

Christian Brothers Services 403(b) Updates and Administrative Essentials





Plan and legislative changes

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 various attachments including the notice requirement for members.

Employee Deferral Limit: The employee deferral limit for 2025 will increase to \$23,500 for the calendar year. The catch-up contribution limit for a member age 50 or older will remain at \$7,500 for 2025.

New for 2025 is the “super catch-up” contribution limit. This new limit allows members age 60-63 by the end of 2025 to make up to an additional \$3,750 in catch-up contributions, for a total catch-up contribution of up to \$11,250 in 2025.

Total Contribution Limit: The combined employer and employee contribution limit (also known as the 415 limit) will increase to \$70,000 for the 2025 calendar year. The catch-up or super catch-up contributions do not count against the \$70,000 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 \$350,000 for 2025. 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 member is automatically defaulted into the Fidelity Freedom Index Fund nearest his/her 65th birthday. If the employee is age 65 or older, he/she will default into the Fidelity Freedom Index Income Fund. A member 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 and making the change at netbenefits.com. Investment changes cannot be made via paper.

Hardship Distributions: Hardship distributions are available for 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 member must have no alternative means reasonably available to satisfy such financial need.



Beginning April 1, 2025, Plan members can make the following withdrawals/distributions from their account:

- Victims of domestic abuse can self-certify and withdraw an amount up to the lesser of \$10,000 (indexed) or 50% of their account.
- Members can self-certify for emergency expenses of up to \$1,000 once per year.
- Members affected by federally declared disasters can take a distribution of up to \$22,000.

Members who make one or more of these withdrawals/distributions can repay them to their accounts. If you are interested in learning more about these new options, please contact Fidelity at 800.343.0860.

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 member's Roth Account are not required to be taken into account for the purpose of calculating the minimum required



distributions during the member's lifetime.

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

For more information regarding application of these new rules, please contact Fidelity at 800.343.0860.

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 become a member in the Plan. Failure to notify an employee 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. Similarly, any employee who earned \$155,000 or more in 2024 will be deemed a highly compensated employee for the 2025 plan year testing. For future reference, any person who will have earned \$160,000 or more during the 2025 calendar year will be deemed a highly compensated employee for the 2026 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 (QCCO and non-QCCOs) need to provide a [Universal Availability 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, 2025, the Plan's administration fee will be \$20.75 per member per quarter, which is a 3.8% increase from the current level of \$20.00 per quarter. This is the 3rd adjustment in the last five years and over the last 16 years the fee has increased by 1.5% on average per year. Please note that the Plan's administration fee can either be billed to the employer or deducted from your active members' accounts, as directed per your adoption agreement. This fee will be reflected at the end of the first quarter of 2025. 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 provide 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 *Enrollment Packet, 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\(b\) Universal Availability Notice](#)



[403\(b\) Plan Highlights](#)

Important Banking Information – Please update your records

We are continuing to see payments being sent to our old bank. Our new bank is **Northern Trust**. If you are not sending your payments to **Northern Trust** yet, you need to do so immediately, otherwise your contributions will be returned and need to be reissued. This could cause your payments to be late and possibly make you incur lost earnings on those contributions. Administrators with online access can go to the Contribution Reporting section under Resources on the cbservices.org website to find our new ACH instructions and lockbox remittance form. If you are submitting reports online and sending payment by check, the lockbox remittance form automatically shows the new bank information. Those without online access may contact our office for any needed information. Thank you in advance for your prompt attention to this matter.

Thank you for providing Christian Brothers Retirement Solutions the opportunity to serve your organization. If we can be of any assistance, please call 800.807.0700.

*“You must pray not only for yourself
but also for those whom you are guiding.”*

~John Baptist de La Salle

**For more information, contact us at
800.807.0700 or
Retirement403b@cbservices.org.**

For over 60 years, Christian Brothers Services has been a trusted partner, alleviating administrative burdens and safeguarding Catholic organizations. Simplify your employee health coverage with our cost-effective plans, protect your assets with reliable property/casualty coverages, and optimize operations with expert consulting services. Visit cbservices.org to discover how we can tailor solutions to your unique needs.