

403(b) PLAN CHECKLIST



This Checklist is *not* a complete description of all plan requirements, and should *not* be used as a substitute for a complete plan review.

For Business Owner's Use

(DO NOT SEND THIS WORKSHEET TO THE IRS)

Every year it is important to review the requirements for operating your 403(b) retirement plan. Use this checklist to help you keep your plan in compliance with many of the important rules. See www.irs.gov/retirement for online versions of this checklist, Fix-It Guides and other resources for 403(b) and other plan types. On the online version of this checklist, click on "[\(More\)](#)" in any of the questions for additional information (including examples) on how to find, fix and avoid each mistake.

1. Does your organization qualify as a public educational institution or as a Code §501(c)(3) charitable organization? Yes No

Public educational institutions and 501(c)(3) organizations are the only organizations that may establish a 403(b) plan.

[\(More\)](#)

2. Has your organization adopted a written 403(b) plan? Yes No

403(b) plan sponsors were required to have adopted a written plan by December 31, 2009.

[\(More\)](#)

3. Are the plan's operations based on the terms of the plan document? Yes No

Failure to monitor the operation of the plan may lead to a failure to follow the terms of the written plan.

[\(More\)](#)

4. Have all employees of the organization been given the opportunity to make a salary deferral to the 403(b) plan? Yes No

Universal Availability requires all employees be given the opportunity to make salary deferrals unless the plan specifically excludes a permitted category of employees. "Part-time" employees are not a permitted category that may be excluded, but employees who normally work fewer than 20 hours per week are.

[\(More\)](#)

5. Are total contributions limited to not exceed the limits of the tax law? Yes No

Total employee and employer contributions made to any plan participant cannot exceed the lesser of: \$51,000 for 2013, or 100% of includible compensation.

[\(More\)](#)

6. If an employee makes "15 years of service catch-up" contributions, does the employee have the required 15 years of full-time service with the same employer? Yes No

If the requirement is met, a calculation must be made to determine the level of available catch-up.

[\(More\)](#)

7. Are elective deferrals, including any catch-up contributions and designated Roth contributions, within the limits of the tax law in a calendar year? Yes No

Failure to limit deferrals to the legal limit may result in additional taxes and penalties to the employee and employer.

[\(More\)](#)

8. If your 403(b) plan offers a 5-year post severance provision, are amounts contributed through a non-elective method? Yes No

Amounts contributed to a 403(b) plan that an employee had an option of receiving in cash are considered elective deferrals and are not eligible for the 5-year provision.

[\(More\)](#)

9. Are you and your 403(b) vendors enforcing participant loan repayments and limiting aggregate loan amounts as required under the tax law? Yes No

If not, the loan may be deemed a taxable distribution and reported as income to the participant.

[\(More\)](#)

10. Are you and the 403(b) vendors requiring evidence that hardship distributions meet your hardship definitions and requirements? Yes No

Hardship distributions must meet the requirements of the income tax regulations, the terms of the individual annuity contract/custodial account, and starting in 2009, the written terms of the plan document or program.

[\(More\)](#)

If you answered "No" to any of the above questions, you may have a mistake in the operation of your 403(b) plan. This list is only a guide to a more compliant plan, so answering "Yes" to each question may not mean your plan is 100% compliant. Many mistakes can be corrected easily, without penalty and without notifying the IRS.

■ **contact your tax advisor**

■ **visit the IRS at www.irs.gov/retirement**

■ **call the IRS at (877) 829-5500**