

THE EXAMINATIONS OF 403(B) PLANS ERROR TRENDS

What error trends are your agents finding?

There are several. The most common error is universal availability. The universal availability rule means that, if an employer permits one employee to defer salary into a 403(b) plan, then that employer must also extend this offer to all its employees that do not meet statutory exclusions. It is easy to incorrectly assume certain employees who have a support role in the organization or who work in what some consider a part-time role are not eligible for the plan merely by their position classification in the organization. Nurses, substitute teachers and bus drivers are examples of employees that fall in this category.

What other error trends are your agents finding in the 403(b) examinations?

Another common error occurs with the 15-year catch-up provisions. Agents find that many 403(b) plans don't have a proper calculation available for them to review. More often than not, when the agent reviews the calculation, most plans fail. Also, agents find employers giving credit for service with another unrelated employer when only years of service with the current employer should be credited.

What information is available on the www.irs.gov/ep Web site for 403(b) plans?

We have a page devoted to the [403\(b\) program](#). Included on this page are links to [two mini-courses](#), one for the employer that discusses recent law changes and how to properly operate a 403(b) plan, and one for the employee that provides information on the basics of the 403(b) plan and the advantages of participating in the plan. Finally, employers can perform their own [403\(b\) plan check-up](#) and determine if their plan is free of the top errors found during examinations.