

# Christian Brothers Services 403(b) Updates and Administrative Issues





**Plan and  
legislative changes**

# PLAN AND LEGISLATIVE CHANGES

We want to express our appreciation to you and to your employees for your engagement through the transition to Fidelity Investments.

Attached are recent changes and updates for the 403(b) Plan, along with some administration reminders. Similar to prior years, we have included a [\*403\(b\) Administrator Checklist\*](#), which you can print out and keep handy. Be sure to review the attachments including the Notice requirement for participants.

**Karen Herba,**  
Retirement Planning Services Managing Director

January 2024

**Employee Deferral Limit:** The employee deferral limit for 2024 will increase to \$23,000 for the calendar year. The catch-up contribution for a participant age 50 or older will remain at \$7,500 for 2024.

**Total Contribution Limit:** The combined employer and employee contribution limit (also known as the 415 limit) will increase to \$69,000 for the 2024 calendar year. The catch-up contribution does not count against the \$69,000 limit. Employers need to track both the employee deferral and total contribution limit and stop contributions when the limits are met. Failure to do so may cause significant tax problems for your employees. For a Non-Qualified Church Controlled Organization (non-QCCO), the maximum compensation for determining employer contributions (also known as the 401(a) (17) limit) will be \$345,000 for 2024. This means an employer should not make any employer contributions on compensation above this limit.

**Investments:** Employees do not select investments on the enrollment form. A newly enrolled participant is automatically defaulted into the Fidelity Freedom Index Fund nearest his/her 65<sup>th</sup> birthday. If the employee is age 65 or older, he/she will default into the Fidelity Freedom Index Income Fund. A participant can elect to be invested in any other fund(s) at any time either by calling a registered representative at Fidelity and requesting the change or by logging into his/her account at [netbenefits.com](https://netbenefits.com). Investment changes cannot be made via paper.

**Hardship Distributions:**

Effective January 1, 2024, hardship distributions will be available from both employee deferral contributions and earnings on the deferral contributions. Previously, earnings were excluded. As a result of the transition to Fidelity, employees can now use the e-certify process to request a hardship distribution and certify as to the financial need. As a reminder, IRS rules and the Plan document require that a hardship distribution must be on account of an immediate and heavy financial need that is specified in the Plan document, must not be in excess of the amount required to satisfy such financial need, and the Participant must have no alternative means reasonably available to satisfy such financial need.

**Minimum Required Distributions:**

The Plan has been amended to reflect the age at which minimum required distributions must begin, as follows:

1. For an individual who attained age 70½ after December 31, 2019, the applicable age is 72.
2. For an individual who attains age 72 after December 31, 2022, and age 73 before January 1, 2033, the applicable age is 73.
3. For an individual who attains age 73 after December 31, 2032, the applicable age is 75.

Also, amounts that are held in a Participant's Roth Account are not required to be taken into account for the purpose of calculating the minimum required distributions during the Participant's lifetime.



Finally, a surviving spouse can elect to be treated as the deceased employee for minimum required distribution purposes.

For more information regarding application of these new rules, please contact Fidelity.

### **Universal Availability and Nondiscrimination Testing:**

A Qualified Church Controlled Organization (QCCO) is not subject to any nondiscrimination testing requirements.

A Non-Qualified Church Controlled Organization (non-QCCO) is not subject to ADP (Actual Deferral Percentage) testing but is subject to the *universal availability* requirement. This simply means that all employees who normally work 20 or more hours per week (if the employer elects to apply that requirement) must be notified that they are eligible to participate in the Plan. Failure to notify a participant could require an employer to have to submit make-up contributions even if the employer does not normally contribute to the Plan. In addition, IRS regulations state that, for employers subject to the universal availability requirement, once an employee satisfies the 20 hours per week requirement (by, generally, working 1,000 hours in their first 12 months or in any subsequent calendar year), that employee remains eligible to contribute regardless of the number of hours worked. This is referred to as the “once in always in” provision. The employer does not have to contribute on behalf of these employees if they do not meet the eligibility requirements for an employer contribution, but they must be allowed to continue to defer if they wish. Please see the section below titled “Annual Notice Requirement” regarding a notification that must be provided to all eligible employees.

Non-QCCO employers that employ a highly compensated employee are also subject to ACP (Actual Contribution Percentage) testing. For testing purposes, any employee who earned \$150,000 or more in 2023 will be

deemed a highly compensated employee for the 2024 plan year testing. For future reference, any person who will have earned \$155,000 or more during the 2024 calendar year will be deemed a highly compensated employee individual for the 2025 plan year testing. (Note that the threshold may be adjusted in future years.) Please notify our office if you have someone who qualifies as a highly compensated employee. You have a number of options when it comes to ACP testing. You could design your plan using one of the safe harbor methods, and therefore not be subject to ACP testing (though this design must be adopted before a plan year begins). Secondly, you could exclude any highly compensated employees, and therefore would automatically pass the tests. And lastly, you could test your plan yourself or you can contact Christian Brothers Services (CBS) who will work with Fidelity to perform the tests. There is an additional fee if CBS/Fidelity performs the test. Please contact CBS for further information.

Non-QCCO employers that employ a highly compensated employee are also subject to minimum coverage testing, which considers the percentage of non-highly compensated who are eligible to receive employer contributions. If your plan excludes any non-highly compensated employees from employer contributions, it is important to confirm that the minimum coverage rules are satisfied. Again, you may contact CBS for further information.

**Annual Notice Requirement:**

All employers (QCCOs and non-QCCOs) need to provide a notice to eligible employees regarding eligibility to contribute to the plan and the IRS contribution limits. Attached is a [sample notification](#) that you can use for this purpose. This notification should be distributed to all eligible employees at least annually. In addition, you should provide a copy to new employees upon their date of hire. The notice is in Microsoft Word format, so feel free to edit based on your circumstances.

**Quarterly Billing:**

Effective January 1, 2024, the Plan's administration fee will be \$20.00 per participant per quarter, which is a 2.6% increase from the current level of \$19.50 per quarter. This is only the 2<sup>nd</sup> adjustment in the last four years and over the last 15 years the fee has increased by 1.3% on average per year. Please note that the Plan's administration fee can either be billed to the employer or deducted from your active participants' accounts, as directed per your adoption agreement. This fee will be reflected at the end of the first quarter of 2024. As a reminder, please do not combine the quarterly administration fee with the check for contribution payments. They need to be remitted separately.

The administrative fee includes educational meetings, contribution aggregation and reporting, daily valued recordkeeping, web access for both employer and employee, online quarterly benefit statements, educational materials, all legal and investment requirements for the Plan as well as access to Fidelity investment professionals. The multiple-employer aspect

of the Plan allows us to achieve an economies-of-scale which provides you with access to fees, funds, and services generally not available to smaller employers.

**Processing Schedule:**

Our weekly reconciliations are done on Wednesdays and Fridays. Assuming your contribution report and payment are in good order, the following schedule will be adhered to in sending contributions to Fidelity:

- If your contribution check is received on Friday, Monday or Tuesday, or your ACH is received on Friday afternoon, Monday, Tuesday or Wednesday (morning), then the report will be included with the Wednesday reconciliation and funding will be submitted to Fidelity on Thursday (or the next business day if Thursday is a holiday).
- If your contribution check is received on Wednesday or Thursday, or your ACH is received on Wednesday afternoon, Thursday, or Friday (morning), then the report will be included with the Friday reconciliation and funding will be submitted to Fidelity on Monday (or the next business day if Monday is a holiday).

Modifications to this schedule are likely during holidays (such as Easter, Thanksgiving, Christmas, New Year's Day).

**Plan Administrative Issues:**

This information can be found in the attached [403b Administrator Checklist](#). Please be sure to share this information with your administrators, as there are important reminders of procedures and timing. In addition, we believe the Checklist will be a helpful resource in your processing of contributions and payments.

**Administration Forms:**

Please be sure to login to the CBS website to access an electronic version of the updated *Enrollment Packet*, updated *Transfer, Rollover, Exchange Instructions/Form*, *Deferral Change Form*, *How to Register with Fidelity instructions*, *Summary Plan Description* and other important news and forms.



[403\(b\) Administrator Checklist](#)



[403\(b\) Sample Availability Notice](#)

**Thank you for providing Christian Brothers Retirement Planning Services the opportunity to serve your organization.**

**On behalf of the Retirement Planning Services staff, we wish you a very happy and prosperous New Year.**

**If we can be of any assistance, please do not hesitate to call.**



For more information, contact us at  
**800.807.0700** or  
**[RPScustomerservice@CBServices.org](mailto:RPScustomerservice@CBServices.org)**.

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