



ASBO 403(b) Model Plan Talking Points

****NOT INTENDED FOR EXTERNAL DISTRIBUTION****

Current Landscape

- The administrative burden for school districts regarding 403(b) plans continues to grow. Districts need to be careful of misrepresentation, state security violations, employment law violations, various insurance law claims, and consumer protection violations. The IRS audits 403(b) plans to ensure compliance with Federal and State regulations. A poorly governed plan can lead to wasted time and potential fines for school districts.
- To help combat this, many channels are now advising public school districts to adopt ERISA "best practices" for their non-ERISA 403(b) supplemental retirement plans. While well-intentioned, these recommendations are problematic, because they often overlook the unique legal and operational nuances of public education systems. This introduces the potential of significant risk for the school district.

Why the Model Plan was Created

- Because many school districts don't have the resources to develop and process an RFP, or to look for a compliance TPA and investment providers, ASBO International has done that for them. ASBO has determined who the best TPA is to service them, and who the best providers are to deliver nationwide coverage. The model plan includes a combination of nationwide providers and regional providers, all of whom provide education.

How the Model Plan Works

- The ASBO Model Plan allows members to offer this key 403(b) employee benefit while reducing the time and resources involved in administering it—as well as decreasing downstream liability. The model plan provides a “turnkey solution” to members by providing all required plan administration, employee education, compliance, reporting, and investment provider construction. Additionally, districts can manage services through a single, secure, user-friendly platform page.
- Your clients can count on the ASBO plan to handle responsibilities including:
 - Plan qualification and establishment
 - Creation of Plan Document and amendments
 - Written policies and procedures
 - Information sharing agreements
 - Contributions
 - Universal availability notice



- A mechanism to enforce statutory limits
- Aggregate additional plans if required
- Transactions
- Aggregate data to ensure compliance with all plan level restrictions for approval of transactions
- Determining the accuracy of SPARK file or other data sharing information
- Enrollment
- A process to evaluate and determine eligibility
- The mechanism for salary reduction agreement and product enrollment
- The review of investment provider lists and media.

The Model Plan Competitive Advantage

Unlike our competitors, ASBO/Daybright is fully independent and does not sell products or offer investment advice to the employees of our clients. Additional advantages include:

- Daily remittance service
- Online enrollment service
- Online distribution service
- Online salary reduction agreement service
- Full on-site IRS audit assistance
- In-house legal counsel
- A team of highly skilled consultants dedicated to client servicing, plan design, and review of employment contracts

What School Districts and their Employees Can Expect with the Model Plan

- School districts choosing the ASBO Model Plan gain the advantage of a partner TPA that's committed to work with existing providers (preserving valued relationships), improve product offerings and cost structure, enhance participant education, plan literacy, and ensure compliance with federal and state guidance. This both reduces the risk and responsibility of offering the plan and saves time and money by outsourcing day-to-day operations.
- School district employees receive the broad selection of Investment Providers they favor, timely contribution processing, and local service to help plan and achieve a secure retirement. This supports recent ASBO survey research which finds that participants in retirement plans need education about what they can expect from basic pension benefits and Social Security benefits (if any). Employees express a strong interest in how to "fill the gap" with savings of their own retirement dollars in supplemental 403(b) and/or 457(b) plans. School districts, in turn, appreciate that their budget outgo may be substantially reduced if their employees can afford to retire at a normal



retirement age, freeing up districts to replace retiring employees with new employees at reduced salaries.

Additional Model Plan Facts

- Since its launch in 2025, the 403(b) Model Plan has delivered measurable benefits for school districts nationwide:
 - **Streamlined Administration:** Districts have reduced internal workload by leveraging expert third-party administration, freeing staff to focus on educational priorities.
 - **Enhanced Compliance:** The plan ensures adherence to IRS and State regulations, minimizing audit risk and protecting districts from costly penalties.
 - **Improved Employee Financial Wellness:** Educators and staff gain access to structured retirement options, strengthening retention and morale during a time of staffing shortages.

A vetted turnkey solution, the plan has enabled districts to implement it efficiently and confidently, with ongoing guidance tailored to the unique needs of public education. Additionally, they enjoy Plan-Level Reporting, including detailed reporting on assets, contributors, and participants by vendor, and Common Remitting Services, including simplified contribution remittance and transaction approvals.

- With growing adoption by K–12 school districts, the ASBO 403(b) Model Plan is emerging as a trusted resource for retirement planning and compliance management. It is purposely built to offer a range of retirement options while remaining completely independent. Daybright, the organizing administrator of the Plan, currently serves 22,000+ employer clients, 3.6M participants, and more than half of the school districts in the US.