

Editorial: An Important 403(b) Plan Reminder

It is early 2006, and the time has passed when professionals were fervently discussing the 2005-issued proposed 403(b) plan Treasury regulations [REG-155608-02]. Consequently, it may be appropriate to remind the industry that the window for unrestricted 403(b) plan transfers pursuant to Revenue Ruling 90-24 may close in the near future when the regulations are finalized.

The IRS has indicated the proposed 403(b) plan regulations will be finalized by the end of second quarter 2006, to be effective for plan years beginning on or after January 1, 2007.

- Under current rules, if the plan allows transfers, an employee may transfer his/her 403(b) account or annuity to another 403(b) vendor at any time, even if it is not an employer-approved vendor.
- If the proposed regulations are finalized as currently written, and if the 403(b) plan allows transfers, employee-initiated transfers will only be allowed among employer-approved vendors.