

ANNUAL CHECKLIST

For 457(b) Plan Sponsors

Sponsoring a 457(b) plan provides your employees the benefit of a supplemental retirement savings option. As a sponsor of a 457(b) plan through GuideStone®, please review the following important operational aspects of sponsoring this type of plan:

GOVERNANCE

TASK

Review eligibility for a 457(b) plan.

KEY COMPONENTS



- Is your organization's 403(b) plan subject to nondiscrimination testing (NDT)? If not, churches and qualified church-controlled organizations (QCCOs) may not offer a 457(b) plan. Contact GuideStone if you need to discuss your organization's eligibility.

OPERATIONAL COMPLIANCE

TASK

Confirm that your internal policies and procedures address plan provisions that refer to those policies and accurately reflect your current plan operations.

Confirm you have written procedures to help plan administrative personnel administer the plan correctly.

Review member eligibility

Review procedures regarding deferral election deadlines.

Confirm contributions do not exceed the IRS limits.

KEY COMPONENTS



- Have you reviewed the *Adoption Agreement* (found in your GuideStone Employer Access® Program (EAP) account) to identify each provision that refers to employer policies or procedures? Typical provisions will include:
 - Eligibility to participate
 - Contribution formula or amount
- Have administrative personnel the electronic [457\(b\) Plan Administration Manual](#)?
- Have you recently reviewed and updated internal procedures for the following?
 - Identifying and enrolling newly eligible employees
 - Processing deferral elections
 - Remitting contributions
 - Anticipating deadlines to begin distributions
- Have you reviewed your eligibility schedule written in your internal policies and procedures?
 - Update names, positions or categories of employees who are eligible.
 - Delete outdated information.
- Were newly hired employees who are immediately eligible notified on or prior to date of hire of their eligibility to make deferrals?
- Were the deferral elections of current members or newly hired employees who failed to make an election on or prior to date of hire implemented and effective for pay periods beginning the month following the election?
- Is your payroll system programmed to apply the 457(b) limits correctly?
 - The contribution limit for a 457(b) is the sum of employee and employer contributions.
 - For 2024, the maximum total contribution is \$23,000.
 - There is no age-50 catch-up limit for a 457(b) sponsored by a tax-exempt organization.

SEVERANCE FROM SERVICE



TASK

Confirm that your procedures require immediate notification to GuideStone if a member terminates service or dies.

KEY COMPONENTS

- Do your procedures include notification to GuideStone when a distribution event occurs?
 - Distribution events include death and severance from employment.
 - Members or beneficiaries who fail to make a distribution election within 60 days of a distribution event will receive payments according to the plan's default payment method.
 - No distribution may be made until 60 days have passed from the time of termination.

TAXATION



TASK

Apply correct taxation to contributions.

KEY COMPONENTS

- Is your payroll system set up to apply taxation correctly?
 - Federal Insurance Contributions Act (FICA)
FICA taxes apply to all plan contributions (employee and employer) in the year contributed to the plan.
 - Self-Employment Contributions Act (SECA)
 - Income tax and SECA taxes generally apply at distribution.
 - A special rule may allow retirement benefits received by a minister from a church plan after the minister retires not to be subject to SECA taxes.
 - Provide SECA employees with the [Nonqualified Deferred Compensation Plans Special Tax Consequences](#) form to give to their advisor.
 - SECA employees should consult a tax advisor regarding proper reporting.

RECORDS



TASK

Maintain proper records.

KEY COMPONENTS

- Do you keep original completed forms for your records?
- Do your procedures require you to forward a copy of all forms to GuideStone for processing as soon as possible?



If you have any questions, please contact one of our customer solutions specialists at 1-888-98-GUIDE (1-888-984-8433) Monday through Friday between the hours of 7 a.m. and 6 p.m. CT.

This checklist is not intended to be an all-encompassing list of items you must monitor as part of your fiduciary responsibility.

For more information about deferred compensation plans, see the [IRS website](#) on 457(b) plans. Keep in mind that rules for tax-exempt 457(b) plans are not the same as for governmental 457(b) plans.

This information should not be considered tax or legal advice. GuideStone stands ready to assist your organization as you work with your legal and tax advisors by providing resource information that you and your advisor may find beneficial.

