

# 403(b)/457(b) Administration & Compliance Service (ACS)

## **403(b)/457(b) Plan Transaction Process Kit**

This Kit is for Investment Providers working  
with Districts that have contracted with EBC for the

### **ACS BASIC Service Option**

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## Procedures for Exchanges, Transfers, and Rollovers

There are Three Ways You can Move 403(b) Funds.....

<b>Type</b>	<b>Universal Vendor Agreement (Equivalent of ISA)</b>	<b>Procedure</b> Representative is defined as the investment provider's local representative or the employee if the employee is self administering his/her 403(b) Plan.
<p><u>Transfer</u></p> <p>Move funds from one plan into another.</p> <p>Example</p> <ul style="list-style-type: none"> <li>• Transfer funds from previous employer's plan to current employer's plan</li> <li>• Transfer funds from inactive vendor to active/approved vendor</li> </ul>	<b>YES</b>	<ol style="list-style-type: none"> <li>1. Representative shall complete appropriate forms, provided by investment company, to move the funds</li> <li>2. Representative should complete "Transaction Processing Form" and submit paperwork to District Administrator for signature</li> <li>3. District Administrator should provide Representative with copy of UVA signed by the company that is receiving the funds</li> </ol>
<p><u>Exchange</u></p> <p>Move funds within the same plan</p> <p>Example: Move funds between investment providers on employer's approved vendor list</p>	<b>YES</b>	<ol style="list-style-type: none"> <li>4. Representative shall submit paperwork to appropriate investment provider.</li> <li>5. Representative SHALL inform District Administrator when transfer is complete</li> <li>6. District Administrator SHALL enter transfer into the ACS software system</li> </ol>
<p><u>Rollover</u></p> <p>A rollover shall only occur as a result of a qualifying event. A qualifying event includes anyone of the following:</p> <ul style="list-style-type: none"> <li>➤ Termination of Employment</li> <li>➤ Death</li> <li>➤ Disability</li> <li>➤ Age 59 ½</li> </ul>	<p style="text-align: center;"><b>NO</b></p> <p style="text-align: center;"><i>However, some vendors still insist an ISA be signed.</i></p>	<ol style="list-style-type: none"> <li>1. Representative shall complete appropriate forms, provided by investment company, to roll funds.</li> <li>2. Representative should complete "Transaction Processing Form" and submit paperwork to District Administrator for signature.</li> <li>3. If requested, District Administrator shall provide Representative with copy of UVA signed by the company that is receiving the funds.</li> <li>4. Representative shall submit paperwork to investment company for processing.</li> <li>5. District Administrator shall enter transaction into the ACS software system.</li> </ol>

<p><b><u>In-Service Distribution</u></b></p> <p>Must have a qualifying event</p> <ul style="list-style-type: none"> <li>➤ Age 59 ½</li> <li>➤ Disabled</li> <li>➤ Death</li> </ul>	<p><b>NO</b></p> <p><i>However, some vendors still insist an ISA be signed</i></p>	<ol style="list-style-type: none"> <li>1. Representative shall complete appropriate forms for withdrawal</li> <li>2. If signature is required by Plan Sponsor, Representative should complete the “Transaction Processing Form” and submit to EBC for signature.</li> <li>3. EBC shall sign and return to Representative</li> <li>4. Representative shall submit paperwork to appropriate investment provider.</li> </ol>
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## Procedures for Hardship Withdrawals and Loans

Type	Procedure
<p style="text-align: center;"><b><u>Loan</u></b></p> <p>Loans are optional. The District will establish through the District’s Written Plan and Adoption Agreement whether Loans are allowed or disallowed in the District’s Plan.</p> <p>If allowed .....</p> <p>The District does not determine whether an employee qualifies for a loan or not. That decision is made by the Product Provider.</p> <p><b><u>Loan Rules:</u></b> If an employee has defaulted on a loan from any retirement plan or deferred compensation arrangement sponsored by the Employer and has not repaid the loan, in full, shall not be permitted to take a loan from his/her Account.</p> <p><b>Maximum Loan Amount</b> \$50,000 reduced by any outstanding balance on any loan; <i>OR</i>, one half of the value of the participant’s vested account balance.</p>	<p>Representative is defined as the investment provider’s local representative or the employee if the employee is self administering his/her 403(b) Plan.</p> <ol style="list-style-type: none"> <li>1. Representative completes loan application</li> <li>2. Representative shall complete “Transaction Processing Form” and submit paperwork <b>ALONG WITH ACCOUNT STATEMENT SHOWING FUND BALANCE</b> to District Administrator for signature</li> <li>3. District Administrator shall determine whether employee has any outstanding loans and make sure loan amount does not exceed IRS maximum allowable amount</li> <li>4. If loan is approved District Administrator signs and sends back to Representative</li> <li>5. Representative shall submit loan application to investment provider.</li> <li>6. If loan is approved--the Representative <b>SHALL</b> inform District Administrator</li> <li>7. District Administrator shall enter loan information into the ACS software system.</li> </ol>

## Hardship Withdrawal

Hardship Withdrawals are optional. The District will establish through the District's Written Plan and Adoption Agreement whether Hardship Withdrawals are allowed or disallowed in the District's Plan.

If allowed.....

Usually, the District does not make a determination whether an employee qualifies for a Hardship Withdrawal or not. That decision is made by the Product Provider. However, more product providers require Plan Administrator to make determination. If so, here are the circumstances by which a hardship withdrawal shall be approved:

- Medical expenses incurred by employee, spouse or dependents
- Purchase of principal residence
- Tuition, related education fees, room and board for employee spouse, children or dependents
- Prevent eviction or foreclosure
- Funeral or burial expenses of employee's parents, spouse, children or dependents
- Expenses for repair or damage to employee's principal residence
- Payment of taxes or fees related to the hardship distribution

1. Representative completes Hardship Withdrawal Application, provided by investment company.
2. Representative **MUST** complete EBC's "Hardship Withdrawal Processing Form" and submit with other paperwork to District.
3. District Administrator signs off and keeps copy of the hardship application and EBC's Hardship Withdrawal Processing Form for his/her records. Administrator sends paperwork back to Representative
4. Representative shall submit Hardship Withdrawal Application to investment provider.
- 5. District Administrator must stop employee and employer contributions into the 403(b) Plan for 6 months.**
6. District Administrator shall enter the Hardship information into the ACS software system.

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**TRANSACTION PROCESSING FORM**

Name of Representative	OR	Attach Business Card
Address		
Phone Number		

Please check box that indicates nature of transaction

- Exchange
- Transfer
- Rollover
- Hardship Withdrawal
- Loan
- In-Service Distribution
- Distribution due to termination/retirement

Client Name / SSN
Releasing Carrier
Accepting Carrier
\$ Amount of Exchange/Transfer/Rollover/Hardship/Loan/Distribution

Please complete this form and submit to District Administrator for signature.

**The District Administrator will sign and attach copy of UVA and return to you so you may send to appropriate investment provider.**

<p>For Plan Sponsor/District Use Only</p> <p>Copy of Universal Vendor Agreement (UVA) is only required for an exchange, transfer, and in some cases a rollover transaction. Attach copy of UVA signed by the investment provider that is receiving the funds.</p> <p>Attached:    ___ Yes    _____ No</p>
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## **HARDSHIP WITHDRAWAL PROCESSING FORM**

Before you apply for a hardship withdrawal you must first determine whether you are eligible for a hardship distribution or not.

Please read the "Rules Applicable to Hardship Distributions" on the back of this form.

If you determine that you are eligible for a hardship withdrawal please check appropriate boxes and sign form. Make sure you attach documentation that proves and/or supports your financial need. You will also need to complete the hardship distribution form provided by your investment provider.<sup>1</sup>

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I have reviewed the attached "Rules Applicable to Hardship Distributions" and attest that I have an immediate and heavy financial need.

The immediate and heavy financial need falls into the following category (you may check more than one if it applies):

- |  |   |
|--|---|
| <input type="checkbox"/> Medical Care                    | <input type="checkbox"/> Funeral or Burial Expenses               |
| <input type="checkbox"/> Purchase of Principal Residence | <input type="checkbox"/> Repair of Damage to Principal Residence  |
| <input type="checkbox"/> Tuition or Educational Related  | <input type="checkbox"/> Tax Cost Associated with this Withdrawal |
| <input type="checkbox"/> Prevent Eviction or Foreclosure |   |

I have reviewed the list of "Other Financial Resources" demonstrated in the Treasury Rules, and disclosed to me on the back of this form; none of those resources are available to me.

I have read and I understand the meaning of the information provided to me in this "Hardship Withdrawal Processing Form" and I attest that my answers on this form are true and correct and I have attached supporting documentation to prove my claim of a heavy and immediate financial burden (e.g., medical bills, eviction or foreclosure notice, tuition bill, purchase agreement, burial or funeral bill, etc.).

I hereby request a hardship withdrawal this \_\_\_ day of \_\_\_\_\_ 20\_\_.

\_\_\_\_\_  
Participant's Signature

\_\_\_\_\_  
Spouse's Signature

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<sup>1</sup> This paperwork should be obtained from your investment company or registered investment advisor. This paperwork will need to be completed and submitted to EBC for signature.

## Rules Applicable to Hardship Distributions

A hardship distribution shall only be approved based on participant's ability to prove that the request for the hardship distribution is on account of an immediate and heavy financial need and that the withdrawal is necessary to satisfy the financial need.

### *Other Financial Resources*

A hardship withdrawal **can not be approved** if the need may be relieved from other resources reasonably available to the employee. Other resources listed in the Treasury rules are:

- Assets of the employee's spouse and minor children that are reasonably available to the employee (for example a vacation home owned by the employee and the employee's spouse, whether as community property, joint tenants, tenants by the entirety, or tenants in common).
- Through insurance payment
- By liquidation of employee's assets
- By cessation of elective contributions to the employee's 403(b) Plan
- By borrowing from commercial sources on reasonable terms
- By taking a loan from the 403(b) or any other available plan maintained by the employer (e.g., 457 Plan)

### *Expenses That Could Qualify Under The Treasury Rules Are As Follow:*

- Medical care
- Costs related to the purchase of a principal residence for the employee—not mortgage payments
- Tuition, related educational expenses, and room and board for up to the next 12 months of post-secondary education for the employee, the employee's spouse, children or legal dependents.
- Payments necessary to prevent the eviction of employee from principal residence or foreclosure on the mortgage of principal residence
- Funeral or burial expenses for the employee's deceased parents, spouse, children or dependents
- Repair of damage to the employee's principal residence that would qualify for the casualty deduction under section 165
- The hardship distribution must not exceed the amount of the financial need. The amount may include the federal, state, or local income tax or penalties that are a result of the distribution.

It is the burden of the employee to **prove** that he/she is in a hardship status according to the Treasury Department's rules.

# Salary Reduction Agreement for 403(b)/403(b) Roth/457 TSA with Match

Independent School District

\_\_\_\_\_

\_\_\_\_\_

## Part 1. Employee Information (please print)

Name \_\_\_\_\_ Social Security # \_\_\_\_\_ Birth Date \_\_\_\_\_

Pay periods per year \_\_\_\_\_ Requested Start Date \_\_\_\_\_ Bargaining Group \_\_\_\_\_

## Part 2. Contribution Information (fill in all that apply.)

Salary Reduction				Service Provider (See list of allowed TSA companies)	Employee	Contribution	Employer Match	
Type	New	Change	Stop		Salary Reduction Amount/Percent Per Pay Period	Annualized Salary Reduction Amount	Employer Match/Percent per Pay Period	Annualized Employer Match
403(b)								
403(b)								
403(b) Roth								
<b>403(b) Totals</b>								
457								
457								
<b>Grand Totals</b>								

## Part 3. Catch Up Provisions

If you are contributing more than the basic limit to a 403(b), 403(b) Roth and/or 457, you must be using one (or both) of the following:

- I am contributing \$ \_\_\_\_\_ using the 15-years service election. (Attach documentation).
- I am contributing \$ \_\_\_\_\_ using the Age 50 and older catch up election.

## Part 4. Agreement

<p>By signing this Agreement, Employee agrees to modify his/her salary as indicated above and Employer agrees to contribute this amount on Employee's behalf into the 403(b)/403 Roth/457 annuity(ies) or custodial account(s) selected by the Employee. It is intended that the requirements of all applicable state and federal tax rules and regulations (Applicable Law) will be met. The Employee understands and agrees that this Agreement:</p> <ol style="list-style-type: none"> <li>1. Is legally binding and irrevocable with respect to amounts paid or available while it is in effect;</li> <li>2. May be terminated at any time for amounts not yet paid or available, and that a termination request is permanent and remains in effect until a new salary reduction agreement is submitted;</li> <li>3. Is effective only for amounts not yet earned or made available in accordance with the Employer's administrative procedures.</li> </ol>	<p>Employee further agrees that:</p> <p>He/she is responsible for determining that his/her salary reduction amount does not exceed the limits of the Applicable Law;</p> <p>He/she is responsible for the accuracy of the information provided by Employee, which is used in determining Employee's Maximum Annual Contribution limit; and Employer has no liability for any losses suffered by Employee that resulted from his/her participation in the 403(b)/403(b) Roth/457 program.</p> <p>Employee acknowledges that Employer has made no representation to Employee regarding advisability, appropriateness or tax consequences of the purchase of the 403(b) program. Nothing herein shall affect the terms of employment between Employer and Employee.</p> <p>This agreement supersedes all prior salary reduction agreements and shall automatically terminate if your employment with the Employer is terminated.</p>
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Note: Your employer's administrative policies will determine when 403(b)/403(b) Roth/457 salary reduction instructions are implemented

## Important Information

1. Employer does not choose the annuity contract(s) or custodial account(s) in which contributions are invested.
2. Employees are responsible for setting up and signing the legal documents to establish the annuity contract or custodial account. However, in certain group annuity contracts, Employer may be required to establish the contract
3. In order to receive the expected tax results, Employees are responsible for investing in annuity contracts or custodial accounts that meet the requirements of Section 403(b)/403(b)/457 in the Internal Revenue Code.
4. Employees are responsible for naming a death benefit under the 403(b)/403(b) Roth/457 program. This is normally done at the time the annuity contract or custodial account is established. Beneficiary designations should be reviewed periodically.
5. Employees are responsible for all distributions and any other transactions with their service provider. All rights under the annuity contracts or custodial accounts are enforceable solely by the Employee, Employee Beneficiary or Employee's Authorized Representative. Employee must work directly with the service provider to transfer contract(s) or custodial accounts(s) to another service provider, begin distributions, make loans, or otherwise access 403(b)/403(b) Roth/457 program assets.
6. Employees are responsible for determining that salary reductions do not exceed the allowable contribution limits under Applicable Law. Limits should be checked each year for the scheduled increases through 2006.

## Read Before You Sign:

By signing this Agreement, you are declaring that the amount you have elected to withhold does not exceed the allowable contribution limits under Applicable Law. If selected in Part 2 above, you are declaring that you are eligible for one or both of the catch up elections as indicated. And you are accepting full responsibility for the amount you have elected to have withheld from your salary and contributed to the 403(b)/403(b) Roth/457 arrangement.

## Disclaimer – Other Fees:

If an investment company does not agree to pay the third party administrator's fee associated with this employer's 403(b) Plan the fee, upon consent of the employer, shall be passed along to the 403(b) participant. This fee equates to .60 cents per participant per month.

## Part 5. Employee Signature

I certify that I have read this complete Agreement and that my salary reductions do not exceed contribution limits as determined by Applicable Law. I also certify that I am eligible for the catch up election(s), if selected, under Part 2 above. I understand my responsibilities as an Employee under the 403(b)/403(b) Roth/457 programs, and I request Employer to take the action specified in this Agreement. I understand that all rights under annuity (ies) or custodial account(s) established by me under the 403(b)/403(b) Roth/457 program are enforceable only by me, my beneficiary or my authorized representative.

\_\_\_\_\_  
Employee Signature

\_\_\_\_\_  
Date

## Part 6. Acknowledgement and Representative of Sales Agent/Representative

I hereby acknowledge my responsibility to comply with Employer's written directives regarding solicitation of Employees. I also acknowledge my responsibility to assist the Employee in determining the maximum contribution limits.

\_\_\_\_\_  
Sales Agent/Representative (please print clearly)

\_\_\_\_\_  
Phone

\_\_\_\_\_  
Address

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## Part 7. Employer Signature

Employer hereby agrees to this Salary Reduction Agreement.

\_\_\_\_\_  
Signature of Employer Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date Received in HR

\_\_\_\_\_  
Date Received in Payroll