

Educators Benefit Consultants  
403(b)/457(b) Administration and Compliance  
Service

Employer Set Up Kit

This Kit is for Employers  
that have contracted for the

ACS BASIC Service Option

Educators Benefit Consultants  
3125 Airport Parkway, N.E.  
Cambridge, MN 55008  
[www.ebcsolutions.com](http://www.ebcsolutions.com)  
763-552-6053  
1-888-507-6053  
Fax: 763-552-6055

## Check List

- \_\_\_\_\_ Call EBC upon receipt at (763-552-6053 or 1-888-507-6053) to start the set up process.
- Preliminary System Set Up
    - Provide name, phone and e-mail for payroll contact and one back-up payroll person
  - EBC will provide you with...
    - User ID
    - Password
  - Initial Import of Employees and Test Payroll File into ACS
  - Set Training date
  - Account and Routing Numbers so you can ACH funds to EBC; OR provide EBC with District Account and Routing number so EBC can pull funds
  - Need District Pay Cycle Information
  - Determine Schedule to get employee contribution history for current year into ACS system
- \_\_\_\_\_ Review Plan Document
- \_\_\_\_\_ Review and execute Adoption Agreement
- \_\_\_\_\_ Send signed Adoption Agreement to EBC (*self-addressed envelope is enclosed*)
- \_\_\_\_\_ Send out enclosed letter to employees ***Re: Important Information Regarding your 403(b) Plan with the School District.*** (Sample 1). If you need assistance call an EBC representative.
- \_\_\_\_\_ Send out enclosed “Letter of Authority” to 403(b)/457(b) investment providers in your district designating EBC as your third party administrator and authorized signatory for transfers, exchanges, rollovers, etc. (Sample 2). If you need assistance call an EBC representative.
- \_\_\_\_\_ Review the attached Procedures for Transfers, Exchanges, Rollovers, Hardship Withdrawals and Loans.

### **NOTE:**

This document will assist you in administering your 403(b)/457 Plan in the District. It explains how and when employees can move money and what is required by the new regulations to transact fund movement.

### **FYI:**

Your Investment Provider will be supplied with a 403(b)/457(b) Process Kit. A copy of this Kit is enclosed for your reference. This Kit is designed to assist you and your investment provider to work through 403(b)/457 Plan transactions that may occur and to ensure that information regarding those transactions are shared and documented.

If your provider does not have a local representative and your employee is self administering this kit should be provided to your employee. Have your employee communicate directly with EBC.

Dear School District Employee:

***Re: Important Information Regarding your 403(b) Plan through the School District***

The IRS has recently published regulations regarding 403(b) Plans. These new regulations shift the responsibility of tracking 403(b) activity from the individual (you) and your investment provider to your employer (the District). The District has contracted Educators Benefit Consultants (EBC) to provide 403(b)/457(b) administration and compliance services. EBC is a third party administrator which works exclusively with School Districts.

**What does this mean to you!**

The new regulations require all investment providers to agree to share information concerning 403(b) activities with the employer sponsoring the 403(b) Plan. EBC is currently working with investment providers to ensure that they are willing and able to comply with the new regulations. Investment providers that comply with the new regulations and want to continue in the 403(b) business will be required to sign EBC's "Universal Vendor Agreement" (UVA). These Investment Providers will be part of the District's "approved vendor list". Any Investment Provider that does not sign the UVA on or before December 31, 2008, will no longer be offered as a 403(b) option in the School District, beginning January 1, 2009.

**Action Required:**

Attached is a list of the investment providers that the District currently sends contributions to. Please note whether or not your investment provider has signed EBC's UVA.

If your investment provider has signed the UVA, your provider is compliant, and no further action is required by you.

If your vendor has not signed the UVA, it is possible that you might have to complete a new "Salary Reduction Agreement" Form and redirect your 403(b) contributions to a provider that has signed the UVA. Remember, investment providers have until December 31st to sign the UVA. EBC will continue to update our list as UVAs are signed and submitted.

We will provide further follow up as investment providers sign and return the UVAs.

Questions: Please call EBC at 763-552-6053, if you have questions about your product provider's status.

Sincerely,

District Administrator

Date

Investment Provider

Dear :

Please be informed that the District has contracted with Educators Benefit Consultants (EBC), a third party administrator, to provide 403(b)/457(b) administration and compliance services, as well as, common remitting services. EBC refers to these services as their Administration and Compliance Service (ACS). You are receiving this letter because you will be receiving district contributions directly from EBC, on behalf of the District.

EBC will provide the District and your local representatives with a 403(b) Process Kit that will assist the District and you (the Investment Provider) with sharing information on a variety of 403(b) transactions.

For those vendors that have not signed an Universal Vendor Agreement (UVA) with EBC, one will be provided to you by EBC, for review and execution. As an investment provider you have until December 31, 2008, to sign the UVA, if you do not sign EBC's UVA by the deadline you will be removed from the District's "active vendor list".

Please contact one of the duly authorized representatives below to discuss procedures that are mutually agreeable in order to satisfy Internal Revenue Code requirements for 403(b) transactions and receipt of contributions.

Paige McNeal  
Educators Benefit Consultants  
3125 Airport Parkway, N.E.  
Cambridge, MN 55008  
Phone: Toll-Free: 1-888-507-6053  
Local: 763-552-6053  
[paige@ebcsolutions.com](mailto:paige@ebcsolutions.com)

OR

Cathy or Duane Maupin  
Educators Benefit Consultants  
  
Local: 763-229-3491  
[duane@ebcsolutions.com](mailto:duane@ebcsolutions.com)

Thank you.

Sincerely,

District Administrator

## Procedures for Exchanges, Transfers, and Rollovers

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

<p style="text-align: center;"><b>Type</b></p>	<p style="text-align: center;"><b>Universal Vendor Agreement (Equivalent of ISA)</b></p>	<p style="text-align: center;"><b>Procedure</b></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>
<p style="text-align: center;"><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>	<p style="text-align: center;"><b>YES</b></p>	<ol style="list-style-type: none"> <li>1. Representative shall complete appropriate forms to move the funds</li> <li>2. If signature is required by Plan Sponsor. Representative should submit 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> <li>4. Representative shall submit paperwork to appropriate investment provider.</li> </ol>
<p style="text-align: center;"><u>Exchange</u></p> <p>Move funds within the same plan</p> <p>Example: Move funds between product providers on employer's approved vendor list</p>	<p style="text-align: center;"><b>YES</b></p>	<ol style="list-style-type: none"> <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 style="text-align: center;"><u>Rollover</u></p> <p>A rollover shall only occur as a result of a qualifying event. I 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><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 to roll funds.</li> <li>2. If signature is required by Plan Sponsor. Representative should submit 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 appropriate investment provider.</li> </ol>

## Procedures for Hardship Withdrawals, and Loans

Type	Procedure
<p style="text-align: center;"><u>Loan</u></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>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. If signature is required by Plan Sponsor. Representative should submit to District Administrator for Signature</li> <li>3. Representative shall submit loan application to investment provider.</li> <li>4. If loan is approved--the Representative SHALL inform District Administrator</li> <li>5. District Administrator shall enter loan information into the ACS software system.</li> </ol>
<p style="text-align: center;"><u>Hardship Withdrawal</u></p> <p>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.</p> <p>If allowed.....</p> <p>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.</p>	<ol style="list-style-type: none"> <li>1. Representative completes Hardship Withdrawal Application.</li> <li>2. If signature is required by Plan Sponsor. Representative should submit to District Administrator for Signature.</li> <li>3. Representative shall submit Hardship Withdrawal Application to provider.</li> <li>4. If Hardship Withdrawal is approved the Representative SHALL inform District Administrator</li> <li>5. District Administrator must stop employee and employer contributions into the 403(b) Plan for 6 months.</li> <li>6. District Administrator shall enter loan information into the ACS software system.</li> </ol>

# 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

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:

1. Is legally binding and irrevocable with respect to amounts paid or available while it is in effect;
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;
3. Is effective only for amounts not yet earned or made available in accordance with the Employer's administrative procedures.

Employee further agrees that:

He/she is responsible for determining that his/her salary reduction amount does not exceed the limits of the Applicable Law;

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.

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.

This agreement supersedes all prior salary reduction agreements and shall automatically terminate if your employment with the Employer is terminated.

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.

## 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