



Action Items for 403(b) Plan Sponsors

Help keep your 403(b) plan in compliance with this checklist

Not-for-profit 403(b) plan sponsors face increased responsibilities as a result of the 403(b) regulations issued in 2007. The Principal Financial Group® understands that many plan sponsors are seeking assistance regarding the actions needed to help ensure their plans are complying with the regulations. **Below is a list of action items** for plan sponsors to take to help both determine whether their 403(b) plan is subject to the Employee Retirement Income Security Act (ERISA) and their plan structure. These items help with both the up front actions by the plan sponsor as well as ongoing steps to help ensure their plan operates in a compliant manner.

Beginning action items to help comply with 403(b) regulations:	Action items for ongoing compliance:
<ul style="list-style-type: none"> <input type="checkbox"/> Determine the ERISA status of your plan, and identify current contracts. Is it actively or non-actively sponsored? <hr/> <input type="checkbox"/> Review plan documents and contracts to verify compliance with the 403(b) regulations. If necessary, contact vendors for availability of plan documents and administrative support to comply with the 403(b) regulations. <hr/> <input type="checkbox"/> If a change in or consolidation of providers is necessary to help obtain documentation and administrative compliance with the 403(b) regulations – or desirable to streamline administration – consider the fiduciary duties involved in selecting providers. Note that there is a fiduciary duty relating to the selection of a service provider for plans subject to ERISA, but even non-ERISA plans may be subject to common law or state law duties, including request for proposal (“RFP”) requirements. <hr/> <input type="checkbox"/> A written plan document has been established. 403(b) plans are required to be maintained pursuant to a written plan regardless of ERISA status. 	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure plan governance is in place and have documented administrative procedures to reflect the appropriate oversight of plan operations. <hr/> <input type="checkbox"/> Document a list of all contracts within the plan. Do not assume there is only one contract for each employee. Participants could have separate contracts for employee, employer, and nonqualified deferrals. The plan sponsor, as a fiduciary of the 403(b) plan, must ensure that the provisions of all plan contracts do not contradict the plan document. <hr/> <input type="checkbox"/> Cross-reference the custodial agreement(s) or annuity contract(s) for purposes of distributions, loans and hardship withdrawals. Coordinate all contracts and ensure they are operating consistent with the terms of the plan document. <hr/> <input type="checkbox"/> A summary plan description must be updated accordingly and distributed to plan participants in a timely manner. <hr/> <input type="checkbox"/> ERISA 403(b) plans must file a full Form 5500 that recognizes all assets under the plan. Plan sponsors must gather plan asset data with all providers. Plans with 100 or more participants must meet Form 5500 audit requirements. This will require obtaining auditable reports from all providers. <hr/> <input type="checkbox"/> Review your education policy statement and ensure participant education needs are being met. <hr/> <input type="checkbox"/> Review your investment policy statement and ensure investments options offered to participants are meeting the needs of the plan.
<p>Contact your financial professional or representative of The Principal® for additional information.</p> <p><i>The above items are not meant to be an all-inclusive list. Rather, this document provides an overview of applicable regulatory considerations. It does not provide individual tax or legal advice, so we strongly encourage you to consult with your financial professional and tax or legal advisors how the changes will impact your organization specifically.</i></p>	

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