

NOTICE REGARDING NEW IRS REGULATIONS FOR RETIREMENT PLANS

New 403(b) regulations from the IRS in July 2007 require compliance by January 1, 2009

If FCMM is your church's sole provider the changes are automatic.

In the past churches could send their employees' (plan participants) money to a vendor and forget about it. *The church had no continuing responsibility.*

The new regulations **make the church responsible** for continuing administration and compliance. **It cannot be left up to the plan participant.** A failure to comply can cause adverse tax consequences for all participants in the church's retirement plan.

- If FCMM is the sole provider and vendor for your plan, FCMM will serve as the plan sponsor and meet all the legal requirements for you.
- Remember only a denominational plan can give credentialed participants the housing allowance tax break in retirement.
- FCMM is adding a self-directed mutual fund program using American Funds and will be able to be the pension plan for all your employees.

From now on 403(b) plans cannot exist without a plan sponsor. The church is the plan sponsor unless sponsorship is contracted to someone else like FCMM. The **plan sponsor must maintain written documents** that describe all material plan provisions: eligibility, contribution guidelines and limitations, vesting, time and form of benefits, distribution restrictions, minimum distribution requirements, and eligible rollover requirements. **FCMM's plan document covers all of these items** in detail. FCMM will provide a cover page for the church to select its specific items. This will meet all plan document requirements **without additional cost to you.**

If the church chooses multiple plan providers the church will be required to enter into information-sharing agreements with all approved providers as well as take the responsibility to insure plan compliance among all the providers. The church's plan document will spell out how these relationships will be maintained. **Your church will be responsible to administer its 403(b) plan as written.** If the church does not do so, the "operational failure" could adversely affect everyone in the plan. **FCMM is prepared to serve as your plan sponsor and make sure all the rules are met.**

These new regulations take effect January 1, 2009. If FCMM is your church's sole provider you will be in compliance. If you use another vendor or several vendors you are going to have to make changes to your plan.

**FCMM provides a plan for everyone on your staff
and a great tax break for your credentialed participants.**

Please go to <http://www.efca.org/pastoralcare/fcmm/> for all the details.