

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

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

This Kit is for Representatives of Investment Providers and/or Employees  
self-directing their 403(b) investments



Educators Benefit Consultants  
3125 Airport Parkway, N.E.  
Cambridge, MN 55008  
[www.ebcsolutions.com](http://www.ebcsolutions.com)  
763-689-0111  
1-855-369-5518  
Fax: 763-689-6685

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



**Educators Benefit Consultants (EBC)** reviews and authorizes all 403(b) transaction paperwork on behalf of the district. In order to have your paperwork reviewed and processed, you may mail or fax your forms to EBC. Please note that you should only fax the forms if the paperwork does not need to remain in original form. EBC also does not accept forms via email.

**Fax Number:** 763-689-6685

**Mailing Address:**

EBC  
Attn: ACS Division  
3125 Airport Pkwy NE  
Cambridge, MN 55008

When sending forms to EBC, please indicate forwarding instructions for the forms on a cover-note, otherwise they will be returned to you after being approved. If you have any questions, you may contact EBC at the following numbers:

**Metro Area:** 763-689-0111

**Toll Free:** 855-369-5518

When calling, press “1” for the 403(b) Department.

Please allow 3-5 business days for EBC to review and authorize the documents. The review can be delayed if any information is missing on the form, so please include contact information for any questions. Please make sure that the employer sponsoring the plan is indicated either on the form or on a cover-sheet.



## **Table of Contents**

|  |                   |
|--|-------------------|
| <b><u>Transaction Processing Form</u></b> .....  | <b>Page 4</b>     |
| <b><u>Salary Reduction Agreement</u></b> .....   | <b>Page 5-6</b>   |
| <b><u>403(b) Hardship Processing Form</u></b> .....  | <b>Page 7</b>     |
| <b><u>Rules for Hardships</u></b> .....  | <b>Page 8</b>     |
| <b><u>Procedures and descriptions for<br/>different types of 403(b) transactions</u></b> ..... | <b>Page 9-10</b>  |
| <b><u>Procedures for Loans and<br/>Hardship Withdrawals</u></b> .....                          | <b>Page 11-12</b> |
| <b><u>EBC’S Process for Authorization<br/>and Calculation of Loans</u></b> .....               | <b>Page 13-15</b> |

## TRANSACTION PROCESSING FORM

|  |   |
|--|---|
| Name of Representative                 | Client Name / SSN   |
|  |   |
| Address                                | Releasing Carrier   |
|  |   |
| Phone Number                           | Accepting Carrier   |
|  |   |
| Name of Plan Sponsor (School District) | Amount of Exchange/Transfer/Rollover/Hardship/Loan/<br>Withdrawal |
|  |   |

Please check box that indicates nature of transaction

- Exchange
- Transfer
- Rollover OUT
- Rollover IN
- Hardship Withdrawal
- Loan
- In-Service Distribution
- Distribution due to termination/retirement
- Required Minimum Distribution

Please complete this form and send along with necessary transactions documents to Educators Benefit Consultants for signature.

Educators Benefit Consultants  
ACS Division  
3125 Airport Parkway, N.E.  
Cambridge, MN 55008  
Fax (763)689-6685

EBC will sign and return to you so you may send to appropriate investment provider, unless otherwise specified.

[Back to the Table of Contents](#)

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

*(This is a generic form and can be used with most plans. Be sure that changes made are in accordance with your plan document.)*

Independent School District

### Part 1. Employee Information

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

### CatchUp Provisions

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

|  |    |  |
|--|----|--|
| <input type="checkbox"/> I am contributing | \$ | using the 15-years service election. (Attach documentation). |
| <input type="checkbox"/> 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(b) 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> <p>1. Is legally binding and irrevocable with respect to amounts paid or available while it is in effect;</p> | <p>Employee further agrees that:</p> <p>Employee is responsible for determining that his/her salary reduction amount does not exceed the limits of the Applicable Law;</p> <p>Employee is responsible for the accuracy of the information provided, 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(b) program.</p> <p>Employee acknowledges that Employer has made no representation to Employee regarding advisability, appropriateness or tax consequences of</p> |
|---|--|

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.

**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) Roth/457(b) in the Internal Revenue Code.
- 4. Employees are responsible for naming a death benefit under the 403(b)/403(b) Roth/457(b) 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, and make loans, or otherwise access 403(b) /403(b) Roth/457(b) 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..

**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(b) 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. Fees are disclosed in the plan document.

the purchase of the 403(b), 403(b)Roth, and 457(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.

**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(b) programs, and I request that my Employer takes 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(b) program are enforceable only by me, my beneficiary or my authorized representative.

|                      |                      |
|----------------------|----------------------|
| <input type="text"/> | <input type="text"/> |
|----------------------|----------------------|

Employee Signature

Date

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

I hereby acknowledge my responsibility to comply with the 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

[Back to the Table of Contents](#)



Cambridge, MN 55008  
Metro: 763-689-0111  
Toll-free: 1-855-369-5518

## **403(b) 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”.

If you determine that you are eligible for a hardship withdrawal, please check appropriate boxes and sign this 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.

---

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; I attest that none of those resources are available to me. I agree to preserve source documents and to make them available at any time, upon request, to the employer or administrator.

I have read, and understand the meaning of the information provided to me in this “Hardship Withdrawal Processing Form” and attest that my answers on this form are true and correct. 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 |  |
|---|--|--------|--|----|--|

|              |
|--------------|
| <br><br><br> |
|--------------|

Participant’s Signature

|              |
|--------------|
| <br><br><br> |
|--------------|

Spouse’s Signature

---

<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.

[Back to the Table of Contents](#)

## Rules Applicable to Hardship Distributions

A hardship distribution shall only be approved based on the 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.

- The amount of the distribution cannot exceed the immediate and heavy financial need.
- Hardship distributions are taxable and additional taxes could apply.
- Hardship distributions cannot be made from earnings on elective contributions or from Qualified Non-Elective Contributions (QNEC) or Qualified Matching Contributions (QMAC) accounts.

### 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(b)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.



## **Procedures for Exchanges, Transfers, and Rollovers**

Representative is defined as the investment provider's local representative or the employee if the employee is self-administering his/her 403(b) Plan.

- Representative shall complete Transaction Processing Form and forms provided by investment company and submit to EBC for signature
- EBC shall return signed copy of form to Representative via mail or fax.
- Representative shall submit paperwork to appropriate investment provider.

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

[Back to the Table of Contents](#)

## **Types of transactions to move 403(b) funds**

### **Transfer**

Move funds from one plan into another.

Example:

- Transfer funds from previous employer's plan to current employer's plan
- Transfer funds from inactive vendor to active/approved vendor

**Information Sharing Agreement (Universal Vendor Agreement) Required**

### **Exchange**

Move funds within the same plan

Example:

- Move funds between product providers on employer’s approved vendor list

**Information Sharing Agreement (Universal Vendor Agreement) Required**

**Rollover**  
**(e.g., moving funds from 403(b) to IRA)**

A rollover shall only occur as a result of a qualifying event. A qualifying event includes any one of the following:

- Termination of Employment/Separation from Service
- Death
- Disability
- Age 59 ½

Examples:

| Rollover IN      | Rollover OUT     |
|------------------|------------------|
| 401(k) to 403(b) | 403(b) to IRA    |
| 457(b) to 403(b) | 403(b) to 457(b) |
| IRA to 403(b)    | 403(b) to 401K   |

**In-Service Distribution**

Must have a qualifying event

- Age 59 ½
- Disabled

[Back to the Table of Contents](#)

## Procedures for Loans and Hardship Withdrawals

| Type  | Procedure   |
|---|---|
| <u>Loan</u>   | 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>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 and EBC.</p> <p><b><u>Loan Rules:</u></b><br/>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, the employee shall not be permitted to take a loan from his/her Account.</p> <p><b>Maximum Loan Amount</b><br/>\$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> | <ol style="list-style-type: none"> <li>1. Representative completes loan application provided by the investment provider.</li> <li>2. Representative shall complete the "Transaction Processing Form" along with forms from the investment company <b>ALONG WITH AN ACCOUNT STATEMENT SHOWING FUND BALANCE</b> and submit to EBC for Signature.</li> <li>3. If no outstanding loans, EBC shall sign and return to Representative.</li> <li>4. Representative shall submit loan application to investment provider.</li> <li>5. EBC shall enter loan information into the ACS software system.</li> </ol> |

| Type   | Procedure  |
|--|--|
| <p style="text-align: center;"><u><b>Hardship Withdrawal</b></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 and EBC.</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 a Hardship Withdrawal Application provided by investment provider.</li> <li>2. Representative completes EBC’s “Hardship Withdrawal Processing Form” and the “Transaction Processing Form” (both are provided in this kit) along with forms from the investment company and submit to EBC for signature.</li> <li>3. If hardship is approved, EBC shall sign and return to Representative unless directed to forward the forms elsewhere.</li> <li>4. Representative shall submit Hardship Withdrawal Application to provider.</li> <li>5. EBC informs District Administrator that employee and employer contributions into the 403(b) Plan are suspended for 6 months.</li> <li>6. EBC shall enter Hardship Status into the ACS software system.</li> </ol> |

[Back to the Table of Contents](#)

### EBC'S Process for Authorization and Calculation of Loans.

1. **Review the Plan in question to confirm that Loans are included**
2. **Acquire employee's account information from school/EBC**
3. **If there are no Defaulted loans indicated, then proceed to Step 4.** If there is a defaulted loan indicated, the Plan Document indicates that *"An Employee who has previously defaulted on a loan from any retirement plan or deferred compensation arrangement sponsored by the Employer and who has not repaid the loan, in full, shall not be permitted to take a loan from his Account under the Plan."* Therefore, in the case of a default, the loan must be declined unless the investment provider provides in writing, proof that the *"employee who defaulted, has repaid the loan in full."*
4. **Acquire employee's account information from investment providers.**
  - a. **Total Account Balance** \_\_\_\_\_
  - b. **Outstanding Loan Amounts as of today:** \_\_\_\_\_
  - c. **Highest Outstanding Loan Balance in the last 12 months:** \_\_\_\_\_
  - d. **Adjusted Total Account Balance** - if not already included, add "Outstanding Loan Amounts as of Today" to the "Total Account Balance" amount, otherwise enter line a: \_\_\_\_\_

**5. To Determine Available Loan amount, enter the following information:**

|                      | Investment Provider Name/Account Number | Adjusted Total Account Balance | Current Outstanding Loan Amount | Highest Outstanding Loan Amount in last 12 Months |
|----------------------|---|--------------------------------|---------------------------------|---|
| Account/Loan #1      |   |                                |                                 |   |
| Account/Loan #2      |   |                                |                                 |   |
| Account/Loan #3      |   |                                |                                 |   |
| Account/Loan #4      |   |                                |                                 |   |
| Account/Loan #5      |   |                                |                                 |   |
| <b>Grand Totals:</b> |   |                                |                                 |   |

*Note: If more than five (5) loans, add extra rows by placing the cursor in the row for Account/Loan #5, Right-click, Select "Insert" → Insert Rows Below*

6. Enter the grand-total of the "Total Account Balance": \_\_\_\_\_
7. Enter the grand-total of the "Current Outstanding Loan Amount": \_\_\_\_\_
8. Enter the grand-total of the "Highest Outstanding Loan Amount in last 12 Months": \_\_\_\_\_
9. Subtract the total in Line 7 from the total in Line 8: \_\_\_\_\_
10. Subtract the total in Line 9 from \$50,000.00: \_\_\_\_\_
11. Take the total in line 6 and multiply by %50: \_\_\_\_\_
12. Enter in the lesser of Lines 10 and 11: \_\_\_\_\_
13. Subtract the total from Line 7 from Line 12: \_\_\_\_\_: ←This is the Approved Loan Amount

## Appendix 1: The Actual Plan Document Language

- 4.1 **Loans.** If authorized in the Adoption Agreement, loans shall be permitted under the Plan to the extent permitted by and in accordance with the Individual Agreements controlling the Account assets from which the loan is made and by which the loan will be secured. An Employee who has previously defaulted on a loan from any retirement plan or deferred compensation arrangement sponsored by the Employer and who has not repaid the loan, in full, shall not be permitted to take a loan from his Account under the Plan.
- 4.2 **Information Coordination Concerning Loans.** Each Vendor is responsible for all information reporting and tax withholding required by applicable federal and state law in connection with distributions and loans. To minimize the instances in which Participants have taxable income as a result of loans from the Plan, the Administrator shall take such steps as may be appropriate to coordinate the limitations on loans set forth in Sections 4.1 and 4.3, including the collection of information from Vendors, and transmission of information requested by any Vendor, concerning the outstanding balance of any loans made to a Participant under the Plan or any other plan of the Employer. The Administrator shall also take such steps as may be appropriate to collect information from Vendors and transmission of information to any Vendor, concerning any failure by a Participant to repay timely any loans made to a Participant under the Plan or any other plan of the Employer.
- 4.3 **Maximum Loan Amount.** No loan to a Participant under the Plan may exceed the lesser of (a) or (b) below:
- (a) \$50,000, reduced by the greater of:
    - (1) the outstanding balance on any loan from the Plan to the Participant on the date the loan is made or
    - (2) the highest outstanding balance on loans from the Plan to the Participant during the one-year period ending on the day before the date the loan is approved by the Administrator (not taking into account any payments made during such one-year period).
  - (b) one half of the value of the Participant's vested Account Balance (as of the valuation date immediately preceding the date on which such loan is approved by the Administrator).

For purposes of this Section 4.3, any loan from any other plan maintained by the Employer and any Related Employer shall be treated as if it were a loan made from the Plan, and the Participant's vested interest under any such other plan shall be considered a vested interest under this Plan; provided, however, that the provisions of this paragraph shall not be applied so as to allow the amount of a loan to exceed the amount that would otherwise be permitted in the absence of this paragraph.

- 4.4 **Loan Repayments For Employees in Military Service.** Notwithstanding any other provision of the Plan or any Annuity Contract or Custodial Account, loan repayments by eligible uniformed services personnel maybe suspended as permitted under section 414(u)(4) of the Code and the terms of any loan shall be modified to conform therewith

[Back to the Table of Contents](#)

### **Loans in IRC 72(p)(2)\***

For example, IRC Section 72(p)(2) applies to:

1. A loan that, by its terms, is to be repaid over not more than five years.

There is an exception to this limitation for certain mortgages.

2. A loan that, by its terms, is to be paid in substantially level installments that include principle and interest.

**3. A loan that does not exceed the lesser of:**

**a. \$ 50,000, reduced to the extent that the participant's or beneficiary's highest balance for plan loans outstanding during the preceding 12 months exceeds the current balance for plan loans, or**

**b. 50 percent of the participant's or beneficiary's non-forfeitable benefit (or \$10,000 if greater).**

**These limits apply by treating the loans from all plans of the employer's controlled group as one loan.**

\*The law sets the minimum requirements regarding loans, but individual Plans can set more restrictive rules in regards to loan availability.

[Back to the Table of Contents](#)