

# Library Connection 403(b) Retirement Plan Administration Manual

Approved by Personnel Committee: April 20, 2018

Approved by Board Of Directors: June 15, 2018

## **How to use this manual**

This manual attempts to provide procedures to ensure that the fiduciaries fulfill their duties under the Plan. In addition, the manual can be an effective training tool for persons who become responsible for the administration of the Plan as well as a reference guide for those who are already familiar with its operation. Note: Nothing in this manual should be construed as overriding Plan or Adoption Agreement provisions. Any conflict between this manual and the Plan (including any rules or procedures established to administer the Plan) shall be resolved in favor of the Plan, not this manual. For purposes of this document, “you” refers to the 403(b) Plan sponsor (or employer).

## **Introduction**

The Library Connection employee retirement benefit is comprised of two 403(b) plans: 1) Tax-Deferred Annuity Plan (employee funded) and Defined Contribution Plan (employer funded). Both are funded by TIAA contracts. TIAA is positioned to guide and support Library Connection in meeting the Board's fiduciary and compliance responsibilities. TIAA does not provide legal or tax advice.

Both plans are subject to The Employee Retirement Income Security Act (ERISA) of 1974. ERISA is a federal law that sets minimum standards for most voluntarily established pension and health plans in private industry to provide protection for individuals in these plans. The plan sponsor (Library Connection) is the party that is responsible for administering the employee benefit plan. The plan sponsor can delegate the responsibility of administration of the plan. On June 15, 2018 at a meeting of the Board of Directors of Library Connection, the resolution reproduced on the following page was passed.

As a compliment to the resolution the Personnel Committee named the Executive Director as the Plan Administrator and delegated certain duties (i.e., processing contributions and distributions, ensuring timely remission of participant contributions, calculating eligibility, and vesting) to the Financial Officer. More details are provided on page six of this document.

Board Resolution on the Board's Fiduciary Responsibility for  
Library Connection's Retirement Plans

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WHEREAS, On February 13, 2009 the Board of Directors originally adopted:

Library Connection's 403(b) Deferred Contribution Plan (plan sequence number 001, account #388534

Library Connection's 403(b) Tax Deferred Annuity Plan (plan sequence number 002, account #388535

and

WHEREAS, Library Connection sponsors the 403(b) plans; and

WHEREAS, the 403(b) plans are maintained pursuant to the provisions of written plan documents: and

WHEREAS under the previous resolution, the Executive Director and Financial Officer of Library Connection were authorized and directed to execute any and all documents and do any and all acts which may be necessary in connection with the adoption, maintenance and ongoing funding of these plans.


NOW THEREFORE, BE IT RESOLVED, that henceforth, the Board must approve all amendments to the 403(b) Plan documents with the exception of amendments to the 403(b) plans (or to any ancillary documents) of a technical, non-discretionary nature that become necessary, in order to secure or maintain compliance with federal tax laws; in such cases the Executive Director is hereby authorized to take such actions and execute such documents as are necessary to effectuate such amendments and ancillary documents, without further review or resolution by the Board.

BE IT FURTHER RESOLVED, that the Executive Director is appointed to serve as Administrator of the plans and is hereby authorized and directed to execute any legal documents necessary to adopt or amend the plans as presented to the board.

BE IT FURTHER RESOLVED that the Executive Director and the Financial Officer are authorized and directed to take such actions as may be necessary or advisable in connection with the implementation of the plans as outlined in the Administration Manual.

**CERTIFICATION**

I, the undersigned Secretary of Library Connection's Board of Directors, do certify that the forgoing is a true, exact, and correct copy of a resolution adopted at the lawfully held meeting of the Board of Directors on the fifteenth day of June, 2018.

Signature 

Date: 6/15/18

Name: Lisa Masten, Secretary, Library Connection, Inc. Board of Directors

## Who is an ERISA 403(b) Plan Fiduciary?

To avoid the potential stringent ERISA penalties associated with breach of fiduciary responsibility, it is important to understand who is included as an ERISA 403(b) Plan fiduciary and the duties of the fiduciaries. A Plan's fiduciaries will typically include members of the Board of Directors, investment advisers, and any individual exercising discretion in the administration of the plan. Generally, individuals who are employed by the 403(b) Plan sponsor and are involved with day-to-day plan administration are defined as an ERISA Section 3(21) fiduciary. Plan fiduciaries must act in the best interest of the participants and beneficiaries, and ensure that 403(b) Plan assets are diversified, plan expenses are reasonable, and the terms of the plan and ERISA are followed.

Plan sponsor may be subject to liability for breach of fiduciary duties. Actions can be brought by the DOL, participants, beneficiaries, or other fiduciaries. Remedies include the potential for substantial monetary damages. In addition, the DOL may assess a civil penalty on a fiduciary for breach of his or her fiduciary duties. A 403(b) Plan may include procedures for allocating administrative and other fiduciary responsibilities among named fiduciaries or other unnamed fiduciaries. However, under ERISA, the act of designating other fiduciaries is itself a fiduciary act for which the appointing fiduciary can be held liable.

An ERISA 3(16) plan administrator is typically given discretionary authority to administer the plan. Consequently, a plan administrator is included as an ERISA 3(21) fiduciary. A plan administrator is defined as:

1. a person specifically named in the 403(b) Plan; or
2. the plan sponsor, if a plan administrator is not named.

A 403(b) Plan sponsor may designate a committee to help select contracts for 403(b) Plan investments. Members of the 403(b) committee, including those who select investment committee officials, are plan fiduciaries. Additionally, any third party who renders investment advice for a fee or other direct or indirect compensation is an ERISA 3(21) fiduciary. In the absence of a committee, any individual with authority to select 403(b) Plan investments is also considered a 403(b) Plan fiduciary. The power to act for the plan is essential for fiduciary status. Providing professional services does not give professionals any decision-making authority over the 403(b) Plan or its assets.

### *Ministerial Functions*

Generally, a person who performs purely ministerial functions within a framework of policies, interpretations, rules, practices, and procedures made by other persons is not a fiduciary. The following types of ministerial and administrative functions do not fall within the ERISA fiduciary definition:

- applying rules to determine eligibility for participation or benefits;
- calculating service or compensation credit for benefits;
- preparing employee communication materials;
- maintaining participant service records;
- preparing government agency reports;
- calculating benefits;
- orienting new participants and advising participants of their rights and options;
- collecting and transmitting contributions as provided under the 403(b) Plan; and
- making recommendations to others for decisions about plan administration.

On April 6, 2016, the DOL issued the final fiduciary standard (the "Final Rule"). The DOL intends the Final Rule to modernize the rules governing retirement advice and enforce a best interest standard for those receiving retirement investment advice.

# What are an ERISA 403(b) plan fiduciary's duties?

## *Prudent Person Standard of Care*

Plan fiduciary must act in the best interest of the participants and beneficiaries, and ensure that 403(b) Plan assets are diversified, plan expenses are reasonable, and the terms of the plan and ERISA are followed.

## *Exclusive Benefit Duty*

Generally, a fiduciary must discharge their 403(b) Plan duties solely in the interest of the participants and beneficiaries, and for the exclusive purpose of: providing benefits to participants and their beneficiaries; and covering reasonable expenses of administering the plan.

## *Prudent Expert Duty*

Plan fiduciary must operate the plan in accordance with the care, skill, prudence, and diligence that a prudent person acting in a like capacity and familiar with such matters would use. This means that lack of expertise in a particular area is not a valid defense for a 403(b) Plan fiduciary to avoid non-compliance.

## *Plan Adherence Duty*

The plan adherence duty requires a 403(b) Plan fiduciary to discharge their duties in accordance with all documents and instruments governing the plan, unless 403(b) Plan terms are inconsistent with ERISA.

## *Disclosure Requirements*

ERISA requires the 403(b) Plan administrator to furnish plan information to participants and beneficiaries and submit reports to government agencies.

## *Prohibited Transaction Liability*

Plan fiduciaries can be subject to excise taxes, penalties, and a potential lawsuit as a result of engaging in certain prohibited transactions. There are generally two categories of prohibited transactions. One category focuses on transactions with parties in interest, or various persons or entities that are related to an ERISA plan. The other focuses on actions by plan fiduciaries.

- ERISA prohibits a fiduciary from causing a 403(b) Plan to engage in a transaction if the fiduciary knows or should know the transaction constitutes a direct or indirect:
  - sale, exchange, or leasing of any property between the plan and a party in interest;
  - lending of money or other extensions of credit between the plan and a party in interest;
  - furnishing of goods, services, or facilities between the plan and a party in interest;
  - transfer to, or use by or for the benefit of, a party in interest of any assets of the plan; or
  - acquisition on behalf of a plan, of any employer security, or real property in violation of ERISA.
- The fiduciary self-dealing prohibited transaction prohibits a 403(b) Plan fiduciary from:
  - dealing with plan assets in the fiduciary's own interest or account;
  - acting in any plan transaction involving the plan on behalf of a party whose interests are adverse to those of the plan or the interests of its participants or beneficiaries; or
  - receiving any consideration for the fiduciary's personal account from any party dealing with such plan in connection with a transaction involving the assets of the plan.

**Compliance Activities -Organized by Area of responsibility**

Duties	Frequency / Date	Responsibility
Identify plan fiduciaries and communicate the extent of their fiduciary duties	Annual: March	Personnel Committee
Ensure plan governance is in place and have documented administrative procedures to reflect the appropriate oversight of plan operations, including educating plan fiduciaries on the different categories of prohibited transactions	Annual: March	Personnel Committee
Review all 403(b) Plan service provider contracts to ensure you understand what services the vendor is, and is not, providing	Annual: March	Personnel Committee
Investment Due Diligence: Review / develop investment policy statement and ensure investments options offered to participants are in line with the investment policy statement. Consider amending the plan to adopt 404(c)	Annual: March	Personnel Committee
Benchmark (or compare), at least annually, 403(b) Plan fees to ensure amounts paid are reasonable; and replace service providers whose fees are excessive, or document other bona fide business reasons for retaining such service providers	Annual: August	Personnel & New Pinnacle Consulting
Monitor and amend plan administration to ensure it is consistent with the organization Retirement Plan Objectives, and Plan provisions	Annual: March	Personnel Committee
Review all provisions of your Adoption Agreement including a cross reference with summary plan description and contracts to verify compliance with the 403(b) regulations	Every 2 years	Personnel Committee
Ensure that those individuals handling plan funds or other plan property have a fidelity bond	Annual: November	Finance Committee
Preparation of Forms 5500/5500-SF and Form 8955-SSA with all applicable schedules and Summary Annual Report	Annual: January	New Pinnacle Consulting
Annual nondiscrimination testing (NDT)	Annual: June	New Pinnacle Consulting
Perform preliminary contribution calculations and identify potential issues	Annual: June	New Pinnacle Consulting
Sign & file the annual return/report or Form 5500	Annual: January	Executive Director
Distribute a Summary Annual Report (SAR)	Annual: March	Executive Director
Make administrative rules in accordance with the Plan. Including resolving or otherwise decide matters not specifically covered under the terms and provisions of the Plan.	Ongoing	Executive Director
Distribute a summary of material modifications if the 403(b) Plan is amended to all participants and beneficiaries, not later than 210 days after the end of the Plan year in which the change is adopted	As Needed	Executive Director
Distribute Summary Plan Documents when: An employee first becomes eligible, anytime a modification to the plan is made, and to all participants at least once every five years	Every 5 years	Financial Officer
Distribute Annual Qualified Default Investment Alternative Notice-if applicable	Annual	Financial Officer
Distribute Annual Safe Harbor Notice (If the Plan maintains a safe harbor plan design)	Annual	Financial Officer
Review and accept or decline participant's request to take a withdrawal/distribution (i.e., loan or hardship)	Per request	Executive Director
Distribute Universal Availability Notice	Annual: July	Financial Officer
Distribute participant fee disclosure notices to all eligible employees and participants A initial notice must be provided prior to enrollment.	Annual: August	Financial Officer
Explain the Plan to all employees and answer their questions about the Plan, notify participants of any eligibility requirements	Annual: September	Financial Officer
Monitor census data used for administration, perform a self-audit of the reports and tools used to generate the census and other data to insure accuracy	Annual: June	Financial Officer
Enroll participants in the Plan	As needed	Financial Officer
Maintain participants' Retirement Contribution Agreement forms, Enrollment Applications, and salary reduction forms	On Going	Financial Officer
Withhold contributions from participants' compensation as requested and remitting them to TIAA in a timely manner	Bi-monthly	Financial Officer
Verify and adjust retirement remittance statements	Bi-monthly	Financial Officer
Monitor those pretax contributions to ensure they don't exceed legal limits	Bi-monthly	Financial Officer
Notify participants about required minimum distributions	As required	Financial Officer
Respond to requests for information from employees about the Plan	As needed	Financial Officer
Notify TIAA in the event of a participant's death, disability, termination or retirement	As needed	Financial Officer
Prepare and distribute written information for participants, participants' spouses and their attorneys in the event of death, divorce or bankruptcy	As needed	Financial Officer

## **Description of Terms/Documents**

### **403(b) Plan**

A 403(b) plan, also known as a tax-sheltered annuity plan, is a retirement plan for certain employees of public schools, employees of certain Code Section 501(c)(3) tax-exempt organizations and certain ministers. A 403(b) plan allows employees to contribute some of their salary to the plan. The employer may also contribute to the plan for employees.

### **Retirement Plan Objectives:**

These become the basis for the objectives of your compensation package, which includes your retirement plan. Alignment at all levels is key to success. This process starts with a solid understanding of the strategic goals and objectives of the institution and ends with an adoption agreement that aligns with the plan objectives.

### **Fiduciary Duties**

Plan fiduciary(s) must be named in the plan document. Plan fiduciaries must act in the best interests of participants and their beneficiaries by exercising care, skill, prudence and diligence when administering the plan. In addition, the fiduciary must: administer the plan according to the written plan document, offer appropriate investment options to insure diversification, perform due diligence in selecting a vendor, and evaluate vendor performance (make changes as appropriate).

### **Plan Documents**

A 403(b) plan is required to be maintained pursuant to a written plan document. A 403(b) plan must contain all the material terms and conditions for eligibility, benefits, applicable limitations, the contracts available under the plan, and the time and form under which benefit distributions would be made. The plan must comply in form and operation with the requirements of the Code and regulations. The plan document is finalized through execution of an Adoption Agreement, by the Board of Directors.

The plan administrator must furnish copies of certain documents upon written request and must have copies available for examination. The documents include the latest updated SPD, latest Form 5500, trust agreement, and other instruments under which the plan is established or operated.

### **Summary Plan Description (SPD)**

Once the adoption agreement has been executed by the Board, a summary of the plan is developed, this is referred to as the summary plan description or SPD and is one of the most important documents participants are entitled to receive automatically when becoming a participant of an ERISA-covered retirement plan. It is the primary vehicle for informing participants and beneficiaries about their plan and how it operates. This document must be written for average participants and be sufficiently comprehensive to apprise covered persons of their benefits, rights, and obligations under the plan. It must accurately reflect the plan's contents as of the date not earlier than 120 days prior to the date the SPD is disclosed.

### **Summary of Material Modification (SMM)**

Describes material modifications to a plan and changes in the information required to be in the SPD.

### **Plan Investments**

Under the plan investment diversification requirement, a 403(b) Plan fiduciary must diversify investments with the aim of minimizing the risk of large losses. Generally, a 403(b) Plan's fiduciary prudence, with respect to diversification of plan investments, is evaluated at the time of purchase, rather than in hindsight. Under the plan diversification requirement, a 403(b) Plan fiduciary should adhere to the following guidelines:

- consider each plan investment in the context of the 403(b) Plan's total investment portfolio;
- scrutinize each investment alternative in comparison with other available alternatives;
- consider whether the rate of return on an investment is commensurate with the prevailing rate, and whether the investment permits sufficient liquidity for the 403(b) Plan to discharge its current financial obligations; and
- document, at least annually, investment evaluation and decision-making factors.

## **Investment Policy Statement**

The Investment Policy Statement (IPS) is a written document that clearly identifies the investment objectives of your retirement plan. It serves as the foundation for decisions regarding the investment options and becomes the basis for an effective due diligence process.

## **404(c) Election**

Section 404(c) allows plan sponsors to transfer responsibility and liability for selecting investment options to employees in participant directed defined contribution plans if: The employee actually makes the investment decision; and the requirements of the Section 404(c) regulations are satisfied. The requirements include: the plan offer a broad range of investment options and permit an employee to materially affect the potential return on their account, the degree of risk; and allow an employee to diversify the investments to minimize risk of large losses.

## **Qualified Default Investment**

If a participant fails to make an investment election, all contributions will be allocated to the default fund designated by Library Connection or a qualified default investment (QDIA). While organizations are not required to offer a QDIA under your ERISA-governed plan, offering a QDIA as your plan's default investment option reduces the fiduciary exposure when contributions are made on behalf of employees who do not provide affirmative investment instructions. If the Plan maintains a QDIA, a QDIA notice must be provided annually (in the month of May) to participants. The QDIA notice must also be provided to participants on or before the date they become eligible to participate in the Plan.

## **Fidelity Bond**

Fidelity bonds protect individuals with retirement plans from fraud and theft losses caused by the persons who manage their retirement fund. ERISA requires almost all 403(b) plan managers and their employees that have access to plan funds to carry a fidelity bond equal to 10 percent of the market value of the assets that they manage, with a minimum requirement of a \$1,000 bond and a maximum requirement of \$500,000,

## **File Form 5500-SF (Short Form)**

Annual Return/Report of Small Employee Benefit Plan. The IRS, Department of Labor, and Pension Benefit Guaranty Corporation jointly developed the Form 5500-series returns for employee benefit plans to satisfy annual reporting requirements under ERISA and the Internal Revenue Code. One of the most significant non-compliance penalties is the failure to file a Form 5500.

An employee benefit plan's Form 5500-SF must accurately reflect the plan's characteristics and operations for the reporting period. The Form 5500 series is intended to protect the rights and benefits of plan participants and beneficiaries by assuring that employee benefit plans are operated and managed in accordance with certain prescribed standards and participants and beneficiaries are provided with or have access to sufficient plan information.

## **Summary Annual Report (SAR)**

Narrative summary of the Form 5500.

## **Form 8955-SSA**

Form 8955-SSA is an IRS form that ERISA plans must use to report participants who have separated from service and have deferred vested plan benefits remaining in the plan following separation. The IRS will provide the information contained on the Form 8955-SSA to the Social Security Administration where it will be used to notify applicants for Social Security benefits of possible entitlement to retirement benefits from a prior employer's retirement plan.



## **Nondiscrimination testing (NDT)**

The NDT requirements are a series of requirements designed to ensure that your 403(b) Plan does not unlawfully favor, either in operation or design, employees whom the law determines are highly compensated employees. Library Connection must annually ensure that LCI's Plan is following various nondiscrimination requirements to which 403(b) plans are subject. Library Connection may meet these requirements by submitting data about your Plan to New Pinnacle Consulting Group, LLC and having New Pinnacle Consulting Group, LLC perform the various applicable tests. Nondiscrimination testing relies on accurate census information, including all employees, as soon as possible after the plan year end so the required non-discrimination testing can be performed accurately, and any corrective distributions can be made in a timely manner in order to avoid the 10% excise penalty.

TIAA CREF should promptly notified of changes or possibilities of changes related to employer name change, 501(c)(3) status or organization or corporate structure, and changes to any of the following participant records: Address/email address/phone number, marital status, name change, employment status to include part-time to full-time status or vice versa if the status affects participant's participation in the Plan, change in status due to employee meeting eligibility requirements rehire or termination of employment. An annual review/verification of Census Data for Compliance Testing should be completed in June.

## **Fee Disclosure Notices**

Fee Discloser Notices include information about the mechanics and structure of the plan, such as how to give investment directions, and information about the plan's administrative costs (e.g., recordkeeping, legal) and individual charges that may be assessed to participants (for loans, QDROs, etc.). This also includes a comparative chart with information about the plan's investment options, including investment fees and expenses, performance and benchmark data, an active website address with supplemental investment information, and a glossary of terms to assist participants in understanding the plan's investment options. The Plan must distribute participant fee disclosure notices to all eligible employees and participants during the month of May each year. An initial notice must be provided prior to enrollment.

## **Universal Availability / Notice Requirement**

A 403(b) plan must satisfy the universal availability requirement with respect to elective deferrals. All employees of the employer must be eligible to make elective deferrals if any employee has the right to do so, with certain limited exceptions. Certain part-time employees may be excluded from eligibility to make elective deferrals. There are various ways to comply with the universal availability requirement, and whether this includes an annual notice depends upon the particular employer's facts and circumstances. The statute and regulations do not explicitly require Universal Availability Notice. The important point is for an employer to make sure eligible employees have an effective opportunity to participate in the arrangement, and then determine whether an annual notice should be part of the communication strategy. There is no specific deadline for this notice but is recommended early in the year to encourage increased participation

## **Remitting Contributions**

LCI's Tax Differed Annuity Plan (TDA) plan allows for elective deferrals: employee contributions made under a salary reduction agreement. The agreement allows an employer to withhold money from an employee's salary and deposit it into a 403(b) account. The regulations indicate that salary reduction contributions should be deposited in an administratively feasible period, typically within 15 business days following the month in which these amounts would have been paid to the employee, if not deferred. Salary reduction contributions (including Roth contributions) may not be contributed to a retirement plan before the compensation from which the salary is reduced is earned. The maximum amount of elective deferrals that an employee can contribute annually to a 403(b) is set each year by the IRS. The amount of any participant's elective deferrals cannot exceed the maximum amount for a year.

LCI's Defined Contribution Plan requires non-elective employer contributions; contributions other than those made under a salary reduction agreement that include matching contributions, discretionary contributions and certain mandatory contributions made by the employer.

Errors made during the remittance process can be corrected. Common examples are: contributions remitted or omitted by mistake, contributions remitted were incorrectly identified, and employer payments calculated incorrectly.

The IRS offers different options for correcting retirement plan problems through its Employee Plans Compliance Resolution System (EPCRS). In addition, the IRS has created a checklist of common problems along with ways to fix the problems. When an error occurs, notify any third-party contractor associated with the plan and legal counsel for guidance when a correction may be necessary.

## Loans and Distributions

### *In-service Withdrawal*

An in-service withdrawal is a distribution of amounts to a participant while the participant is still working for the employer sponsoring the Plan. The amount that a participant may withdraw is limited both by law and Plan provisions. Refer to the Basic Plan Document and the plans Adoption Agreement to see which amounts, if any, your Plan permits or restricts participants to withdraw while they are in service.

### *Hardship Distributions*

Some retirement plans, may allow participants to withdraw from their retirement accounts because of a financial hardship, but these withdrawals must follow IRS guidelines. To avoid jeopardizing the qualified status of the plan, employers and plan administrators must follow both the plan document and legal requirements before making hardship distributions.

### *Loans*

Some plans may have a loan provision that allows the participant to borrow from the balance accumulated in their account. Plan loans, if allowed, are generally limited to 50% of your account balance or a maximum of \$50,000, whichever is less, and generally must be paid back within five years with interest. In general, a loan to a participant must satisfy certain conditions to avoid being treated as a taxable distribution. Refer to the Basic Plan Document and the plans Adoption Agreement to see if it contain language allowing loans to participants. If allowed, the plan administrator is required to sign off on all Plan loans.

### *Termination Withdrawal*

If your account balance is less than \$5,000, an employer may require employees to move it. Upon termination employees generally have three options: keep the balance in LCI's plan, rollover to a new employer's plan, or withdraw your balance by requesting a lump-sum distribution. See the Basic Plan Document and the Adoption Agreement for Plan provisions regarding termination withdrawals.

### *Approaching Retirement*

In addition to an early or normal retirement income, some employers have included in their plans an additional retirement option that permits certain participants an opportunity to choose what is referred to as a limited retirement income. See the Basic Plan Document and your Adoption Agreement for Plan provisions regarding early and normal retirement income.

### *Required Minimum Distributions (RMDs)*

Federal law requires participants to begin receiving a minimum amount from their retirement plan by April 1 of the calendar year following the calendar year the participant reaches age 70 ½ or retires, whichever is later.

### *Disability Retirement Income*

Participants must be totally disabled as defined under the Plan, obtain a physician's statement of such disability, and be classified as disabled prior to their normal retirement date to receive a disability retirement income. The employer has the option to continue making employer contributions to the participant's retirement account while disability payments are paid. However, the participant can no longer make employee contributions. Check the Adoption Agreement to see which payment options, if any, the Plan limits.

### *Death Benefits*

Upon the death of the participant, beneficiaries and/or joint life applicants may be eligible for beneficiary income. Notify the vendor when a death has occurred. The vendor and the administrator must receive a copy of the death certificate before a beneficiary estimate can be prepared or beneficiary income can be paid from the retirement account.

### *Transfers and Rollovers*

A rollover from a 403(b) plan is considered a plan distribution and can only take place after an employee's separation of service or if in-service distributions are permitted by the plan. Once their eligibility has been established, employees have two options: direct and indirect. In accordance with the 403(b) regulations, the plan vendor has established procedures for administering rollovers, exchanges and transfers. It would also be prudent to confer with legal counsel when making rollover or transfer determinations. In addition, refer to the Basic Plan Document for Plan provisions regarding rollovers, exchanges, and transfers.

Transfers to outside-of-plan vendors are permitted (but not required) under the law. However, to transfer assets, both the employer and vendor must abide by the rules and regulations that govern 403(b), and must have written documentation in place.