CHURCH PENSION FUND

19 East 34th Street
New York, NY 10016

OPTIONS FOR EXISTING 403(b) PLANS WHEN EMPLOYER BEGINS PARTICIPATING IN LAY DC PLAN

When an employer begins to participate in The Episcopal Church Lay Employees' Defined Contribution Retirement Plan (the "Lay DC Plan"), but already sponsors another 403(b) plan, there are a few options for the employer with regard to the existing plan. An employer should consult with its own legal advisor to decide how to proceed.

- **Authorize a plan-to-plan transfer.** A 403(b) plan may authorize the transfer of participant accounts from their existing 403(b) plan to the Lay DC Plan. There are two types of plan-to-plan transfers, and the existing plan must allow for such a transfer. In addition, depending on the terms of the investment options offered under the existing plan and the recordkeeper used, fees may apply. The employer is responsible for communicating such fees to its employees. The employer and/or the employee are solely responsible for any fees associated with a transfer. If the plan-to-plan transfer is completed during a plan year, the employer will have to monitor contribution limits for both the existing plan and the Lay DC Plan for that plan year and conduct nondiscrimination testing (if applicable) for the existing plan and the Lay DC Plan.

    - **Individual transfers.** Each participating employee may choose to authorize a transfer of his/her/their individual account to the Lay DC Plan by completing the appropriate form with Fidelity Investments, the recordkeeper of the Lay DC Plan. Employees with existing 403(b) accounts will be able to direct their accounts to investment options under the Lay DC Plan. Accounts of former employees cannot be transferred to the Lay DC Plan.

    - **Total plan transfer.** The employer, as the sponsor of the existing 403(b) plan, may authorize a full transfer of all plan assets from its existing 403(b) plan to the Lay DC Plan. In this case, in addition to any fees that may be charged by the existing plan, Fidelity Investments, the recordkeeper of the Lay DC Plan, also will charge a project fee. This project fee must be paid by the employer before The Church Pension Fund will proceed with a total plan transfer. The employer is responsible for notifying its employees of the transfer as well as choosing the investment options available under the Lay DC Plan to which the funds will be mapped in connection with the transfer.

- **Freeze contributions to the existing plan.** The employer could choose to freeze contributions to the existing plan as of a certain date and only remit contributions to the Lay DC Plan going forward. If employer and employee contributions cease during a plan year, the employer will have to monitor contribution limits for both the existing plan and the Lay DC Plan for that plan year and conduct nondiscrimination testing (if applicable) for the existing plan and the Lay DC Plan.

  For the plan year in which contributions cease, and as long as frozen accounts remain for active employees, the employer must exchange information with vendors regarding distributions (especially hardship withdrawals, loans and required minimum distributions) and changes in personnel information. Note that the employer is responsible for the frozen plan in the same manner as if it were still an active plan.

This would include the requirement that the frozen plan is periodically amended to comply with any changes in the law affecting 403(b) plans.

- **Terminate the existing plan.** The termination of an existing 403(b) plan and immediate distribution of all assets to participants would prevent the employer from contributing to any 403(b) plan, including the Lay DC Plan and The Episcopal Church Retirement Savings Plan (RSVP), for a period of 12 months after the distribution of all accounts. As a result, plan termination may not be a viable option, depending on the employer's situation.

If you are interested in any of these options, please contact Client Services at (866) 802-6333 Monday through Friday, 8:30 AM to 8:00 PM ET, excluding holidays.

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