

Employer Information Circular

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Update of CalSTRS 403(b) Compliance Program

The purpose of this circular is to provide an update of the CalSTRS 403(b) Compliance Program (CalSTRS 403bComply).

After the new 403b regulations went into effect on January 1, 2009, many districts were compelled to hire Third Party Administrators to insure IRS compliance. CalSTRS entered the compliance services at the request of districts and a goal to affect positive change in this industry and the offerings to districts. Two years after the new regulations became effective, many Third Party Administrators (TPA) have either gone out of business, been sold (in some cases two or three times) or in many cases modified their billing structure to match that of the CalSTRS 403bComply Program.

During this time, CalSTRS has remained consistently committed to providing you with affordable and service-driven compliance. Some of our notable features include:

- Streamlined start-up process
- Lower per-participant fee
- No monthly minimum for existing clients
- Customer service hours of 8 a.m. to 5 p.m. Pacific Standard Time
- Online 403(b) plan enrollments and other plan services for employees
- The administrator contracted to provide 403(b) compliance services does not sell any 403(b) products, so they have no conflicts of interest

Consider the Independent TPA concept.

An independent TPA can avoid possible conflicts of interest inherent when the TPA responsible for transaction and compliance monitoring is affiliated with 403(b) vendors. Lack of such affiliation can also provide a greater level of objectivity and data privacy.

The time is now.

When the new IRS regulations went into effect, many districts entered into multi-year agreements for their TPA services. At that time, districts may not have had the expertise or time to do a proper search and analysis. Now that those original contracts have run their course, administrators will soon come under pressure from those original contractors to simply take the

easy path and renew their contracts. Now is the time for all concerned stakeholders to reassess their district's 403(b) compliance needs.

To learn more about true compliance and how CalSTRS can help you with your 403(b) compliance responsibilities, you may contact us as noted below.

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