

## OPTIONS FOR EXISTING 403(b) PLANS WHEN EMPLOYER BEGINS PARTICIPATING IN THE LAY DC PLAN

When an employer begins to participate in The Episcopal Church Lay Employees' Defined Contribution Retirement Plan (the "Lay DC Plan"), but already sponsors another 403(b) plan, there are a few options for the employer with regard to the existing plan:

- **Authorize a plan-to-plan transfer.** A 403(b) plan may authorize the transfer of individual participant accounts from their existing 403(b) plan to the Lay DC Plan. The existing plan must allow for individual plan-to-plan transfers and the Church Pension Fund must receive a signed transfer form from each participating employee before authorizing such a transfer. Depending on the terms of the investment options offered under the existing plan, fees may apply. The employer is responsible for communicating such fees to their employees. Employees with existing 403(b) accounts would be able to direct their accounts to investment options under the Lay DC Plan. If the plan-to-plan transfer is completed during a plan year, the employer will have to monitor contribution limits for both the existing plan and the Lay DC Plan and conduct nondiscrimination testing (if applicable) for the existing plan. After the close of the plan year in which the transfer of all accounts is made, the employer would have limited compliance responsibilities with respect to only the CPF plan (see [FAQs on 403\(b\) plans](#)). The employer and/or the employee will be responsible for any fees associated with such a transfer.
- **Freeze contributions to the existing plan.** The employer could choose to freeze contributions to the existing plan as of a certain date and only remit contributions to the Lay DC Plan going forward. If employer and employee contributions cease during a plan year, the employer will have to monitor contribution limits for both the existing plan and the Lay DC Plan and conduct nondiscrimination testing (if applicable) for the existing plan for that plan year (see [FAQs on 403\(b\) plans](#)).

For the plan year that contributions cease, and as long as frozen accounts remain for active employees, the employer must exchange information with vendors regarding distributions (especially hardship withdrawals, loans and required minimum distributions) and changes in personnel information. Note that for accounts frozen after January 1, 2009, the employer is responsible for the frozen plan in the same manner as if it were still an active plan. This would include the requirement that the frozen plan is periodically amended to comply with any changes in the law affecting 403(b) plans.

- **Terminating the existing plan.** The termination of an existing 403(b) plan and immediate distribution of all assets to participants would prevent the employer from contributing to any 403(b) plan, including the RSVP and the Lay DC Plan, for a period of 12 months after the distribution of all accounts. As a result, plan termination generally is not a recommended action for employers.

If you are interested in any of these options, please contact Client Engagement at (866) 802-633 Monday through Friday, 8:30 AM to 8:00 PM ET, excluding holidays.

*Please note that this document is provided to you for informational purposes only and should not be viewed as investment, tax, legal or other advice. Employers should seek advice from legal counsel to ensure full compliance with the changes in the law as a result of the final section 403(b) Treasury regulations. In the event of a conflict between the information contained in this document and the official plan documents, the plan documents will govern. The Church Pension Fund and its affiliates retain the right to amend, terminate or modify the terms of any benefit plans described in this document at any time, without notice and for any reason.*