The Ryding Company
YOUR RETIREMENT PLAN COMPANY

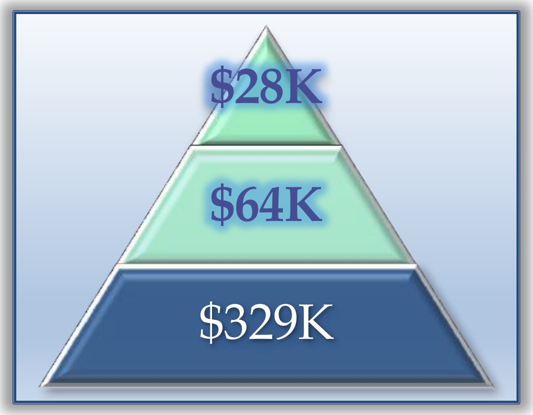
...providing insightful retirement planning

403(b) Plans

WHAT is a 403(b) Plan?

Falling under the auspice of ERISA and Non-ERISA plans, a 403(b) plan offers a means for employees of non-profit organizations - sometimes referred to as 501(c)3 organizations - to defer pretax income into a tax-deferred retirement savings account .

Comparatively speaking to a 401(k), a 403(b) plan shares many of the same characteristics, but is not subject to certain non-discrimination testing and administrative procedures.



WHO is an Ideal Plan Sponsor?

- ✓ **Goal**: Organizations looking to provide a retirement plan benefit to attract and retain employees with comparable benefits to a 401(k).
- ✓ **Demographic**: Nonprofit companies, religious groups, school districts, hospitals, and governmental organizations of any size.
- ✓ **Generosity**: For ERISA 403(b) plans, an employer contribution is discretionary. Allocation options are similar to a traditional profit sharing plan and can include:
  - **Pro-Rata**: The same percentage of annual income or fixed dollar amount.
  - **Safe Harbor**: A *Matching Contribution* of up to 4%, or a *Nonelective Contribution* of 3% to all eligible employees.
- ❖ A plan exercising an employer contribution is subject to ACP non-discrimination testing unless it is a governmental or church plan.

WHY a 403(b)

- Contribution maximums to a 403(b) are identical to a 401(k), with the additional option for individuals having 15 years of service to an employer to add an additional $3k to their annual contribution limit. For an individual over age 50, this would be a deferral of $27,500 in 2018.
- Non-ERISA 403(b) plans are not subject to ADP, ACP, and 401(a)(4) coverage tests.
- Eligibility under the Universal Availability Rule requires that the option to defer into the plan must be offered to all eligible employees except:
  - a) Certain student employees and
  - b) Employees who work less than 20 hours per week and are expected to work less than 1,000 hours per year.

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