

# MidAmerica 403(b)ulletin

TUESDAY, MARCH 3, 2009 – VOL. XIII

## IRS SPEAKS AT NATIONAL TAX SHELTERED ANNUITY ASSOCIATION (NTSAA) CONFERENCE

I recently attended a NTSAA conference and heard from the IRS regarding prototype plan documents and obtaining a determination letter for custom 403(b) plans. The IRS indicated that they are in the development stages of these programs and hope to issue guidance in the summer. As well, they expect several technical corrections and refinements to the regulations.

The IRS did point out that the regulations are technically effective January 1, 2009 and that a good faith effort at compliance is required. The plan document, however, is not technically required until December 31, 2009. With that said, we want all plan documents in place as soon as possible and will amend as necessary.

## TPA INDUSTRY EXPERIENCING SOME SHAKE-OUT

I learned at the conference that some Third Party Administrators are already choosing to exit the marketplace. As well, in light of the current economic environment, we are continuing to see vendors experience declining ratings, layoffs, and choosing to exit the market.

Please be assured that MidAmerica is absolutely committed to this market and has the resources and capacity not only to deliver over the long-term but also to expand. We are a diversified administrative services organization that has been serving the education marketplace for over 10 years and provide services to in excess of 1,500 school districts, universities and other not-for profit employers.

It was readily apparent at the conference that the industry as a whole, including the vendor community, is experiencing significant difficulty in adapting to the new regulatory environment. MidAmerica has certainly been backlogged and gone through a learning curve as we adapt ourselves, but we remain confident that we can ensure your 403(b) plan's ongoing compliance with the new regulations.

## VENDOR ISSUES

Vanguard – We were notified last week that Vanguard has created an updated ISA/PPSA and is now requiring that plan sponsors execute the new agreement and send the “original signed document” to them before they will continue to process transactions. If Vanguard is one of your vendors, please click on the link below to access the attached ISA. Please completely fill out and sign in the areas indicated by the yellow call-out boxes. Mail the completed original document to Vanguard at the following address: Vanguard, PO Box 1106, Valley Forge, PA 19482. Please also send a copy to MidAmerica for our records.

[VanguardISA.pdf](#)

American Funds – American Funds is now requiring a letter, on client letterhead, be sent to them identifying MidAmerica as the TPA. Please note that we have already notified American Funds of this and MidAmerica was identified as the TPA on their ISA. If American funds is one of your vendors, please use the attached sample letter. Insert the Employer name in the appropriate spaces, print it on your employer letterhead and mail it to American Funds at the following address: Attn: Vendor Service Agreement, American Funds Service Company, PO Box 6007, Indianapolis, IN 46209-9109. Please also send a copy to MidAmerica for our records.

[SampleLetterToAmericanFunds.doc](#)

## PLAN TRANSACTIONS

We have been backlogged approximately 5 business days for the past several weeks. I am pleased to announce that with the additional resources we have committed we are catching up and expect to be at 3 business days for processing transactions by the end of the week. We have also tightened up a couple of administrative procedures by logging all transactions as they come through the door and contacting each participant once a transaction is approved to let them know that the paperwork has been forwarded to the applicable vendor.

## COMPLIANCE TESTING

In early February we sent a data request for plans that implemented prior to January 1 so that MidAmerica can complete compliance testing for the 2008 plan year. Please send this data to us if you have not already done so. All testing must be completed and any corrective actions taken by early April to avoid penalties. MidAmerica cannot guarantee that testing will be completed on time if data is not received by March 15.



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