



The webinar is now online.
The presentation will begin at 4:00 pm.

- Please print out the following materials to reference during the presentation (for best results, you may want to print in grayscale rather than full color)

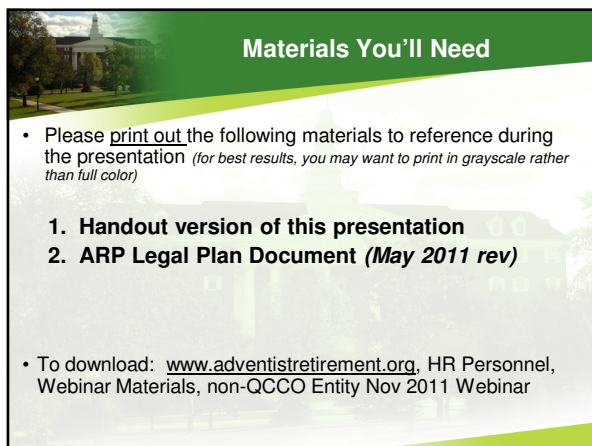
- 1. Handout version of this presentation**
- 2. ARP Legal Plan Document (May 2011 rev)**

- To download: www.adventistretirement.org, HR Personnel, Webinar Materials, non-QCCO Entity Nov 2011 Webinar



Adventist Retirement Plan

Non-QCCO Entity Webinar
November 17, 2011

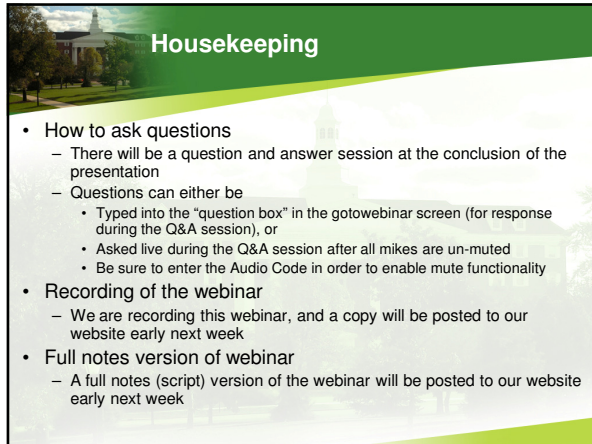


Materials You'll Need

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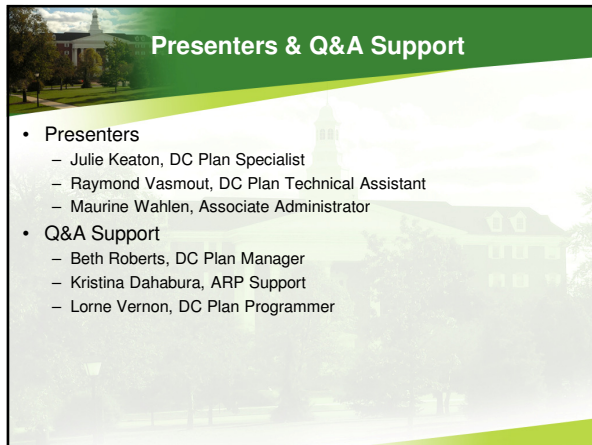
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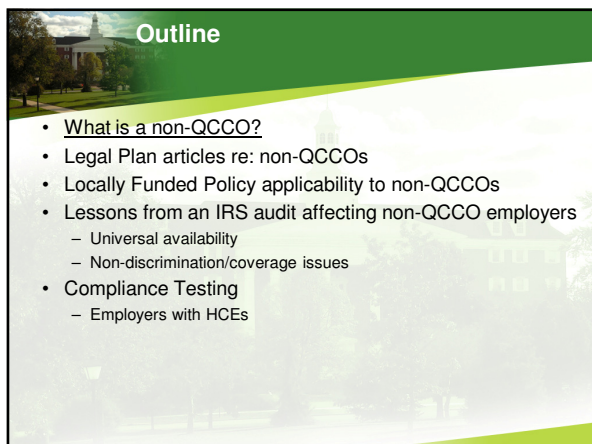
Housekeeping

- How to ask questions
 - There will be a question and answer session at the conclusion of the presentation
 - Questions can either be
 - Typed into the "question box" in the gotowebinar screen (for response during the Q&A session), or
 - Asked live during the Q&A session after all mikes are un-muted
 - Be sure to enter the Audio Code in order to enable mute functionality
- Recording of the webinar
 - We are recording this webinar, and a copy will be posted to our website early next week
- Full notes version of webinar
 - A full notes (script) version of the webinar will be posted to our website early next week



Presenters & Q&A Support

- Presenters
 - Julie Keaton, DC Plan Specialist
 - Raymond Vasmout, DC Plan Technical Assistant
 - Maurine Wahlen, Associate Administrator
- Q&A Support
 - Beth Roberts, DC Plan Manager
 - Kristina Dahabura, ARP Support
 - Lorne Vernon, DC Plan Programmer



Outline

- What is a non-QCCO?
- Legal Plan articles re: non-QCCOs
- Locally Funded Policy applicability to non-QCCOs
- Lessons from an IRS audit affecting non-QCCO employers
 - Universal availability
 - Non-discrimination/coverage issues
- Compliance Testing
 - Employers with HCEs

What is a non-QCCO?

- What does it stand for?
 - Non-qualified church-controlled organization
- IRS term
- Often defined by what it is NOT
- ARP Legal Plan 8.05(g) defines non-QCCO
 - "Non-QCCO or Nonqualified Church-Controlled Organization shall mean a church-controlled tax-exempt organization that is neither a 'church' within the meaning of Code section 3121(w)(3)(A) nor a 'qualified church-controlled organization' within the meaning of Code section 3121(w)(3)(B)."

Non-QCCO Characteristics

- Church-controlled organization
 - But not "qualified"
- Offers goods, services, or facilities for sale to the general public
 - At more than "nominal charge" and more than the cost of those goods, services, or facilities
- Receives more than 25% of support from
 - Governmental sources
 - Receipts from admissions (i.e. tuition and fees)
 - Sales of merchandise
 - Performance of services, etc

Two types of entities within Plan

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graph TD; QCCO[QCCO] --- U[Unions]; QCCO --- C[Conferences]; QCCO --- A[Academies]; QCCO --- PH[Publishing Houses]; Non-QCCO[Non-QCCO] --- CU[Colleges/Universities]; Non-QCCO --- MC[Medical Clinics];
```

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Legal Plan Articles re non-QCCOs

- Article II - Definitions
 - 2.18 – Employee
 - Student Employees
 - Adjunct professors
 - 2.24 – Highly compensated employee
 - 2.33 – Non-highly compensated employee
- Article VIII – Non-qualified church-controlled organizations
 - 8.01 – Non-qualified church controlled organizations
 - 8.02 – Establishment of plan
 - 8.03 – Multiple vendor requirements
 - 8.04 – Non-discrimination requirements
 - 8.05 – Definitions

“Ineligible” employees for employer basic or match

- less than 20 years of age (3.01(a))
- interdivision employee based in the US who has elected to participate in separate retirement plan (3.01(a)(5))
- Student employed by participating employer OTHER THAN educational institution or industry and NOT MEETING other eligibility requirements such as at least 20 years of age

“Not employees” of plan and not eligible for basic or match (2.18(c))

- Non-resident alien
 - Other than individual who is also an IDE
- Employee of Canadian or Bermudian employer
- Employee participating in “alternate plan”
- Employee on graduate study leave
- Adjunct professor
 - unless documentation states eligibility
- Employee of regional conference
- Temporary employee (5 months or less)
- “Student labor” at educational institution

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2.24 – Highly Compensated Employee

- Abbreviation is HCE
- Received compensation in excess of HCE limit for prior year
 - For example, for 2011 testing, the Plan looks to 2010 compensation received by employees from non-QCCO entities
- HCE Compensation Limits set annually by IRS
 - 2009 - \$105,000
 - 2010 - \$110,000
 - 2011 - \$110,000
 - 2012 - \$115,000

Legal Plan Articles re non-QCCOs

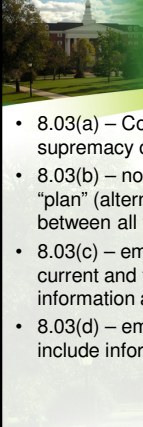
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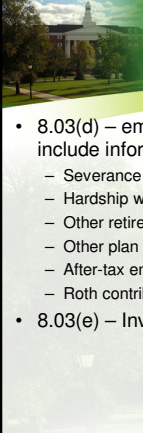
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8.03 Multiple Vendor Requirements - 1

- 8.03(a) – Consistency between Plan and vendor contracts; supremacy of Plan
- 8.03(b) – non-QCCO employer responsible for administering “plan” (alternate vendors) and coordinating compliance between all vendors
- 8.03(c) – employer responsible for maintaining list of all current and former retirement vendors and sharing information as required by regulations
- 8.03(d) – employer responsible for ensuring vendor contracts include information-sharing agreement



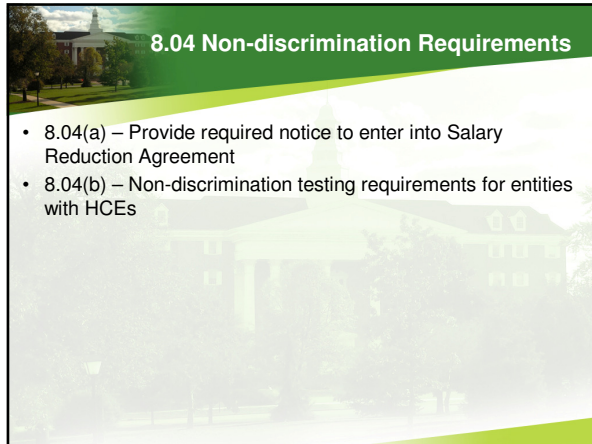
8.03 Multiple Vendor Requirements - 2

- 8.03(d) – employer responsible for ensuring vendor contracts include information-sharing agreement to share the following
 - Severance from employment
 - Hardship withdrawal (for six-month suspension of elective deferrals)
 - Other retirement investments (for hardship qualification)
 - Other plan loans (for loan limit review)
 - After-tax employee contributions (re distribution includible in income)
 - Roth contributions (re qualified distribution)
- 8.03(e) – Investment changes and contract exchanges



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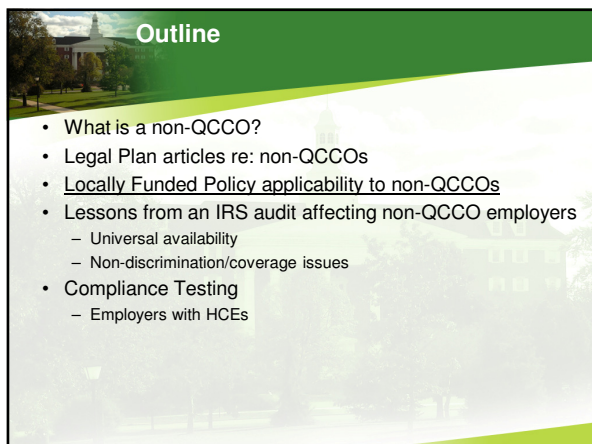
8.04 Non-discrimination Requirements

- 8.04(a) – Provide required notice to enter into Salary Reduction Agreement
- 8.04(b) – Non-discrimination testing requirements for entities with HCEs



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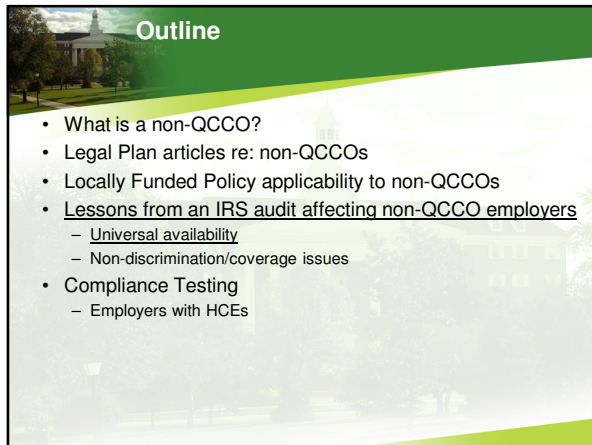
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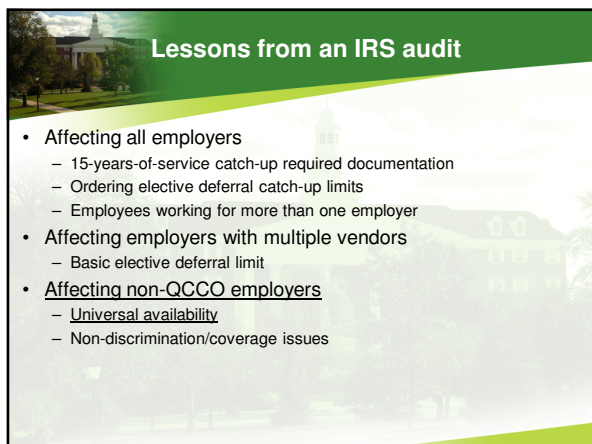
2011 Locally Funded Policy

- Applies to all participating employers in the ARP, including non-QCCOs
- Deadline for voting resolution is July 1, 2012
- Deadline for full implementation of selected retirement benefit option is December 31, 2013
- Refer to Locally Funded Webinar on website
 - www.adventistretirement.org, HR Personnel, Webinar Materials, Locally Funded Webinar



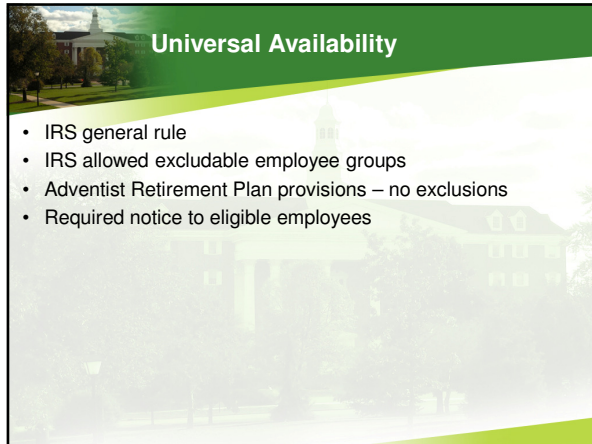
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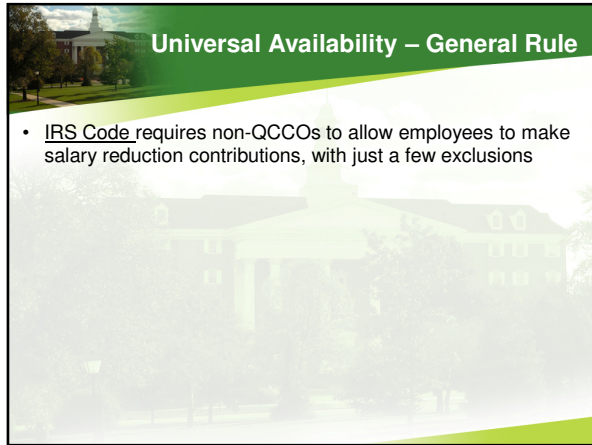
Lessons from an IRS audit

- Affecting all employers
 - 15-years-of-service catch-up required documentation
 - Ordering elective deferral catch-up limits
 - Employees working for more than one employer
- Affecting employers with multiple vendors
 - Basic elective deferral limit
- Affecting non-QCCO employers
 - Universal availability
 - Non-discrimination/coverage issues



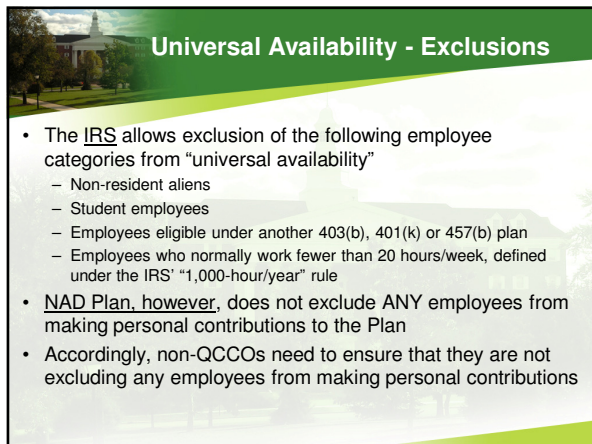
Universal Availability

- IRS general rule
- IRS allowed excludable employee groups
- Adventist Retirement Plan provisions – no exclusions
- Required notice to eligible employees



Universal Availability – General Rule

- IRS Code requires non-QCCOs to allow employees to make salary reduction contributions, with just a few exclusions



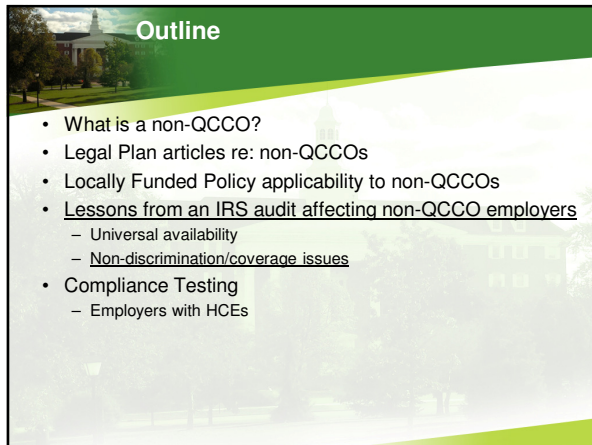
Universal Availability - Exclusions

- The IRS allows exclusion of the following employee categories from “universal availability”
 - Non-resident aliens
 - Student employees
 - Employees eligible under another 403(b), 401(k) or 457(b) plan
 - Employees who normally work fewer than 20 hours/week, defined under the IRS’ “1,000-hour/year” rule
- NAD Plan, however, does not exclude ANY employees from making personal contributions to the Plan
- Accordingly, non-QCCOs need to ensure that they are not excluding any employees from making personal contributions



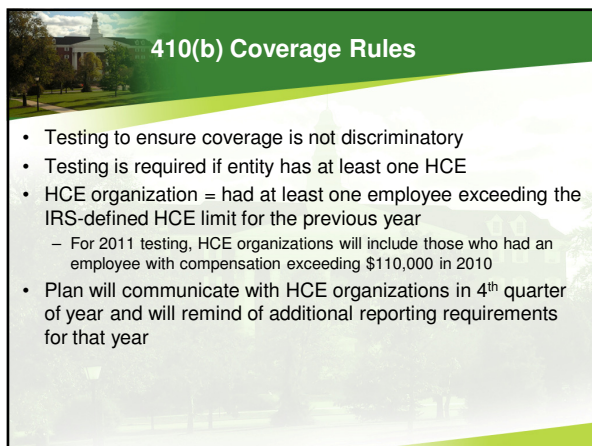
Universal Availability – Required Notice

- NOTICE of right to contribute is REQUIRED
- Frequency of communication
- Notice to start, change, or stop contributions
 - At hire
 - Annually or upon re-hire
 - Students: beginning of quarter or semester
- Method of communication
- Documenting communication
 - Text, method, distribution list, date sent
- Retaining documentation



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410(b) Coverage Rules

- Testing to ensure coverage is not discriminatory
- Testing is required if entity has at least one HCE
- HCE organization = had at least one employee exceeding the IRS-defined HCE limit for the previous year
 - For 2011 testing, HCE organizations will include those who had an employee with compensation exceeding \$110,000 in 2010
- Plan will communicate with HCE organizations in 4th quarter of year and will remind of additional reporting requirements for that year

401(a)(4) Nondiscrimination Rules

- Prohibit discrimination in favor of HCEs with respect to employer contributions or benefits
- Example:
 - If multiple vendor environment, right to make employer contributions to each vendor must be provided on a nondiscriminatory basis
- Reminders:
 - employer basic and match are required to be remitted to the ARP and not to an alternate vendor
 - additional employer contributions to an alternate vendor are prohibited by NAD Policy
- Testing population is covered employees

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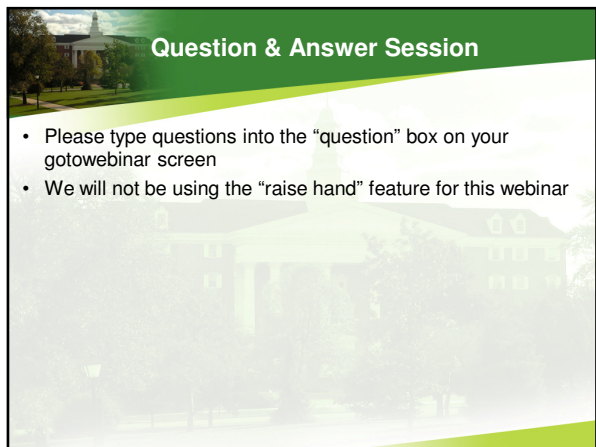
Additional reporting required of HCE organizations

- Census File Requirements
 - Not just employees making/receiving contributions
 - Also employees ELIGIBLE to make PERSONAL contributions
 - Adjunct professors
 - Temporary employees
 - Employees away on leave of absence ("I" status code; graduate study or seminary)
 - NOT students, unless EMPLOYER made contributions to even one student employee (since this is PROHIBITED by the Plan, this is unlikely)
 - Also all members of a permissibly excluded group IF employer has made EMPLOYER contributions to even one member of that group
 - Report SSNs and Federal Taxable Wages in census file



Misc

- Form 5500 is not required for church plans since they are not governed by ERISA
- 15-year catch-up contribution will likely be eliminated from the Plan for 2012 (see Fall 2011 Webinar for details)
- non-QCCOs with HCEs for 2011 testing will be notified via email within the next few weeks



Question & Answer Session

- Please type questions into the "question" box on your gotowebsinar screen
- We will not be using the "raise hand" feature for this webinar



• Thanks for joining us today
