Employee Notices—Sample
January 2017

You may choose to use the following sample 403(b) Universal Availability Notice to notify your employees of their right to participate in their employer’s 403(b) plan. Remember, each employee must receive this notice on an annual basis going forward. How you distribute it is up to you (i.e., e-mail, employee inter-office mail/payroll envelope, or mail to the employees’ home), but you must be able to show an auditor that every employee received the notice.

The IRS universal availability requirement indicates that if one employee is provided the opportunity to contribute to a 403(b) plan, then all employees must be provided with that opportunity with certain exceptions. Among those possible exceptions are employees who wish annually to contribute $200 or less and employees who normally work fewer than 20 hours per week. Under the new tax regulations, this 20-hours-per-week exclusion is applied by asking whether the individual worked at least 1,000 hours in the previous year, or if they were hired more recently, whether they are expected to work at least 1,000 hours in their first 12-month period.

The IRS 1,000-hours-per-year test simplifies determining eligibility. Employees who have worked less than 1,000 hours in the past 12-month period may be excluded; however, if you allow any one employee who is working fewer than 1,000 hours to participate, then the employer must let all such employees participate. Once any employee works more than 1,000 hours in a plan year, they must be allowed to participate. Upon hire, you must reasonably expect the employee to work less than 1,000 hours over the next 12 months to exclude them from the plan. Excluding these employees requires the employer to periodically review and count all employees’ actual hours worked. In order to ease your administrative burden, we suggest employers allow all employees to participate.

Note: The IRS continues to audit school districts for universal availability compliance. All 403(b) contracts could be disqualified if you fail to meet this requirement. Failing to properly apply universal availability typically occurs when employers exclude part-time employees, who are otherwise eligible to make elective deferrals pursuant to the tax law, by not allowing them to contribute to their 403(b) plan.

Please see our Web site, weabenefits.com, for any updates to this notice.
[Name of School District]

403(b) UNIVERSAL AVAILABILITY NOTICE

The [Name of School District] (the “District”) offers a 403(b) plan for eligible employees of the District. Employees are eligible to participate as described below:

☐ All employees are eligible to participate in the 403(b) plan

☐ All employees are eligible to participate in the 403(b) plan except those who normally work fewer than ______ hours per week (must be 20 or less and generally equivalent to 1,000 hours or less in a normal work year)

☐ Other (describe) ____________________________

---

A 403(b) plan is a tax-deferred retirement program that permits an employee to reduce his or her compensation on a pre-tax and/or after-tax (Roth) basis (delete Roth option if not offered by district) and have the contribution deposited into a 403(b) account that the employee sets up with a 403(b) vendor. Amounts deposited into a 403(b) account and any earnings on those contributions are generally not taxed until the employee makes a withdrawal from his or her 403(b) account following separation from service with the District, unless contributions are made on an after-tax basis.

The District maintains a list of approved 403(b) vendors and appropriate contact information for each vendor. A copy of this list is available from [Insert location of vendor list]. Employees should contact each vendor for information about the 403(b) products and services it offers.

To enroll in the 403(b) plan, an employee must complete a salary reduction agreement (SRA) and the vendor’s application. The SRA will only apply to amounts earned after enrolling in the plan. This contribution will continue unless it is modified or revoked in the future. The District has established policies that enable you to increase or decrease your contribution, stop your contribution, or change from one authorized 403(b) vendor to another. (Specify any limits on the number of occasions on which SRA changes can be made.) Employees may get the necessary enrollment forms from [Insert location of enrollment materials or a list of approved vendors and the contact person]. Additional information on District policies and other 403(b) plan rules can be obtained with the enrollment materials.
Annual contributions to the 403(b) plan are limited per IRS regulations. Below are the limits for the 2017 calendar year.

<table>
<thead>
<tr>
<th>Year</th>
<th>Basic Elective Contribution Limit</th>
<th>Age 50+ Catch-Up Contribution</th>
<th>15 Years of Service</th>
<th>Total Contribution Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$18,000</td>
<td>$6,000</td>
<td>$3,000</td>
<td>$27,000</td>
</tr>
</tbody>
</table>

**Disclosure to employees:** The District has no liability for any employee’s election to participate in the 403(b) plan, choice of 403(b) vendor(s), or expected tax consequences resulting from participating in the 403(b) plan. The District does not provide tax, legal or investment advice and recommends that employees seek advice from professionals who specialize in these areas.