

# The 411 on 403(b) Regs and Contract Exchanges

The 403(b) Regulations are here, and Voya Financial™ can help.

Voya™ is committed to helping you manage your 403(b) plan under the IRS regulations, including the contract exchange rules. Please consider Voya for a broad range of services in support of the 403(b) regulations including:

- a) sample notices that you can provide annually to your employees to remind them about your 403(b) plan;
- b) specimen plan documents;
- c) plan administration and/or common remitter services\*;
- d) general information and tools to help you comply with the IRS 403(b) regulations.

Please visit our website at: [foremployers.voya.com](http://foremployers.voya.com) or contact your Voya representative.

## Understanding the rules for moving funds among your 403(b) plan's investment providers

If participants are looking to move their account among different providers under the employer's 403(b) plan, you need to know about "contract exchange" rules. A contract exchange allows a participant to move funds from one investment provider authorized under your 403(b) plan to another, subject to certain requirements.

Your written 403(b) plan must permit contract exchanges and identify the investment providers approved to receive funds under your plan. These providers may be the same as those you have approved to receive ongoing contributions or, if the provider is no longer approved to receive contributions during or after 2009, those providers that have entered into an information sharing agreement with the employer.

An information sharing agreement requires that the investment provider and employer agree to share certain employee and plan information in order to process distribution, hardship and loan transactions in accordance with IRS rules.

Examples of information to be shared include whether a participant is eligible for a distribution; a hardship withdrawal from the plan; and loan-related information, including the value of all retirement accounts of a participant, in all plans that the employer offers.

The IRS also has transitional rules if a plan's investment provider was deselected prior to 2009:

- If an investment product has not received any contributions, transfers, exchanges or rollovers after 2004, that product is considered "grandfathered" and is not subject to the IRS' information sharing requirements. If a grandfathered contract subsequently receives additional amounts, it may no longer be considered grandfathered and would be considered under the 403(b) plan and thus subject to all of the IRS 403(b) regulatory requirements, including information sharing.
- If an investment product was deselected after 2004 and before 2009, that contract need not be part of the written 403(b) plan as long as transitional rules regarding these "orphaned contracts" are met by either:
  - The employer making a reasonable, good faith effort to contact that deselected vendor to coordinate information for participant requests for loans, hardships and other distributions; or
  - The deselected vendor making a reasonable, good faith effort to contact the employer and exchange necessary information before processing participant disbursement requests under that investment product.

Neither Voya Financial nor its affiliated companies or representatives provide tax or legal advice. Please consult a tax adviser or attorney before making a tax-related investment/insurance decision.

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## 6 Simple Steps You Need to Take

If your plan will continue to allow portability and choice among providers by permitting contract exchanges:

- Make sure that you have authorization from your board to allow contract exchanges under your written 403(b) plan and, where needed, to execute an information sharing agreement with Voya;
- Identify Voya as an investment provider approved to receive ongoing contributions and contract exchanges in your written 403(b) plan;
- Remember to include a contract exchange provision in your written 403(b) plan;
- Partner with Voya and your other approved investment providers to develop both procedures and agreements to share employee information, as required by the 403(b) regulations, including the information mentioned above, and any other information to comply with the new 403(b) regulations;
- Review state laws and collective bargaining agreements regarding any provisions about exchanges of participant 403(b) accounts.
- If you currently work with a third party administrator, contact them to find out how they will address these information sharing requirements.



To learn more about managing your 403(b) plan under the IRS regulations, please visit our website at: [foremployers.voya.com](http://foremployers.voya.com)



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\*Common remitter services offered through Voya Financial Partners, LLC (VFP), One Orange Way, Windsor, CT 06095-4774, a broker/dealer registered with the Securities and Exchange Commission and the Financial Industry Regulatory Authority and Voya Institutional Trust Company, a national banking association limited to fiduciary powers. VFP is responsible for collecting all data and payment instructions and forwarding such information to the investment product providers. Voya Institutional Trust Company is responsible for holding the bank account that will receive remittances from the Employer and forwarding such payment to the investment product providers as directed by VFP pursuant to the Employer's instructions.

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