

## Church Financial Hot Topic

### 403(b) Regulations

The retirement plan your church provides to your ministers and staff is a valuable benefit to them and for your church as it seeks to retain talented, energetic staff. GuideStone is ready to help your church understand and comply with the new regulations so that your church and retirement plan participants avoid adverse tax consequences.

The IRS published new regulations that fully take effect on Jan. 1, 2009. These regulations - which impact all 403(b) plans, including church plans - are not difficult to implement if your church's retirement plan is with GuideStone. In fact, to become fully compliant, many churches will need to invest less than an hour. Below, you will find explanations of the regulations that impact your church along with resources that will help you move toward compliance.

#### Written plan document requirement

Churches that sponsor a 403(b)(9) plan must maintain written documents that describe all material plan provisions. GuideStone provides general plan documentation for the Church Retirement Plan. However, since each church in this plan has flexibility related to certain plan provisions, your church must develop and maintain additional written rules and procedures that address:

- What income sources will be considered as compensation?
- Which employees are eligible to participate in the retirement plan?
- What contributions will the employer/church make on behalf of employees?

#### GuideStone makes compliance easy!

Step 1 - Annually review your copy of the *403(b)(9) Retirement Plan for Southern Baptist Churches*.

Step 2 - Complete, save, print and retain a copy of the *Eligibility and Contribution Schedule* to document the additional written rules and procedures that must be addressed.

#### If the church contributes to two or more retirement plans

Participants, employers and plan providers have more steps to complete if your church makes contributions to more than one retirement plan provider or allows plan participants to transfer money from one 403(b) retirement plan provider to another while in-service. In the past, this type of transfer was called a "90-24 transfer." Effective Sept. 25, 2007, the new mechanisms for transfers between 403(b) retirement plan providers are called investment exchanges, contract exchanges or plan-to-plan transfers.

There are new requirements for sharing information:

- If you allow contributions to be made to multiple retirement plan providers, you will need to share information with the providers.
- If you allow incoming or outgoing contract exchanges, you will need a written *Information Sharing Agreement*.
- If you have multiple investment providers, you will need to identify and list all investment providers approved for ongoing contributions and those approved for contract exchanges only.

Additional resources and forms are available at [www.guidestone.org](http://www.guidestone.org) under the 403(b) Regulatory Updates section.

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