



1501 Mendocino Avenue Santa Rosa CA 95401

TO: All Regular Faculty  
Classified Staff  
Management/Confidential Staff  
Adjunct Faculty  
STNC Staff

FROM: Deepa Desai  
Payroll Manager

DATE: October 30, 2008

SUBJECT: Highlights of Changes in 403(b) Regulations

As we stated in our e-mail in September 2007, the IRS has issued Final 403(b) regulations that requires the District to be in compliance by January 1, 2009. Below, please find some pertinent information concerning the new regulations. These regulations are applicable to all current and former participants of the 403(b) plan.

- New Regulations require all employers to adopt a Written Plan Document. The Santa Rosa Community College District Board of Trustees adopted this plan document on May 13, 2008.
- The regulations also require universal availability which means that all classes of employees need to have the option to participate in a 403(b) plan. Therefore, with the exception of student employees, all employees of Santa Rosa Junior College may participate in a 403(b) plan.
- 403(b) contributions can only be made to approved vendors who have executed an Information Sharing Agreement with the District. An approved list of vendors is available in the Payroll Office and is on [www.403bcompare.com](http://www.403bcompare.com). Please click on My Employer and pick Santa Rosa Junior College. **Note: Effective January 1, 2009 we will stop all 403(b) deductions to unapproved vendors. Employees have the option to exchange the account balances with unapproved vendors to approved vendors.**

- Exchanges of funds can be from either an unapproved or approved vendor to only an approved vendor. If funds are exchanged to an unapproved vendor, it will be considered a taxable distribution to the employee. All exchanges must be approved by the Payroll Office.
- Transfer of funds from one employer's 403(b) plan to another employer's plan is allowed to the extent that both employer plans allow transfers. Transfers from another employer to Santa Rosa Junior College plan will only be allowed to one of the approved vendors. All transfers must be approved by the Payroll Office.
- Any exchanges or transfers to an unapproved vendor that incurred between September 25, 2007 to December 31, 2008 could result in a tax liability if not exchanged back to an approved vendor by June 30, 2009.
- Loans/Hardship Withdrawals are allowed to the extent that they are available by individual vendors. Employees will need to meet the eligibility criteria set by the IRS to qualify for loans/hardships. Please contact the Payroll Office for details.

Important: Remember-effective January 1, 2009-funds left with unapproved vendors will be in a "frozen status" unless exchanged to an approved vendor. No loans or hardship withdrawals will be allowed.

These regulations pertain to all employees who have participated or are participating in a 403(b) plan with the District. So even if you are currently not contributing, these regulations apply to your accounts. Please contact either Lisa Hotchkiss or Deepa Desai if you plan to make any changes to that account.