

Top 5 Things To Know About The New World of 403(b) Plans

- The key date is January 1, 2009—the date when the final 403(b) regulations take effect for most plan sponsors—and many 403(b) plans may become subject to ERISA for the first time.
- 403(b) plans need to start looking and acting like 401(k) plans now, in just about every respect.
- "Universal availability"—one of the hallmarks of 403(b) plans—means just that; 403(b) plans must be available to virtually all employees (with limited exceptions), who must be given education about plan features and the meaningful opportunity to participate in the plan.
- New restrictions on funding vehicles, contract exchanges and transfers, and distributions of accumulated benefits will require enhanced nondiscrimination testing, recordkeeping services, and coordinated administration of annuity contracts to ensure compliance.
- These sweeping changes create opportunities for plan sponsors to evaluate current vendors and plan designs, provide more competitive benefits, improve educational outreach, enhance services, and expand investment platforms.