

IRS Pre-Approved 403(b) Plans

While IRS requires not-for-profit organizations and educational institutions that maintain a 403(b) arrangement to have a written plan document, until recently there was no way to get IRS approval for a 403(b) plan. This has just changed! IRS now pre-approves prototype 403 (b) plans, similar to its approval of prototype 401(k), pension and other qualified plans. Under the 403(b) plan program, *if a plan sponsor timely adopts a pre-approved plan, any defects in the previous plan document will be deemed corrected and the plan document will be considered to be in compliance as far back as January 1, 2010.* This is a powerful incentive for plan sponsors to move their plan onto a pre-approved plan.

Many insurance companies and other 403(b) plan providers have gotten their own pre-approved plan. If you are an employer that has a 403(b) plan, you should check with your provider to make sure it is moving onto a pre-approved plan. Similarly, if you advise not-for-profits, you should check with your clients. We at Danziger & Markhoff LLP also have an IRS pre-approved plan that you or your client can adopt.

If you have any questions relating to a 403(b), 457(b) or other benefit plan for a tax-exempt employer, please feel free to contact us.

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