



## ASBO 403(b) Model Plan Talking Points

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### 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 increase administrative complexity and may expose districts to potential compliance risks or penalties.
- 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

Many school districts have limited internal resources to conduct RFPs, evaluate plan administration needs, or coordinate relationships with multiple service providers.

The ASBO 403(b) Model Plan framework was developed to provide districts with a standardized structure they can reference when considering plan administration, compliance support, and provider coordination.

Under the framework, participating providers—including a designated Third-Party Administrator—support districts that choose to align with the Model Plan structure. Participating providers may include both national and regional firms.

### How the Model Plan Works

- The ASBO 403(b) Model Plan framework is designed to support school districts that choose to align with it by outlining a standardized approach to plan administration and oversight.

Participating providers support districts in administering plan functions that may include plan documentation, compliance support, reporting, employee education, and coordination with investment providers.

Districts that align with the framework may choose to manage services through a centralized platform provided by participating service partners.



- 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**

Participating providers in the ASBO 403(b) Model Plan framework offer administrative and operational services that support districts in managing their retirement plans.

These services may include:

- Daily contribution remittance
- Online enrollment and distribution processing
- Salary reduction agreement support
- IRS audit support related to plan administration
- Access to dedicated plan administration and compliance resources

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

School districts that choose to align with the ASBO 403(b) Model Plan framework often evaluate how participating providers support coordination with existing investment providers, participant education, and administrative processes.

Employees may have access to multiple investment providers, timely contribution processing, and educational resources, depending on the services selected by the district.



### Additional Model Plan Facts

The ASBO 403(b) Model Plan framework outlines a standardized structure for plan documentation, administration, and reporting. Participating providers offer services that may support:

- Plan-level reporting on assets, contributors, and participants
- Contribution remittance and transaction approval processes
- Ongoing plan administration and support tailored to public education environments

The framework is designed to accommodate a range of retirement options and service models, depending on district needs.