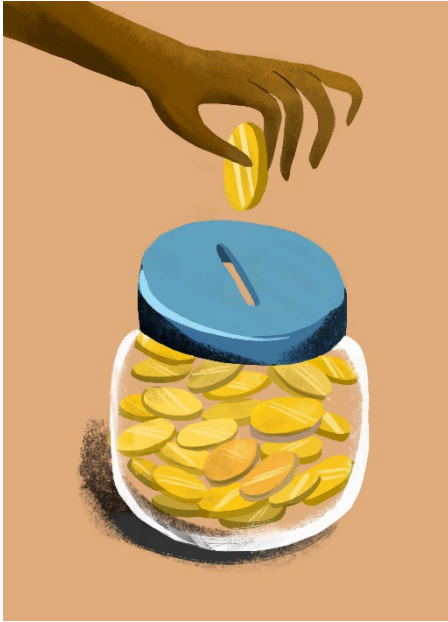




The Modern Role of a TPA in 403(b) & 457(b) Plans

Understanding third-party administrator responsibilities today



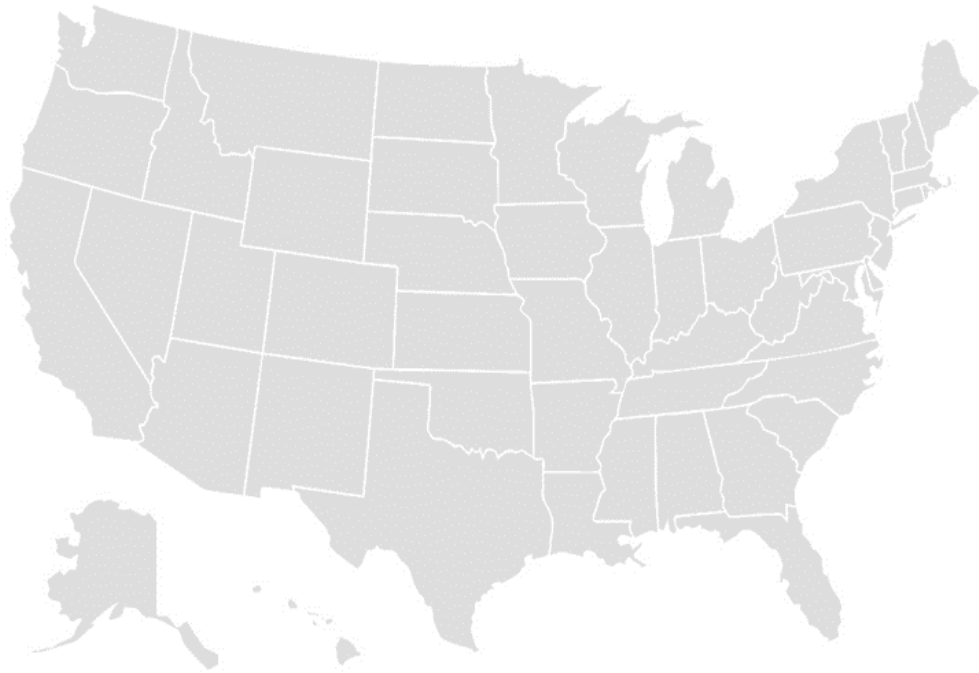
403(b) / 457(b) – Brief overview

- A **403(b)** plan is a retirement plan offered by a public school for its employees
 - These annuities and custodial accounts are funded by employees
 - Elective deferrals made under salary reduction agreements

- A **457(b)** plan is a deferred-compensation retirement plan offered by a public school for its employees
 - Much like the 403(b) these annuities and custodial accounts are funded by employee deferrals made under agreements to defer compensation



Overview: US Omni & TSA Consulting Group



Largest 'Independent' TPA in the Country

- 30 + years of experience.
- Plan Sponsors representing 48 states nationally.
- 6,000 + clients
 - Administer over 9,000 plans.
- 8 of the 10 largest school districts in the country are clients.
- Successfully closed more than 100 IRS audits.

Formally:

- US Omni
- TSA Consulting Group

403(b) History

Pre 2009: “Wild West”

- **No Plan Document or Information Sharing**
- **Self-Certification by employees**
- **403(b) life insurance policies**
- **Transfers to unauthorized Investment Providers**



Post 2009: Party's OVER

403(b) Final Regulations issued in 2007, went into effect in 2009:

- **Plan Document & Plan-level recordkeeping**
- **Investment Provider Information Sharing Requirements**
- **Limiting Transfers to Providers that have agreed to share information with Plan Sponsor**
- **Formal Correction Procedures**
- **Expanded IRS Examinations**
- **Emergence of Third Party Administrators (TPAs) due to increased employer responsibilities**



Understanding the Current Landscape



Why This Matters

Significance of Plan Management

Effective management of 403(b) and 457(b) plans enhances employee morale and long-term financial security in schools.

Increasing Compliance Demands

Growing regulatory requirements necessitate detailed documentation and precise contribution tracking to avoid audit risks.

Administrative Challenges

Limited resources and complex tasks increase the administrative burden on school district staff managing retirement plans.

Framework for Best Practices

Implementing efficient processes reduces workload while ensuring compliance and oversight in school districts.

District Responsibility

Maintaining Plan Documentation

Districts must keep written plan documents updated to reflect current regulations and actual plan operations.

Monitoring Employee Contributions

Active tracking of employee contributions ensures compliance with annual limits across multiple providers.

Coordinating Transactions

Districts must validate and process participant loans, distributions, and transfers accurately and timely.

Accountability and Risk Management

Districts remain responsible for proper administration even when using external support to minimize risks.



Core Risks and Challenges

Important Concept: No TPA = Self-Administration

Self-Administration Responsibility

Without a TPA, the district assumes full responsibility for plan administration and compliance oversight.

Misconceptions About Providers

Investment providers focus on their products and do not handle overall plan compliance or coordination.

Increased Complexity and Risk

Fragmented data management and compliance increase error risks in contribution limits and eligibility checks.

Informed Decision Making

Understanding no TPA means full district responsibility helps guide decisions on administrative support needs.



Where Risk Shows Up

Contribution Limit Risks

Risk arises from difficulties aggregating contribution data across multiple providers, leading to potential excess contributions.

Late Remittance Risks

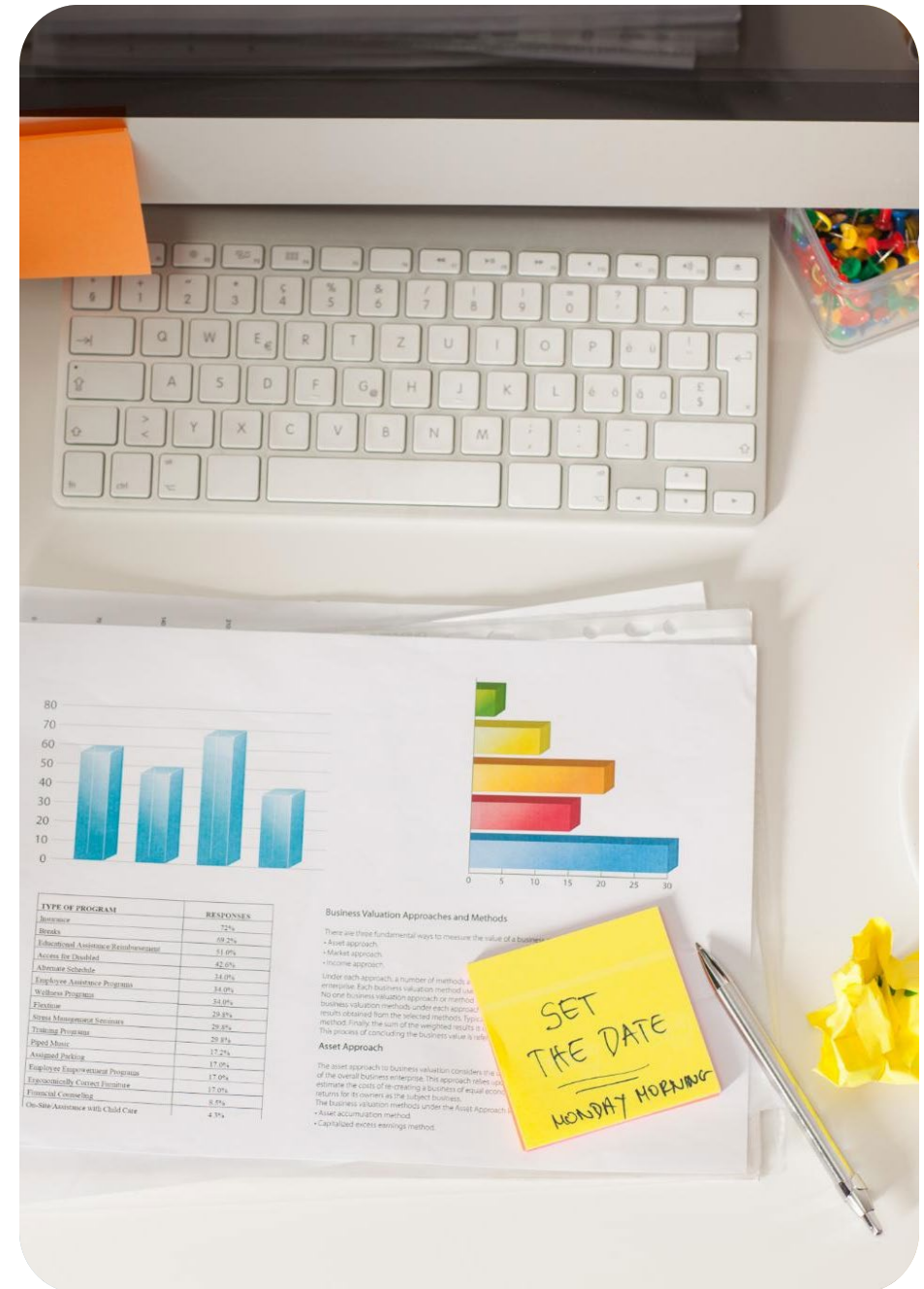
Delays in depositing employee contributions after payroll withholding can cause compliance issues requiring corrective action.

Transaction Processing Errors

Errors in loans, distributions, and transfers may lead to operational failures needing thorough review and correction.

Data Fragmentation Challenges

Incomplete or inconsistent data across providers reduces visibility and complicates proactive risk management.



TYPE OF PROGRAM	RESPONSES
Success	72%
Breaks	69.2%
Behavioral Assistance/Businessstart	51.6%
Access for Disabled	42.6%
Absence Schedule	34.0%
Employee Assistance Programs	34.0%
Wildfire Programs	29.8%
Flextime	29.8%
Stress Management Programs	29.8%
Training Programs	29.8%
Piped Music	29.8%
Assigned Parking	17.0%
Employee Engagement Programs	17.0%
Environmental Control Initiative	17.0%
Financial Counseling	8.5%
On-Site Assistance with Child Care	4.3%

Business Valuation Approaches and Methods

There are three fundamental ways to measure the value of a business:

- Asset approach
- Market approach
- Income approach

Under each approach, a number of methods are available. Each business valuation method is a business valuation method under each approach. No one business valuation approach or method results obtained from the selected methods. Results are the sum of the weighted results of each method. Finally, the sum of the weighted results is the process of concluding the business value is determined.

Asset Approach

The asset approach to business valuation considers the value of the overall business enterprise. This approach relies on estimating the costs of recreating a business of equal economic returns for its owners as the subject business. The business valuation methods under the Asset Approach:

- Direct accumulation method
- Capitalized excess earnings method

SET THE DATE
MONDAY MORNING

The Role and Value of a TPA

Role of a TPA

Centralizing Administrative Functions

TPAs act as an extension of districts by centralizing administrative functions and providing expert systems and processes.

Comprehensive Data Management

TPAs aggregate plan data from multiple sources to create a unified view, improving monitoring and record accuracy.

Compliance Support and Reporting

TPAs reduce administrative burden by reviewing transactions, validating eligibility, and providing compliance reports.

Efficiency and Support Role

TPAs support districts by managing daily tasks, enabling efficient plan administration while maintaining high standards.



Best Practice Approach

Clear Role Definition

Defining responsibilities between districts and partners ensures accountability and eliminates task duplication.

Centralized Data Management

Centralizing participant data creates a single source of truth, improving accuracy and simplifying reporting.

Consistent Operational Processes

Standardizing review and monitoring processes reduces errors and ensures uniform plan operations.



Conclusion and Takeaways

Key Takeaways

District Accountability

Public school districts hold ultimate responsibility for administering 403(b) and 457(b) plans correctly, regardless of external partners.

Increasing Complexity

Plan administration faces growing complexity with multiple providers, regulatory changes, and documentation demands requiring structured management.

Strong Administrative Support

Effective internal or external administrative support systems are essential for maintaining plan compliance and operational efficiency.

Goals for Improvement

Reducing administrative burden, improving visibility, and strengthening compliance create sustainable and efficient plan management.

