

Participating Employer FAQ

Nazarene 403(b) Retirement Savings Plan

The IRS issued final regulations in 2007 that address the legal requirements that apply to 403(b) retirement plans. The regulations were enacted because of IRS concern over the massive noncompliance it was observing in field audits of 403(b) plans. The IRS has endeavored to address these concerns in the final regulations by making 403(b) plans look more like 401(k) plans. One effect is the increase in the administrative responsibilities of employers that offer 403(b) plans.

Why does my church need to complete a Participation Agreement form?

The IRS regulations assign any employer with the responsibility of ensuring certain 403(b) rules are followed. Churches are not exempt from this requirement. The form was developed by P&B's legal counsel to help local churches meet the IRS requirements of an employer.

Who is an employer under the Nazarene plan?

Any organization affiliated with the Church of the Nazarene or any other organization which qualifies under Section 501(c)(3).

Who should complete the form?

The individual who completes and signs the Participation Agreement must be an elected officer of a participating employer in the Nazarene 403(b) plan. In the case of a local Church of the Nazarene, this will be the church board secretary or church treasurer.

Why do I need to indicate whether or not the church will be making contributions to the plan?

It is necessary for an employer to make a positive election regarding contributions to the Nazarene 403(b) plan. Electing any of the three stated options does not obligate the church to make any contributions to an employee's account, it simply indicates the church is eligible to contribute to current or future employee's 403(b) account, if they so choose.

How often does a form need to be completed?

The Participation Agreement need only be completed one time. Amended agreements are only required if the church has indicated on a previous form they will not make contributions, but then decide to begin making contributions.

What happens if I sign a Participation Agreement?

Current and future ministers and church employees are eligible to participate in the Nazarene 403(b) plan. By completing a Participation Agreement the church is accepting the provisions of the Nazarene 403(b) plan.

What happens if I don't sign a Participation Agreement?

Current and future ministers and church employees will *not* be eligible to make contributions to the Nazarene 403(b) plan.

Will the church have compliance responsibilities for the plan?

The IRS requires employer compliance for these rules whether or not you sign a Participation Agreement. Some of these compliance responsibilities include: monitoring contribution limits, contribution timing, loan requests, hardship distribution requests, and disability distribution requests.

What are some of my added administrative responsibilities?

For contribution limits, the church employer must insure the statutory limits for 403(b) contributions are not exceeded, including the aggregation of contributions to all plans administered by the church.

Contribution timing rules require any salary reduction amount to be deposited not later than fifteen (15) business days following the end of the month in which the amount would otherwise have been payable to the employee.

Loan requests, hardship distribution requests, and disability distribution requests will need to be certified as compliant by the church before such distribution may be processed.

Our church has another 403(b) plan. How does the Participation Agreement impact that plan?

Under current rules, the employer has compliance responsibilities for all 403(b) plans available to its employees. The Nazarene 403(b) Participation Agreement is intended to insure compliance with IRS rules for the denominational plan, only. Other 403(b) plans may have additional compliance requirements.

What is P&B's roll in plan compliance?

As the plan administrator, P&B has overall compliance responsibilities for the Nazarene 403(b) plan. However, the 403(b) final regulations are clear that it is the employer which must keep track of certain employee transactions. Pensions and Benefits USA is not permitted to offer legal or tax “advice” relating to plan compliance. Additional Nazarene 403(b) plan information is available on the Pensions & Benefits Web page at www.pbusa.org.



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