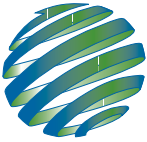


December 15, 2009



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[www.churchbenefits.org](http://www.churchbenefits.org)

Dear Church or Employer,

The purpose of this letter is to provide you with important reminders and assurances regarding your 403(b) plan administration requirements. As you may be aware, the IRS issued new regulations regarding 403(b) contributions. These regulations were originally scheduled to take effect on Jan. 1, 2009, but later delayed until December 31, 2009. The new regulations may require employers to take a more active role ensuring that their retirement plan is in compliance. These new responsibilities include plan documentation, monitoring employer and employee contribution limits, as well as certifying distribution and loan requests.

**In most cases, the Church Benefits Board (or other retirement plan provider) has taken the new regulations into account for participating employers.** In fact, plans that use CBB as their sole provider will see minimal impact from this new regulation. However, you should review the information provided below to determine if there are some areas that may require your attention in order to ensure compliance with the new regulations moving forward.

### **Written plan document requirement**

The Cooperative Baptist Fellowship, through the CBB, sponsors a 403(b)(9) plan and maintains written documents that describe all material plan provisions. However, since each church in this plan has flexibility related to certain plan provisions, your church should document and maintain additional written evidence of rules and procedures that address:

- What income sources will be considered as compensation?
- Which employees are eligible to participate in the retirement plan?
- What contributions will the employer/church make on behalf of employees?

Most churches already accomplish these objectives through a “personnel and procedures” or employee guidebook already in place. If you don’t have the information already documented as described, you should do so before the new regulations take effect at year end.

### **Information sharing requirement**

Participants, employers and plan providers have more steps to complete if their church makes contributions to more than one retirement plan provider at the same time under a single church maintained plan (called an "exchange") for active employees OR allows active plan participants to transfer money from one 403(b) retirement plan to another (called a "transfer").

This is unusual in the church retirement plans but is more common in public schools. In the past, both types of exchanges/transfers were called a “90-24 transfer.” Effective Sept. 25, 2007, the new mechanisms for transfers between 403(b) retirement plan providers applies:

- If you allow contributions to be made to multiple retirement plan providers in the same year, you will need to share information with the providers. You may need a written Information Sharing Agreement. (The investment providers under the CBB's plan, for example, all share such information.)
- If you have multiple investment providers, you will need to identify and list all investment providers approved for ongoing contributions.
- If you make contributions to CBB as a sole provider, an “**Information Sharing Agreement**” between retirement plan providers will not be needed, and we maintain the Authorized List of Providers.

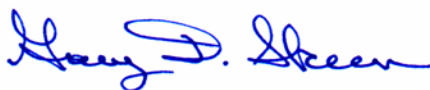
Your employees can still move money from other retirement plans or IRAs tax-free through a plan-to-plan transfer or direct rollover. Employer written consent may be required when participants request certain types of plan distributions, such as a hardship withdrawal or plan loan.

The IRS may release additional clarification to help employers and providers with the operational aspects of this change. We will notify you if this occurs.

We at CBB value you as a partner and are committed to help you in any way to make this IRS compliance as smooth as possible.

Please don't hesitate calling me if you have any questions or concerns at 1-800-352-8741 or visit our website [www.churchbenefits.org](http://www.churchbenefits.org) for more information.

Sincerely,



Gary Skeen  
President,  
Church Benefits Board  
Office: (770) 220-1629  
[gskeen@churchbenefits.org](mailto:gskeen@churchbenefits.org)

**IMPORTANT NOTICE:** Prior to the issuance of IRS Notice 2009-3, nonprofit and governmental entities generally had until the end of 2008 to comply. Now the IRS is allowing until December 31, 2009 to prepare for operational compliance with the final 403(b) regulations.