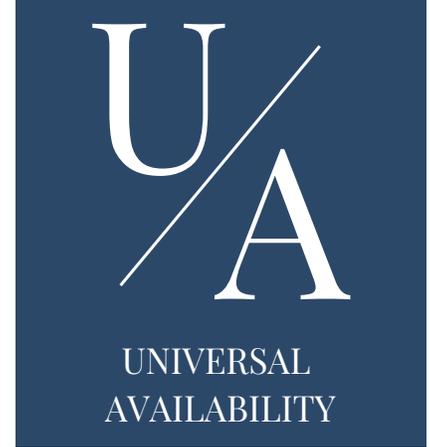


Understanding Universal Availability



Each year, Plan Sponsors of 403(b) retirement plans are required to notify their employees of Universal Availability (UA). This document will provide you with insights on UA and how to complete the meaningful notice to your organization's employees.

WHAT IS UNIVERSAL AVAILABILITY?

Universal Availability stipulates that if a Plan Sponsor permits one employee to participate in a 403(b) plan, the Sponsor must offer a “meaningful” opportunity to all employees to participate. These rules are described in Internal Revenue Code (IRC) Section 403(b)(A)(ii).

- Employees who normally work less than 20 hours a week. [For example: as of hire date, employer reasonably expects employee to work less than 1,000 hours in 12 months and for each succeeding year, the employee works less than 1,000 hours of service]. As Plan Sponsor the employer must maintain hourly records as proof of this regulation.
- Non-resident alien
- Students providing services
- Employees eligible to participate by salary reduction in other deferral plans sponsored by the employer
- Employees who do not wish to contribute at least \$200 per year into a 403(b) plan.

MEANINGFUL NOTICE

In addition, under the terms of the IRS non-discrimination rule and universal availability, employers sponsoring a 403(b) Plan are required to notify all eligible employees of their right to participate in the 403(b). **This formal notification is required to be made a minimum of once a year.**

Common methods of distribution Plan Sponsors can use:

- Regular mail
- Internal mail distribution method (a paycheck insert) or
- Email distribution so long as all eligible employees receive the notice.

The notice should include:

- Eligibility requirements (i.e. who can and cannot participate in the plan)
- Enrollment procedures
- Types of employee contributions (pre-tax, Roth [if available] and catch-up contributions)
- How and when contributions amounts can be changed
- Information on approved product providers in the plan and TPA support.

Special Note: Non-profit organizations operating 403(b) plans under the ERISA safe harbor exemption may not exclude any W-2 employees from participation