

Sample Employee Memorandum on Upcoming 403(b) Changes

To: (Insert School Name) Employees

From: Business Manger, _____ Supervisory Union

Subject: New IRS Regulations and 403(b) Plan Administration

Date:

The IRS has revised regulations for 403(b) Plans, which are tax-deferred accounts that some of you are currently investing in through payroll deductions. The new regulations take effect on **January 1, 2009**, and will impact our policies and procedures going forward. Consequently, the district is reviewing its 403(b) procedures and developing a plan of action to comply with the new regulations.

In brief, the first step in this process is for each existing investment provider to sign an Investment Provider Agreement indicating their willingness to adhere to the IRS's new compliance rules. Any provider who does **not** sign an agreement will no longer be a participating investment provider in our 403(b) Plan and will be **ineligible** to receive employee 403(b) contributions. There is a good possibility that some providers currently in use may not be able or willing to comply with the new IRS regulations. Employees using these providers will need to select a provider from those approved for participation in the district's 403(b) Plan.

You will be receiving additional communication regarding these changes in the near future, as well as information annually on how you can benefit from investing in a 403(b) plan. In the meantime, if you have further questions, please contact _____ in the business office.