

Mennonite Church USA
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Communication

Q - Talk about the steps your denomination took to communicate the 403(b) regulations to your congregations, employer groups. What has the response been? What areas seem to cause the most confusion?

A – We offer both 401(a) and 403(b) plans (MRT) within the Mennonite Church. Since most of the employers with a 401(a) also have 403(b) plans with other vendors, we sent general information out to all employer groups. Throughout the year, we sent out surveys, worksheets, and Q&As to help the employers understand the rules. The last mailing included a worksheet where the employer/congregation identified whether they would offer the MRT 403(b) in 2009, and/or other providers.

We actually got a pretty good response from the employer groups. Congregations were a bit more sporadic in their response.

Understanding exchanges, and why the rules apply to contributions that were made before the effective date were the areas that caused the most confusion.

Q - Did you use this opportunity to try to convince those offering multiple providers to use your plan as the only provider? How successful were you? Is it your impression that most groups are cutting down on the number of providers?

A – Yes. We sent our information to MRT groups that only participate in our 401(a) plan in hope that we would be able to move them over to our 403(b). Some of our groups who offer our 403(b) also offered other mutual funds. In the process of trying to understand the rules and what role they would need to play in the administration of their plan, many employers dropped their other providers to use us as a single provider. As we have gotten closer to the effective date, we are beginning to get other groups joining us primarily because the mutual funds they used are dropping out of the 403(b) business.

Q - Did your denomination try and gather information about what providers each employer/congregation would offer in 2009. How do you plan to use that information?

A – We did. We used this information initially to understand who our groups were participating with besides us. Going forward, we hope this information will make it easier for us to administer the group's plan by knowing whether we are the only provider, or if there are other providers.

Q - Are you planning any on-going communication to employers/congregations about the 403(b) rules to make sure they continue to be in compliance?

A – Yes. Each fall we plan to do a mailing to groups in our 403(b) reminding them to send out the universal availability notice (we have many non-QCCOs, but we will likely

have all employers mail it to their employees), asking if they made any changes in their providers during the year, and any other reminders we think we need to send.

Q - Have some employers decided to terminate their plans rather than face the task of compliance?

A - Not in our denominational pension plan, although we did notice some of this in our publicly available mutual funds.

Q - Do you feel confident that your employers have a clear understanding of their responsibilities regarding orphan contracts and Information Sharing Agreements?

A - We worked really hard to make the orphan contract issue as easy to understand as we could. I think, in general, most employer groups get it. Information Sharing Agreements, on the other hand, are a different story. There is so much misinformation out there, that I doubt most employers understand this. With congregations, I tried to only explain the things I thought they absolutely needed to understand. I doubt congregations understand these rules.

Plan doc

Q - If you have employers using vendors other than your plan, are you viewing all of those vendor relationships as being under one employer plan, or as separate plans? Are you offering a plan document solution to them? If so, how are you doing that?

A - We view them as one plan. For example, we have some QCCOs that participate in MRT, but also offer mutual funds. While the QCCO didn't need a written plan for the mutual fund, they did need one for MRT. We simply told employers they needed to have a written plan that wrapped around all the investment providers. We made that pretty easy by creating an addendum to our adoption agreement. Each congregation or employer group that participated in our 403(b) had to execute the addendum. The addendum allowed the group to identify any other providers they planned to offer in 2009.

Q - Among churches, some of these employers are actually reviewing plan documents for the first-time (no longer serving as a contribution remitting agent alone). What "other issues" are being raised as a result of their becoming more involved in their retirement plan offering?

A - We haven't really run into this issue yet. However, when we send out our actual written plan, I'm assuming we will get some questions.

Q - Are colleges and universities dropping their church-plan relationship in favor of or limiting their retirement plan offering to TIAA-CREF alone?

A - In general know, although we have been approached by one of our colleges to see if they can add TIAA-CREFF as an option to employees.

Benefit options

Q - Have you made any benefit changes because of the regulations, like dropping loans or modifying your stance on hardship distributions?

A - No, but we are definitely harder on participants when it comes to getting a hardship distribution.

Procedures

Q - What procedures do you follow to confirm that a hardship distribution can be made?

A - We have a hardship withdrawal form that sets out the safe harbor requirements. We require the participant to give us a copy of the bill to make sure we don't liquidate more than the need. We require the employer to sign off on the request. We also confirm with the employer that no hardship request was made to another vendor. We inform both the employer and participant that we can't accept any elective deferrals for a six-month period.

Q - What procedures have you put into place to communicate with employers when someone asks for a distribution?

A - We changed all of our forms to require that the employer sign the withdrawal request approving the withdrawal.

Q - Have your plan members encountered delays or non-action in their requests for rollovers, transfers, or exchanges from a 403(b) provider that is not included in their employer's 403(b) plan? If yes, how are you assisting your members?

A - This has not been an issue, although we have had some situations where the provider making the distribution wouldn't release the money until we showed them an information sharing agreement between us and the employer, even when one was not required because we had a payroll slot.

Compliance

Q - What are 403(b) providers saying or doing that conflicts with your understanding of the regulations, and how are you responding?

A - The primary areas are the need for an information sharing agreement, and whether a written plan is required. Some vendors believe there needs to be a formal information sharing agreement even in situations where there is no contract exchange.