Keeping your plan on course with the IRS' 403(b) fix-it guide

Try as you might, sometimes your 403(b) plan detours from the Internal Revenue Code (IRC) requirements. But you can help put your 403(b) plan back on track with the Internal Revenue Service's (IRS) 403(b) Fix-It Guide.

The 403(b) Fix-It Guide summarizes common plan defects and a step-by-step guide of how to identify and correct those issues in your 403(b) plan. The IRS also lets you know which defects fall under a self-correction program and which would require a filing with the IRS to receive approval of the correction. Below are some of the defects described in the 403(b) Fix-It Guide; additional information can be found on the IRS website, **IRS.gov.**

Not eligible to sponsor a 403(b) plan?	Stop all contributions to the plan. File under the IRS Voluntary Correction Program to resolve this defect. Employees will be permitted to access their accounts when they have a distributable event as described in the plan (such as terminating employment, becoming disabled, reaching age 59½, or dying).
Don't have a written 403(b) plan?	If you did not timely adopt a 403(b) plan by 2009, the IRS will allow you to do so retroactive to 2009 by applying under the Voluntary Correction Program.
Not operating in accordance with plan terms?	Amend your plan retroactively (but not earlier than 2009). If you have proper plan administration practices and procedures in place, you may self-correct without an IRS filing. Communicate changes to plan participants.
Not letting everyone eligible participate?	Make corrective contributions, plus earnings, to reflect lost deferral opportunity for impacted employees using one of the IRS safe harbor formulas for calculating the lost salary deferral amount and earnings.
Not monitoring 415 annual additions contribution limits?	Distribute excess amounts (including any earnings) to impacted participants by the end of the year in which the excess occurred. Otherwise, track the excess separately as 403(c) nonqualified amounts.
Not monitoring employee deferrals?	Distribute by April 15 after the calendar year that amounts were deferred any excess amounts (including any earnings) after ordering available catch-up contributions as first made under the 15 Years of Service Catch-up and next as made as an Age 50+ Catch-up. Excesses not timely corrected are taxable in both the year of deferral and the year of distribution; earnings on excesses are taxed in the year of distribution. In some situations, corrections will need to be made by applying under the Voluntary Correction Program.
Not approving hardships pursuant to the plan and IRS rules?	If the withdrawal did not meet the plan's definition of "hardship," seek repayment from impacted participants. If the plan did not permit hardship withdrawals, amend the plan retroactively, provided hardship distributions were made available in a nondiscriminatory manner in accordance with the guidance in the 403(b) Fix-It Guide.
Not administering loans pursuant to the plan and IRS rules?	If the loan exceeds the IRS rules, determine whether corrective repayments and/or modification of loan terms are needed as part of the Voluntary Correction Program application with the IRS. If the plan did not permit loans, amend the plan retroactively, if operationally loans were available to all employees in a nondiscriminatory manner. Special rules apply to loans greater than the IRS-permitted term.
Not making post-severance contributions to former employees in accordance with IRS rules?	Determine whether self-correction or filing under the Voluntary Correction Program is available. Make a corrective distribution of any excess contribution, if IRS rules permit, or track the excess separately as 403(c) nonqualified amounts.

Don't wait for the IRS to audit your 403(b) plan to learn about any possible issues you may have with your 403(b) plan document or administration. Take the time now to assess whether your 403(b) plan meets the IRS regulations and fix any defects now.

Voya Financial® is here to help! As a trusted resource for retirement plan rules and backed by years of experience as a leading 403(b) provider (through its predecessor companies). Voya® can help you ease the challenges of 403(b) plan administration. We can provide you and your 403(b) plan with **planwithease.com®*** administration services, sample annual notices to remind eligible employees about contributing to your 403(b) plan, and guides specifically designed to explain 403(b) rules, whether you are a public school or a 501(c)(3) nonprofit organization.

Contact your local Voya representative for additional information to learn how Voya can help you.

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For 403(b)(1) annuities, employee deferrals (including earnings) may generally be distributed only upon your: attainment of age 59½, severance from employment, death, disability, or hardship. Note: Hardship withdrawals are limited to employee deferrals made after 12/31/88. Exceptions to the distribution rules: No Internal Revenue Code withdrawal restrictions apply to '88 cash value (employee deferrals (including earnings) as of 12/31/88) and employer contributions (including earnings). However, employer contributions made to an annuity contract issued after December 31, 2008 may not be paid or made available before a distributable event occurs. Such amounts may be distributed to a participant or if applicable, the beneficiary: upon the participant's severance from employment or upon the occurrence of an event, such as after a fixed number of years, the attainment of a stated age, or disability. For 403(b)(7) custodial accounts, employee deferrals and employer contributions (including earnings) may only be distributed upon your: attainment of age 59½, severance from employment, death, disability, or hardship. Note: Hardship withdrawals are limited to: employee deferrals and '88 cash value (earnings on employee deferrals and employer contributions (including earnings) as of 12/31/88).

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