



**BDO Seidman, LLP**  
Accountants and Consultants

**THE NEWSLETTER OF THE  
BDO SEIDMAN NATIONAL  
EMPLOYEE BENEFIT PLAN  
AUDIT PRACTICE**

**December 2009**



**SPECIAL EDITION**

**BDO Seidman EBP Practice**

BDO Seidman is nationally recognized in the field of employee benefit plan consulting and auditing. We audit nearly 1,000 plans nationwide, ranging from 100 participants to close to 300,000 participants. Our engagements are staffed with accountants experienced with all types of audits including defined contribution (401(k), profit sharing, ESOP, and, coming soon, 403(b) plans!), defined benefit (pension, cash balance) and health and welfare plans. We have extensive ERISA knowledge of audit and filing requirements, including full-scope, limited-scope, Form 11-K filings and Master trusts.

In addition, BDO has a National Employee Benefit Plan Audit Group that meets regularly to develop training and guidance and discuss updates in the industry and best auditing practices. Our professionals are regular presenters at local, state and national seminars. BDO's professionals continue to be extensively involved as Chair of the American Institute of Certified Public Accountants ("AICPA") National Conferences on Employee Benefit Plans. Many of our professionals serve in leadership roles in the accounting profession as senior advisors and are active members of several governing boards and CPA societies. For example, our professionals serve on various AICPA committees, such as the Executive Committee of the Employee Benefit Plan Audit Quality Center (Vice-Chair) and have served on the Employee Benefit Plan Expert Panel.

**For more information or the name of your local BDO Seidman EBP professional please contact:**

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## 403(b) Plans – 2009 Frequently Asked Questions

**Many tax-exempt organizations are either unaware or unclear about the 403(b) plan requirements for the 2009 plan year and have a lot of questions. BDO Seidman, LLP has been providing assurance, tax, financial advisory and consulting services to nonprofit organizations for nearly 100 years. We have the skills and knowledge to provide high-quality services and meet the needs of the nation's not-for-profit sector – including navigating 403(b) plans and the new regulations.**

### What are 403(b) Plans?

Internal Revenue Code Section ("IRC§") 403(b) discusses the taxability of annuities and/or contracts purchased for employees of public schools, governmental agencies and organizations exempt from tax under IRC§ 501(c)(3). Currently designed to be similar to 401(k) plans, 403(b)s allow for employee salary deferrals and can also provide for employer matching and/or profit sharing contributions.

### What are the IRS's 2009 Changes for ALL 403(b) Plans?

In July of 2007, the Internal Revenue Service ("IRS") issued final regulations that included comprehensive changes and guidance for 403(b) plans. The most important change is that all 403(b) plans must have a written plan document. The documentation requirement was effective January 1, 2009; however, while the plan must operate in accordance with its final document, the actual written document requirement was delayed by the IRS until December 31, 2009. When completed the plan document, which may be a collection of contracts and other documents, must contain all of the relevant plan provisions and detail who has administrative responsibility for the plan's operations.

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## What changes did the DOL make for ALL ERISA-Covered 403(b) Plans?

The Department of Labor (“DOL”) issued its own regulations in November of 2007, which eliminated the ability of 403(b) plans subject to the Employee Retirement Income Security Act of 1974 (“ERISA”) to provide minimal information on the Form 5500 – Annual Return/Report of Employee Benefit Plan, beginning with the plan year beginning on or after January 1, 2009. Generally, a plan is subject to ERISA when the employer exercises control over and/or makes employer contributions to the 403(b) plan. Plans of public schools, governmental agencies and certain plans sponsored by a church are specifically exempt from ERISA’s requirements. As a result of this change, all ERISA-covered plans will need to collect and report, among other items, all financial data regarding all known plan participants and assets.

## What are the DOL – 2009 Changes for ALL Large ERISA-Covered 403(b) Plans?

Under ERISA, large plans – those with 100 or more total participants (active, retired, terminated with vested benefits, etc.) at the beginning of the plan year must engage an independent qualified public accountant to audit the plan’s financial information.

## Why did the IRS and DOL Make these Changes?

Based on their reviews of 403(b) plans, both the IRS and DOL have found numerous issues regarding how the plans have been operated. Both agencies want the employer offering the plan to take more responsibility and to have more accountability with regard to the plan. By requiring that the plans be formalized in written documents and collecting more data regarding the plans through annual reporting, their goal is to provide better oversight and protection for participants in these plans.

## Why BDO?

BDO has the audit, tax and not-for-profit experience to assist 403(b) plan sponsors in meeting their compliance requirements. Bob Lavenberg, BDO’s National Employee Benefit Plan Audit Practice Leader, is chair of the American Institute of CPAs (“AICPA”) Joint 403(b) Plan Audit Task Force and works closely with AICPA and DOL staff – providing BDO clients and staff with up-to-date guidance and assistance.

## Where to Go: Helpful Websites

[www.irs.gov](http://www.irs.gov)

[www.dol.gov/ebsa/](http://www.dol.gov/ebsa/)

<http://ebpaqc.aicpa.org>

[www.bdo.com](http://www.bdo.com)

BDO Seidman, LLP is a national professional services firm providing assurance, tax, financial advisory and consulting services to a wide range of publicly traded and privately held companies. Guided by core values including, competence, honesty and integrity, professionalism, dedication, responsibility and accountability for almost 100 years, we have provided quality service and leadership through the active involvement of our most experienced and committed professionals.

BDO Seidman serves clients through 37 offices and more than 400 independent alliance firm locations nationwide. As a Member Firm of BDO International, BDO Seidman, LLP serves multi-national clients by leveraging a global network of 1,095 offices in 100 countries. BDO International is a worldwide network of public accounting firms, called BDO Member Firms. Each BDO Member Firm is an independent legal entity in its own country.