



# Information

# update

January 2017

## TSA Consulting Group - NEWSLETTER

### IRS Audits and Universal Availability

2016 saw a noticeable increase in IRS audit activity of 403(b) plans nationwide, and we expect that trend to continue in 2017. With that in mind, we would like to highlight one of the most common audit issues we have seen across the country: Universal Availability.

In simplest terms, the Universal Availability requirement states that if any employee is permitted to contribute to a 403(b) plan, then all employees of that employer (with specific exceptions) must be permitted to contribute. A Universal Availability failure occurs when an employer improperly excludes an employee from participating in a 403(b) plan (or includes an employee that should have been excluded).

Universal Availability is made up of two basic components: effective opportunity and eligibility. Effective opportunity is the practical ability of an employee to participate in an employer's plan. In order to meet this requirement, employers must notify all eligible employees of their ability to participate in the plan at least once per calendar year. (TSACG assists our clients with this by producing our yearly Meaningful Notice materials.) Eligibility,

unsurprisingly, refers to which employees are permitted to contribute to an employer's plan.

One of the most common examples of a Universal Availability failure occurs when employers exclude employees based solely on job classification (i.e. nurses, substitute teachers, bus drivers, etc.)—this is not permitted. Another common mistake occurs when employers exclude employees who normally work fewer than 20 hours per week (equivalent to 1,000 hours or less in a working year). While this type of exclusion is permitted (if incorporated in the plan document), TSACG would always advise against it, due to its inherent administrative difficulties. This particular exclusion requires employers to track and keep records of actual hours worked for all employees to ensure they are properly included/excluded. Further, it requires employers to have procedures in place to notify any employee that exceeds 1,000 hours that they are immediately eligible to participate in the plan.

With IRS audits on the rise, TSACG would like to reemphasize our recommendation that employers refrain from excluding any

employees. This position avoids the unnecessary administrative burden on our clients and helps to minimize the possibility of Universal Availability failures.

Furthermore, in our experience, allowing all employees to participate has proven less of an administrative task than monitoring exclusions properly.

If you have any questions about Universal Availability or IRS audits, please contact your Program Consultant via one of the below methods:

**Call Toll-Free:  
(888) 777-5827**

**Email Program Services:  
[programservices@tsacg.com](mailto:programservices@tsacg.com)**



[www.tsacg.com](http://www.tsacg.com)

# Online Maximum Allowable Contribution (MAC) Calculator

TSACG provides helpful information for all participants and representatives to aide in successfully enrolling and contributing to each plan sponsor's 403(b) and/or 457(b) plan. One way we help is through our online Maximum Allowable Contribution, or MAC, calculator, which can be utilized by anyone looking for an estimate of their allowable voluntary contributions for the year. The calculator allows visitors to input some basic information including employer, age, past contributions, and more in order to generate a calculated worksheet showing how much each person can potentially contribute voluntarily to their personal 403(b) and/or 457(b) account.

While the 2017 basic limit is \$18,000.00, some participants can take advantage of additional catch-up contribution amounts. The first additional amount is the Age-Based Catch-up limit, which allows participants who turn 50 by 12/31/2017 to contribute an additional \$6,000.00. The second additional amount is the Service-Based Catch-up limit, which allows those who have worked over 15 years with their current employer to contribute an additional \$3,000.00 depending on their past contribution amounts and whether this provision is allowable per their employer's Plan Document.

The online MAC calculator requests information specific to determining what additional amounts each visitor is eligible to utilize. Users do need to know in advance whether or not their employer allows Service-Based Catch-Up as well as the total of their past contribution amounts.

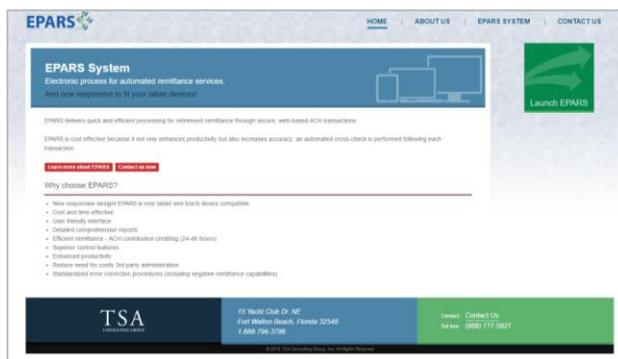
The online calculator is accessible on our website at all times:  
<https://www.tsacg.com/calculations/mac-calculator/>

## Year End Retirement Plan Remittances

The Remittance Services Team receives many questions each year from concerned clients about retirement plan contributions that are deducted in December but not remitted or received by the vendor until the following year. Many vendors have the ability to assign a tax year to a contribution. For example, although the effective date of receipt may be January 3, 2017, a 2016 tax year is assigned to the contribution. Even if the vendor does not assign a previous tax year, there is no need for our clients to worry about participants over contributing or dealing with excess contributions.

One of the services that TSACG provides is monitoring your participant's contributions for compliance with IRS Contribution Limits. If you would like more information about year-end contributions and timing, please contact our Remittance Services Team:

**Call Toll-Free: (888) 796-3786, option 6**



## CONTACT US

Please contact the appropriate department listed below for assistance:



**Participant Transactions Team:**  
Contact the Participant Transactions Team regarding the approval of loans, rollovers, hardships, distributions, exchanges; transaction paperwork submission assistance; Transaction Routing Request form assistance; ART log-in assistance; etc.:

Toll-Free Phone: 1-888-796-3786, Option 4  
Local Phone: (850) 362-6840

Transaction Document Submission:  
Fax Numbers: 1-866-741-0645  
or 1-866-814-0622

Email for the Transaction Status Inquiries and ART Assistance:  
[recordkeeping@tsacg.com](mailto:recordkeeping@tsacg.com)

### Remittance Services Team:

Toll-Free Phone: 1-888-796-3786, Option 6  
Local Phone: (850) 362-6840  
Fax: 1-866-483-3143

Email for Remittance Assistance:  
[epars@tsacg.com](mailto:epars@tsacg.com)

P. O. Box 4037  
Fort Walton Beach, FL 32549

### Data Department and Publications Team:

Toll-Free Phone: 1-866-569-9967  
Fax: 1-866-553-1075

Email for the Data Department:  
[data@tsacg.com](mailto:data@tsacg.com)

Email for the Publications Team:  
[publications@tsacg.com](mailto:publications@tsacg.com)

### Executive/Administration Offices: Program Consultants and Program Services Teams

Toll-Free Phone: 1-888-777-5827  
Fax: 1-800-889-9736  
Email: [programservices@tsacg.com](mailto:programservices@tsacg.com)

Business Operations Team:  
Toll-Free Phone: 1-888-777-5827 Ext. 3200  
Email: [finance@tsacg.com](mailto:finance@tsacg.com)