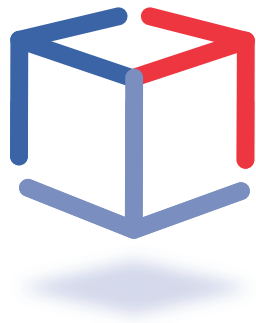


plan sponsor checklist for ERISA 403(b) plans





Keeping Your ERISA 403(b) Plan and Its Operation Compliant

This correspondence contains:

- ERISA 403(b) Plans Annual Requirements At-a-Glance
- Plan Sponsor Checklist for ERISA 403(b) Plans

Dear Plan Sponsor:

As an administrator for a 403(b) plan subject to the Employee Retirement Income Security Act of 1974, as amended (ERISA), you can count on our commitment to helping you maintain your plan in compliance with its many reporting, disclosure, and administrative requirements.

Enclosed are two checklists we created to help you review key compliance requirements that may apply to 403(b) plans, such as yours, that are subject to ERISA:

1 ERISA 403(b) Plans Annual Requirements At-a-Glance — Is a quick tool designed to give you a high-level summary of an ERISA 403(b) plan's annual requirements.

2 Plan Sponsor Checklist for ERISA 403(b) Plans — Describes the participant disclosures, financial reporting and filing requirements, plan tests, and fiduciary responsibilities associated with ERISA 403(b) plans.

We hope you find these documents helpful. While compliance is ultimately a plan sponsor responsibility, you'll see that many of the items listed are included in the scope of services PlanConnect[®] provides to you—and we can assist you in complying with several of the other requirements upon request.

Please contact at (800) 923-6669, Monday through Friday, 9:00 a.m. to 5:00 p.m. ET, or e-mail us at support@planconnect.com if you have any questions about the documents or if you would like additional information on how PlanConnect[®] can help you with these requirements.



Brayton Wicks
President

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ERISA Section 403(b) annual requirements at-a-glance



Described below are important annual action items for 403(b) plans subject to ERISA. This is not a complete list; it is intended only to serve as a reminder of some of the items that should be considered each year. Please contact PlanConnect® if you have any questions about the list, or if you would like additional information on how PlanConnect® can help you meet these requirements.

Plan Name:

Plan Year (beginning & ending dates):

Participant Disclosures

Automatic Enrollment Notice (if applicable) **When due:** At least 30 days, but not more than 90 days, prior to the start of each plan year (or eligibility for new hires).
Target date: Date completed:

ERISA Section 404(a)(5) Notices¹ **When due:** Annual notices are due once in any 12-month period, and must include general plan administration and participant-level fees charged to a participant's account. (Note – Quarterly notices are also required.)
Annual notice distributed:
Quarter One: Quarter Three:
Quarter Two: Quarter Four:

Summary Annual Report (SAR) **When due:** 9 months after the end of the plan year or 2 months after the Form 5500 reporting deadline. Example – For a calendar year plan, the 2012 SAR must be distributed by September 30, 2013, or 2 months after the Form 5500 due date if the plan has a Form 5500 filing extension.
Target date: Date completed:

Summary of Material Modification (SMM) **When due:** 210 days after the close of the plan year in which the change is adopted. Example – If a calendar-year plan adopted plan changes in 2012, an SMM describing the changes must be distributed by July 28 of 2013.
Target date: Date completed:

Universal Availability Meaningful Notice² **When due:** Must be distributed at least once each year.
Target date: Date completed:

Form 8955-SSA Individual Statements **When due:** Before the filing deadline for the Form 8955-SSA, which contains the individual's deferred vested benefit information.
Target date: Date completed:

Financial Reporting & Filing

Employer Contributions² (if applicable) **When due:** Must be deposited no later than 10½ months after the end of the plan year for which the contributions apply.
Target date: Date completed:

Form 5500 & Form 8955-SSA² **When due:** The last day of the 7th month after end of plan year. A 2½-month extension is available if the plan sponsor files Form 5558 (an "extension of time" form) before the general form deadline.
Target date: Date completed:

Testing

Actual Contribution Percentage (ACP) Test^{2,3} **When due:** Recommend completing the test within 2 months after the end of the plan year.
Target date: Date completed:

Compensation Test¹ **When due:** Required once per plan year. At minimum, the plan must pass this test as of the last day of the plan year.
Target date: Date completed:

Coverage Test^{2,3} **When due:** At minimum, the plan must pass this test as of the last day of the plan year.
Target date: Date completed:

¹ PlanConnect® can provide services to help fulfill this requirement upon request.

² Included as part of PlanConnect®'s service offering.

³ Required only if the plan is available to highly compensated employees (HCEs) as defined under IRC Section 414(q).

Plan Sponsor Checklist for ERISA 403(b) Plans

About This Checklist

The following checklist outlines key compliance areas for an ERISA 403(b) plan. Use it periodically to help make sure your plan conforms to 403(b) regulations.

The checklist is meant to serve as a guide; it is not intended to be a comprehensive list of all 403(b) compliance requirements. Please contact PlanConnect®, if you have any questions on any of the items covered in the checklist, or if you would like additional information on how PlanConnect® can help you meet these requirements.

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Plan Basics

Following is a list of key requirements for all 403(b) plans subject to ERISA.

Item	Description/Purpose	Responsibility		
		Plan Sponsor	PlanConnect®	Provider
Plan Document	<p>All 403(b) plans are required by law to have a written plan document that describes the plan's terms and conditions, such as eligibility, benefits, types of employee contributions permitted, contribution limits, and distributions. It should also include (if applicable) the plan's requirements for loans, hardship withdrawals, rollovers, exchanges, and transfers. The document serves as the foundation for day-to-day plan operations.</p> <p>The plan document must be adopted by the plan sponsor and amended as needed to conform to regulatory or operational changes.</p>	<p>✓</p> <p>(PlanConnect® can provide plan document and plan amendment services upon request.)</p>		
Fidelity Bond	<p>Every person handling funds or property must be covered by a fidelity bond for at least 10% of the plan's assets (minimum bond amount is \$1,000).</p> <p>Fidelity bonds must be obtained from an approved surety company or reinsurer that is named on the Department of the Treasury's list of Approved Sureties (Department Circular 570).</p>	<p>✓</p>		
Fiduciary Responsibilities	<p>As a plan sponsor, you are automatically a fiduciary under ERISA and must follow the standards of fiduciary conduct for ERISA plans.</p> <p>See pages 7-8 for more specific information about these responsibilities.</p>	<p>✓</p>		
<p>Universal Availability</p> <p>Churches and qualified church-controlled organizations are exempt from this requirement.</p>	<p>Under the universal availability rules:</p> <ul style="list-style-type: none"> • If a plan sponsor permits one employee to make salary deferral contributions to the plan, virtually all employees must be permitted to do so. • Plan sponsors must provide their employees with a meaningful notice of their right to participate in the plan, and • Employees must have an effective opportunity to enroll in the plan or change their contributions. <p>Violation of this regulation could cause a plan to be disqualified.</p>	<p>✓</p>	<p>✓</p> <p>(PlanConnect® services include distributing the Meaningful Notice.)</p>	
Contribution Limits	<p>The Internal Revenue Code provides for dollar limitations on contributions under qualified retirement plans, including:</p> <ul style="list-style-type: none"> • Employee before-tax contributions • Combined total of employee before-tax, employee 15-year catch-up (if applicable), and employer contributions—note that this combined total does not include any age 50+ catch-up contributions • Age 50+ contributions (if applicable) <p>Current limits are available at the IRS website: www.irs.gov/Retirement-Plans/COLA-Increases-for-Dollar-Limitations-on-Benefits-and-Contributions.</p>	<p>✓</p>	<p>✓</p> <p>(PlanConnect® services include monitoring all accounts for contribution limits.)</p>	

Participant Disclosures

In addition to distributing the documents listed below, plan sponsors also must (1) have copies of the document readily available in their offices for review by participants and beneficiaries, and (2) provide participants and beneficiaries with a copy of these documents within 30 days of a written request (a reasonable charge for copying is permitted).

Item	Description/Purpose	Recipients	Due Date/ Frequency	Responsibility		
				Plan Sponsor	PlanConnect®	Provider
Summary Plan Description (SPD)	Summarizes the plan's provisions and the participant's benefits and rights under the plan. Must be written in a manner designed to be understood by the average plan participant.	<ul style="list-style-type: none"> All eligible plan participants Beneficiaries who are receiving benefits Delivery method—see below.	<ul style="list-style-type: none"> New Participants: within 90 days after becoming a participant. Beneficiaries: within 90 days after first receiving benefits. Ongoing: must be redistributed every 5 years if the SPD content changes or the plan is amended; otherwise, every 10 years. 	✓	✓ (PlanConnect® services include drafting the SPD.)	
Summary of Material Modifications (SMM)	Describes a plan amendment or change to the SPD.	<ul style="list-style-type: none"> All eligible plan participants Beneficiaries who are receiving benefits Delivery method—see below.	210 days after the close of the plan year in which the change is adopted.	✓	✓ (PlanConnect® services include drafting the SPD to reflect changes.)	
Summary Annual Report (SAR)	<ul style="list-style-type: none"> Summarizes the plan's financial data as reported in its Form 5500. States that a copy of the Form 5500 is available upon request. 	<ul style="list-style-type: none"> All eligible plan participants Beneficiaries who are receiving benefits Delivery method—see below.	Annually—either 9 months after the end of the plan year or 2 months after the Form 5500 reporting deadline.	✓		
Quarterly Account Statements	Each individual's statement must include: <ul style="list-style-type: none"> The individual's total account balance as of the plan's most recent valuation date The individual's vested account balance or the date when benefits become vested The value of each of the plan's investment options to which the individual allocated account assets Any limitations or restrictions on the individual's right to direct an investment An explanation of the importance of a well-balanced and diversified investment portfolio Required for plans that permit participants to direct their investments	<ul style="list-style-type: none"> All plan participants Beneficiaries who are receiving benefits Delivery method—see below.	Quarterly (vesting information may be provided annually)	✓		✓

Delivery method: Plan sponsors must ensure receipt (for example, personal delivery or certified mail with a return receipt). If regular USPS mail service is used, the plan sponsors must have a process in place to forward returned mail either by USPS first class mail or by personally delivering the document. SPDs, SMMs, SARs, and quarterly account statements may also be delivered electronically following Department of Labor (DOL) rules for electronic media.

Participant Disclosures (continued)

Item	Description/Purpose	Recipients	Due Date/ Frequency	Responsibility		
				Plan Sponsor	PlanConnect®	Provider
<p>ERISA Section 404(a)(5) Participant Disclosures</p> <p>Required for plans with participant-directed accounts</p>	<p>Annual and quarterly disclosures are required. The disclosures are intended to give plan participants a better understanding of the costs associated with the plan so they can make more informed investment decisions. They must include specific information on plan costs and fees and certain investment-related information for every investment option under the plan. In addition, as needed, eligible employees, participants, and beneficiaries must be notified of changes to any plan or investment-related information covered by the regulations.</p>	<ul style="list-style-type: none"> All eligible plan participants, including individuals not yet enrolled in the plan Beneficiaries who are receiving benefits Alternate payees under qualified domestic relation orders who have the right to direct the investment of accounts 	<p>Annual disclosures (i.e., due once in any 12-month period):</p> <ul style="list-style-type: none"> General plan information, such as available investment options, how to access account information and initiate changes, and investment voting rights. General plan administration fees and participant-level fees. Investment-related information, such as performance and benchmarking data, fees, and expenses for each available investment option. <p>Quarterly disclosures: (i.e., due once in any 3-month period) General plan administration and participant-level fees charged to a participant's account.</p> <p>New Eligible Participants: Must receive the initial disclosures on or before the first date they can direct investments, and annually thereafter, regardless of whether they actually contribute to the plan.</p> <p>Fee Changes: Participants and Beneficiaries must receive the change(s) 30-90 days in advance of the change.</p>	<p>✓</p>	<p>✓</p> <p>(PlanConnect® services can manage the fee disclosure process for plan sponsors upon request.)</p>	<p>✓</p>
<p>Automatic Enrollment Notice</p> <p>(if applicable)</p>	<p>Required for all plans that include an automatic enrollment feature.</p>	<p>All affected employees</p>	<p>Initial notification: at least 30 days, but not more than 90 days, before an employee meets the plan's eligibility requirements— if the plan permits penalty-free withdrawals within the first 90 days of the first contribution, employees may be enrolled on their first day of work.</p> <p>Annual notification: (all participants): at least 30 days, but not more than 90 days, prior to the start of each plan year.</p>	<p>✓</p>		
<p>Universal Availability Meaningful Notice</p>	<p>Under the universal availability rules, plan sponsors must provide their employees with a meaningful notice of their right to participate in the plan.</p>	<p>All employees</p> <p>Delivery method— a manner designed to ensure delivery to all employees. Electronic delivery is permitted following DOL rules for electronic media.</p>	<p>Must be distributed at least annually.</p>	<p>✓</p>	<p>✓</p> <p>(PlanConnect® services include distributing the Meaningful Notice.)</p>	

Participant Disclosures (continued)

Item	Description/Purpose	Due Date/Frequency	Responsibility		
			Plan Sponsor	PlanConnect®	Provider
Form 8955-SSA Individual Statements	<p>Inform plan participants who have separated from service of the nature, amount, and form of their deferred vested benefits.</p> <p>Benefit statements or other existing participant notices may be used to furnish the information to affected individuals. A separate statement designed specifically to satisfy this requirement is not required.</p>	Before the due date for filing the Form 8955-SSA on which the individual's deferred vested benefit is reported.	✓		✓ (Some providers may send out notices that fulfill this requirement. Check with your provider(s) to confirm whether or not they do so.)

Financial Reporting and Filing

Item	Description/Purpose	Due Date/Frequency	Responsibility		
			Plan Sponsor	PlanConnect®	Provider
Employee & Employer Contributions	Contributions must be deposited into participants' accounts within specific time periods.	<ul style="list-style-type: none"> • Employee Contributions: must be remitted as soon as administratively practical, but in no event any later than the 15th business day of the month following the month the contributions were made. Plans with fewer than 100 participants may use the Safe Harbor option, which requires contributions to be deposited within 7 business days after amounts are withheld. • Employer contributions: must be deposited no later than 10½ months after the end of the plan year for which the contributions apply. 	✓	✓ (PlanConnect® services include handling the remittance of employee and employer contributions.)	
Form 5500 & Form 8955-SSA	<ul style="list-style-type: none"> • Form 5500: reports detailed information on the plan's finances, investments, and operations. It is filed with the DOL. <ul style="list-style-type: none"> –Plans with under 100 eligible participants may use Form 5500-Short Form. –Plans with over 100 eligible participants must file Form 5500 with the applicable schedules and have the plan's financial statement audited. • Form 8955-SSA: reports information about separated participants who have deferred vested benefits under the plan. It is filed with the IRS. 	<p>Must be filed annually.</p> <p>Due the last day of the 7th month after end of plan year. A 2½ month extension is available—if the plan sponsor files Form 5558 (an "extension of time" form) before the general form deadline.</p>	✓	✓ (PlanConnect® services include preparation of Form 5500 and Form 8955-SSA.)	

Test Requirements

Item	Description/Purpose	Due Date/Frequency	Responsibility		
			Plan Sponsor	PlanConnect®	Provider
Actual Contribution Percentage (ACP) Test*	Applies to employer matching contributions, unless a Safe Harbor 403(b) plan is used. Compares the average employer contribution received by highly compensated employees (HCEs) with the average contribution received by non-HCEs to ensure that the amount of employer contributions do not unduly favor HCEs.	Annual testing required. Recommend completing the test within 2 months after the end of the plan year. Distribution of excess contributions and earnings to HCEs (if needed) issued more than 2½ months after the end of the plan year are subject to an excise tax—payable by the plan sponsor.	✓	✓ (PlanConnect® services include ACP testing.)	
Compensation Test	Required only if a Plan excludes some form of compensation in its definition of “Plan Compensation” (i.e., bonuses, commissions). Ensures that the compensation on which employer contributions are based is accurate.	Required once per plan year. At minimum, the plan must pass this test as of the last day of the plan year.	✓	✓ (PlanConnect® can provide services to help fulfill this requirement upon request.)	
Coverage Test*	Ensures that a reasonable number of non-HCEs receive employer contributions or benefits from the plan. Plan sponsors can use one of two testing methods: <ul style="list-style-type: none"> • Average Benefits Test: requires that the average benefits of the non-HCEs equal at least 70% of the average benefits of the HCEs, or • Ratio Percentage Test: requires that the percentage of non-HCEs receiving employer contributions be equal to at least 70% of the percentage of HCEs that are covered. 	Required once per plan year. At minimum, the plan must pass this test as of the last day of the plan year.	✓	✓ (PlanConnect® services include coverage testing.)	

* Required only if the plan is available to highly compensated employees (HCEs) as defined under IRC Section 414(q).

Fiduciary Responsibilities

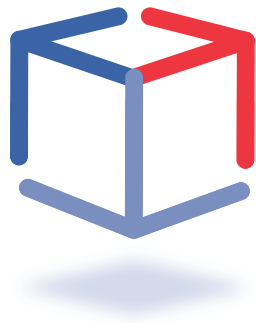
A plan must have at least one fiduciary (a person or entity) named in the written plan, or through a process described in the plan, as having control over the plan's operation. The named fiduciary can be identified by office or by name. Fiduciaries have important responsibilities and are subject to standards of conduct because they act on behalf of participants and their beneficiaries. Plan fiduciaries should establish, document, and follow a process to carry out all fiduciary responsibilities under the plan.

Unless stated otherwise, all fiduciary duties are ongoing.

Area of Responsibility	Description/Purpose	Responsibility		
		Plan Sponsor	PlanConnect®	Provider
Plan Management and Administration	A fiduciary has the authority or control to create the rules, policies, and procedures by which the plan is maintained and administered. This includes functions such as applying rules to determine participant eligibility, preparing communications, maintaining employment records, and calculating plan benefits.	✓		
Reviewing Section 408(b)(2) Disclosures	Service providers for ERISA-covered retirement plans must furnish plan sponsors with certain fee and service information within a reasonable time prior to entering into an agreement with the plan. The plan's fiduciaries should make sure that they: <ul style="list-style-type: none"> • Receive the required fee disclosure information from their service providers. • Conduct and document periodic meetings that thoroughly review the disclosures in order to make informed decisions regarding services the plan will receive from service providers and the fees associated with the services. • Receive notification 30 days in advance of changes to any investment-related information. 	✓		
Following The Plan Documents	The plan's fiduciaries must follow the terms of the plan document—as long as the document is consistent with ERISA. A plan sponsor should review the plan document periodically to ensure it is consistent with how the plan is operating. For example, if a plan does not permit loans, the plan document must be amended before the plan's administrator can grant any plan loans.	✓		
Plan Investments and Investment Policy Statement	The plan's fiduciaries must diversify the plan investments to minimize losses, unless circumstances indicate it is not prudent to do so. ERISA requires the plan's investment fiduciaries to have a thoughtfully developed process for selecting investment options and to periodically review and, if necessary, revise the options (even if the funds are held in participant-owned individual 403(b) annuity contract). This process—known as an investment policy statement—should be documented, evaluated, and continually monitored.	✓		
Plan Assets	While a plan's sponsor, or its board of trustees, may delegate fiduciary control over plan assets to a plan committee, the plan's sponsor (or its board of trustees) still has a fiduciary duty to prudently and continually monitor the committee's activities.	✓		

Fiduciary Responsibilities (continued)

Area of Responsibility	Description/Purpose	Responsibility		
		Plan Sponsor	PlanConnect®	Provider
<p>Complying with ERISA Section 404(c)</p>	<p>Complying with ERISA Section 404(c) is voluntary; however, doing so can reduce a plan sponsor's fiduciary responsibilities for 403(b) plan investments.</p> <p>To comply with ERISA Section 404(c), plan sponsors must:</p> <ul style="list-style-type: none"> • Offer a plan with at least three funds that are core investment funds as required under ERISA Section 404(c) and have different risk and reward characteristics. • Permit plan participants to change investment options at least once per quarter. • Notify plan participants that the plan is intended to qualify as an ERISA Section 404(c) plan and, therefore, the plan's fiduciaries may be relieved of some liability for losses that result from the participants' investment choices. (Notification can be incorporated into the plan's SPD.) • Provide plan participants with a description of all of the plan's investment options—their risk and return characteristics, underlying assets, and investment managers. (This responsibility can be delegated to the plan's investment provider(s)). 	✓		
<p>Acting Solely in the Interest of Plan Participants and Their Beneficiaries</p> <p>Also known as the "duty of loyalty"</p>	<p>A fiduciary's actions must be for the sole purpose of providing benefits to participants and their beneficiaries. Any decisions a fiduciary makes must take into account only the interests of the plan and its participants—not the plan sponsor. Fiduciaries must also not engage in activities that involve a conflict of interest with regard to the plan.</p> <p>Acting solely in the interest of plan participants and their beneficiaries includes paying only reasonable plan fees and expenses. Therefore, fees and expenses must be monitored on an ongoing basis. Reasonableness can be determined by evaluating the services included and by benchmarking against other plans with similar characteristics and features.</p>	✓		
<p>Carrying Out Duties Prudently</p> <p>Also known as the "duty of care"</p>	<p>This responsibility focuses on the process for making fiduciary decisions and requires fiduciaries to:</p> <ul style="list-style-type: none"> • Seek the advice of experts when needed. It is also recommended that fiduciaries document decisions and the basis for those decisions (e.g., hiring a trustee or investment advisor). • Be familiar with matters at hand, which include new plan-related regulations or requirements. 	✓		



Need Additional Help?

Need help updating your personal information? Call us at 800-923-6669 9:00 a.m. – 5:00 p.m. Eastern Time.

To Contact PlanConnect®

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