequences of non-compliance?

R. Under the new regulations, your employer could lose the tax qualified status of your 403(b) Plan if they do not maintain a written Plan document or adhere to specific participant eligibility requirements. Losing the Plan's tax qualified status means that your employer and Plan participants would face adverse tax consequences. Since your employer has adopted a written Plan document that maintains compliant Plan eligibility standards, they took the necessary steps to avoid these negative penalties. Individual plan participants could potentially lose the tax qualified status of their entire 403(b) investment(s) or the tax advantage on a specific transaction.

Q. What must Plan participants do to insure their 403(b) investments remain tax qualified?

R. Each year the IRS publishes the maximum amount of money employees can contribute to a 403(b) investment on a tax preferred basis. Your employer, ADMIN and your investment provider will work together to insure you don't exceed those limits. At some point, you may make a request to take a distribution or a loan from your 403(b) investment or you may wish to move funds from one investment to another. There are Plan rules and specific IRS guidelines for taking a distribution, a loan or to exchange or transfer investments. Your employer, ADMIN Solutions and your investment provider are committed to work together to insure you adhere to the Plan rules and applicable IRS guidelines.

Q. Has my current 403(b) investment provider formally entered into an Agreement with my employer to offer 403(b) investments under the new regulations?

R. 403(b) investment providers are taking different approaches to the new regulations. Some investment providers remain committed to the 403(b) market

and will formally enter into an agreement with your employer. Others have decided to leave the 403(b) market and are in the process of notifying employers and participants that they will no longer accept 403(b) contributions once the new regulations take effect. Still others are making decisions to enter into an agreement on an employer by employer basis. ADMIN SOLUTIONS is working with your employer to get these agreements executed. In the event your current investment provider decides to no longer offer 403(b) investments in your Plan, we will be in contact with you directly to communicate the options that are available to you for your current and future 403(b) investments. Once we have received formal determinations from all of the investment providers, we will publish a complete listing of the authorized investment providers with service contact information.

Q. What should I do if I want to start making 403(b) contributions?

R. You can make contributions to those 403(b) investment providers who have entered into agreements with your employer as an authorized provider under the Plan. You will need to complete the application from the investment provider, and execute a Salary Reduction Agreement. The application is submitted to the investment provider for processing. The Salary Reduction agreement is submitted to your Payroll department.

Q. What should I do if I want to change my current 403(b) contributions to a new investment provider?

R. You can change 403(b) investment providers if that provider has entered into a formal agreement with your employer as an authorized provider under the Plan. You will need to complete the application for the new investment provider, and execute a new Salary Reduction Agreement. The application is submitted to the investment provider for processing. The Salary Reduction agreement is submitted to your Payroll department.

Q. What should I do if I want to change my current 403(b) contribution?

R. You can get a Salary Reduction Agreement from the Payroll department. [In the near future, these forms will also be available on-line or through your financial advisor]. Please complete the form and return it to Payroll.

Q. How do I request a distribution, a loan or move funds from my 403(b) investment?

R. First, we recommend that you consult your tax advisor, financial representative or attorney to review your options and the applicable regulatory guidelines. Next, complete and sign all necessary paperwork required by your investment provider.

[You can get the paperwork through your investment advisor, a customer service representative or via your investment provider's website. Then, submit the original paperwork to ADMIN Solutions at: ADMIN Solutions, LLC, 399 Market Street, Suite 201, Philadelphia, PA 19106. [Investment providers require original signatures for these transactions]. ADMIN will review your employer's written Plan document to determine whether the transaction you request is allowable under the terms of the Plan; and if so, ADMIN will then review applicable IRS requirements and consult your investment provider as necessary to determine whether your request meets these criteria. If yes, your request will be approved and submitted to your investment provider for completion. If your request cannot be approved, ADMIN Solutions will contact you explaining the reason(s) for the denial.

Q. Who can I contact if I have additional questions?

R. You can contact your Payroll or Human Resources department for additional information. You are also free to contact ADMIN Solutions at 877-484-4400 with any questions.

As we work through the regulatory changes, your employer, ADMIN Solutions and the 403(b) investment providers are doing everything possible to minimize any inconvenience to you. We will continue to communicate with you directly as we become aware of new information or changes that affect the administration of the 403(b) Plan.