

ANNUAL CHECKLIST

For 409A Plan Sponsors

The IRS recommends that plan sponsors annually review all retirement plans for compliance purposes. Review the following key items to ensure proper plan administration:

GOVERNANCE

TASK

Review eligibility for a 409A plan.

KEY COMPONENTS



- If your organization offers goods or services for a fee or you receive funding from governmental sources, have you recently completed the worksheet on the *Status Certification Form*?
- After completing the form, did your status change? If so, contact GuideStone® as soon as possible since only a church or qualified church-controlled organization (QCCO) may offer a 409A plan. A change in status will also impact your 403(b) plan.

OPERATIONAL COMPLIANCE

TASK

Confirm your policies and procedures address plan provisions that refer to employer policies.

KEY COMPONENTS



- Have you identified all provisions in the *Adoption Agreement* or *Basic Plan Document* that reference rules, policies or procedures of the employer? Typical provisions will include:
 - Eligibility to participate
 - Contribution formula or amount
- For each provision identified above, do you have written rules or procedures that reflect how the plan should operate?
- Do you follow your written procedures?
- Have you reviewed *Exhibit B* of the plan document or, if the plan provides, your internal policies and procedures for eligibility?
 - Update names, positions or categories of employees who are eligible.
 - Delete outdated information.

Review member eligibility.

Confirm employees involved in the daily plan operations know how the plan should operate and understand the deadlines for tasks and events.

- Have administrative personnel read the [409A Plan Administration Manual](#)?

ELECTIVE DEFERRALS (IF PERMITTED BY THE PLAN)



TASK	KEY COMPONENTS
Confirm newly eligible employees have made timely deferral elections for the current tax year.	<input type="checkbox"/> Did newly eligible employees make an election to defer using the <i>Deferral Form</i> within 30 days of their initial eligibility?
Confirm currently eligible employees have made timely elections for deferrals in the future tax year(s).	<input type="checkbox"/> Did currently eligible employees make an election to defer using the <i>Deferral Form</i> (unless an election for all future years is already in writing) no later than December 31 of the current year? <ul style="list-style-type: none">The rule applies differently for performance-based bonus income payment elections. Please contact GuideStone to discuss further.

DISTRIBUTION ELECTIONS AND EVENTS (IF PERMITTED BY THE PLAN)



TASK	KEY COMPONENTS
Confirm newly eligible employees have made timely payment elections for the current tax year.	<input type="checkbox"/> Did newly eligible employees make an election of time and method of payment using the <i>Payment Election Form</i> within 30 days of their initial eligibility ?
Confirm currently eligible employees have made timely payment elections in the future tax year(s).	<input type="checkbox"/> Did currently eligible employees make an election of time and method of payment using the <i>Payment Election Form</i> (unless an election for all future years is already in writing) no later than December 31 of the current year ?
Process changes to payment elections at least 12 months in advance of the first scheduled distribution.	<input type="checkbox"/> Were members notified of the opportunity to delay timing of distributions with sufficient time to make a change to payment elections? <ul style="list-style-type: none">Delay in timing of distribution generally must be for a minimum of five years after the first originally scheduled payment date.Elections made within 12 months of the first scheduled distribution cannot be applied.
Notify GuideStone immediately when a payment event occurs.	<input type="checkbox"/> Do your procedures include notification to GuideStone when a payment event occurs? <ul style="list-style-type: none">Payment events may include death, disability, attainment of a specific age, termination or other event.Payment events for each member are located on the member's <i>Payment Election Form</i> or in the plan document.

TAXATION



TASK

Apply correct taxation to contributions and distributions.

KEY COMPONENTS

- Is your payroll system set up to apply taxation correctly?
 - Federal Insurance Contributions Act (FICA)
 - Apply FICA to all plan contributions (employee and employer).
 - If there is a substantial risk of forfeiture:
 - FICA is due when amounts vest.
 - Notify GuideStone to determine the taxable amount to be reported.
 - Report the taxable amount on IRS *Form W-2*.
 - Withhold at the supplemental wage tax rate (refer to IRS Publication 15).
 - 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, GuideStone has prepared an electronic [409A Plan Administration Manual](#).

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.

