



Defined Contribution Plan



AdventistRetirement



QUESTIONS

Please email your questions to

wirminalcantara@nadadventist.org

or

kristinadahabura@nadadventist.org

if they were not answered in this presentation.



Admin Manual and Legal Plan Document

- The **Admin Manual & Legal Plan** can be downloaded from our website below.
- <https://www.adventistretirement.org/employer/defined-contribution-plan/>
- These slides are a summary of the Admin Manual.
- The **Legal Plan Document** will be considered the controlling document. If any information in the Administrative Manual conflicts with the terms of the Adventist Retirement Plan legal document, the terms of the legal plan document will be considered the controlling document.

ARP DC Plan - Contacts

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Beneficiary Designation, Loans
Daily File Processing

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Empower – Employee Contacts

Empower

Voice Response Unit

24 hours a day

1.866.467.7756

Empower Service Representatives

Advice Line

Employee Advice Line in English and Spanish

Mon through Fri 9:00 a.m.. to 8:00 p.m. Eastern Time

1.866.467.7756

Empower - Website

www.empowermyarp.com

Empower – Advisory Services

Mon through Fri 9:30 a.m. to 7:00 p.m.

Eastern Time

1.844.302.2448

Empower – Secure Foundation

1.866.696.8232

General Plan Information

Legal Plan Name:
Adventist Retirement Plan

Plan Effective Date:
January 1, 2000

Trustee:
North American Division of the Seventh-day
Adventists

Plan/Fiscal Year End:
December 31

Custodian:
Great-West Trust Company

Type of Plan:
Non-ERISA-403(b)(9) church retirement
income account plan

Participating Employers:

The Plan covers local conferences, union conferences, the North American Division, the General Conference, churches, schools, universities, U.S. based residents working overseas in an international personnel resource services (IPRS) basis, chaplains, and other entities of the Seventh-day Adventist Church.

Eligibility



All **Eligible** employees of **Participating employers** are allowed to make salary reduction **Pre-tax**, **Roth** (after-tax) elective deferral contributions, and **After-tax** contributions to the plan. Eligible employees have status codes of A, N, P.

As of July 1, 2012 **Locally Funded** employees can fully participate in the plan according to each employers **Locally Funded Policy Option**.

Individuals who are **not eligible** to participate in this plan include: **temporary employees**, **student employees** working for an educational institution, and **nonresident aliens** with no U.S. source income.

Employees who are at least 20 years of age and not otherwise excluded can participate in the plan and receive employer contributions according to the Option chosen by their Participating Employer in the NAD policy resolution.



Auto Enrollment

Employees are **Auto Enrolled** at 3.00% Pre-Tax or 3.26% Pre-Tax for 10-month educational employees. (not including employees with a U or B status code)

An employee is new for Auto Enrollment when they are **New to ARP**. This means they have **never been uploaded in a file** to ARP from any participating Adventist Employer in the past.

Don' Assume – Be SURE!

Let ARP Upload determine the Deferral Percentage you Enter!

Deferral % IN FILE **≠** Deferral % ON ARP Upload = FATAL ERROR

10 Day Grace Period for Entering/Uploading Updated Deferral %



New Employees - Deferrals

All New Employees to your Payroll

1. Lookup Employee on ARP Upload

Adventist Retirement Program Upload [Upload a File](#) [Reports](#) [Lookup Employee](#)

Lookup Employee Deferrals

SSN

Lookup Employee – New Employee



Lookup Employee Deferrals

SSN

We don't know this person. We will infer their new deferral election percentages from the first payroll you submit for them. The values on that payroll must represent *at least* a sum of 3%. For example, that could be all pre-tax:

Pre-Tax: 3%	After-Tax: 0%	Roth: 0%
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The sum of at least 3% may be split across multiple categories:

Pre-Tax: 1.5%	After-Tax: 0%	Roth: 1.5%
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We will also accept values greater than 3%:

Pre-Tax: 5%	After-Tax: 0%	Roth: 0%
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1. Enter the **Employee's SSN** into the Lookup Employee box and search.
2. If they are **new to ARP** you will see:
 1. We don't know this person.....
 2. ENTER the PRE-TAX Deferral as shown
3. The deferrals must be at least 3.00%
4. Instruct Employee to Log onto **Empower** Account and adjust deferrals about 2 weeks after 1st payroll deduction.

Lookup Employee – Existing Employees



1. Enter the **Employee's SSN** into the Lookup Employee box and search.
2. If they are **NOT NEW** to ARP you will see:
 1. Pre-Tax, After-Tax, Roth (as elected at previous employer)
 2. ENTER ALL Deferral %'s as shown
3. Instruct Employee to **Log onto Empower** Account and adjust deferrals about 2 weeks after 1st payroll deduction.

Lookup Employee Deferrals

SSN

Pre-Tax
8.0%

After-Tax
0.0%

Roth
0.0%

Auto Enrollment – Multiple Employers/Enrollments



Multiple Employers: If the employee is coded with an “A” or “N” code at **EACH** location, the deferral percentages **MUST** match.

Multiple Enrollments: If the employee is coded with an “A” or “N” code for **EACH** enrollment, the deferral percentage **MUST** match.

A & N Status Codes are both subject to Auto Enrollment and Auto Escalation.

Opting out of Auto-Enrollment – 90 Day Permissible



OPT OUT 90 Day Permissible – New to Adventist Retirement Employees Only

They have **90 days** from the time the **first contribution** gets to Empower to decide whether or not they want to continue contributing at the 3%

If they decide to contribute less and want their money returned to them:

They should **contact Empower** and **change the contributions** to their desired amount &
Request a 90 Day Permissible Distribution

Empower will assist them in filling out the necessary paperwork to have their money returned to them

A 1099-R will be cut at the end of the year and sent to them

IF there were Matching contributions submitted for them – the match money (either the entire amount or the “adjusted” by percentage amount) will move to the forfeiture account to be offset by future contribution submissions



Auto Enrollment – Notification Letter

All of this information is in the Notification letter

YOU Must provide to **NEW** Employees at Hire

YOU must send to **EVERY** employee EACH YEAR – sometime **between Oct 2 and Dec 1**

Notification Letter is found on our website

www.adventistretirement.org Employer, DC Plan

<https://www.adventistretirement.org/wp-content/uploads/2023/05/2024-ARP-Automatic-Enrollment-Notice.pdf>

ALL employees **MUST** be made aware that if they're in an eligible position (A or N) and will be contributing at least \$200 in a Plan Year, they **CAN** make their **OWN** contributions

Auto-Escalation

Employees whose deferral elections total less than 15% are subject to **Auto Escalation**. Auto Escalation will increase their deferral percentage by 1% each year on **JULY 1**



They will receive a communication from **Empower** about **1 Month Prior** to Auto Escalation and they are given an opportunity Empower to **OPT OUT** of Auto Escalation

The communication is sent by email if they have opted for electronic communications.

They must **OPT OUT EVER YEAR** – If they opted out in 2025 they will also need to **OPT OUT Again in 2026** if they don't want to be auto escalated.

If an Employee is Auto Escalated and later chooses to reduce their deferral percentage(s), Previous Deferrals Sent To Empower will not be returned

Deferral Change Reports ... the process



1. An Employee makes a change at Empower
2. **Empower updates** the employee's account and their system reflecting the change
3. Empower generates a **report of the changes** and sends the report to ARP daily, M-Th
4. ARP pulls the report **into our system**
5. ARP makes the changes in our system (**ARP Post Date**)
6. ARP **notifies each employer** daily M-Th that an employee in their payroll has a change via an email alert instructing them to log on to the ARP Upload for details
7. You retrieve the report and **update your payroll system** (CSV, JSON, XML)
8. Deferral Changes must be Updated in your Payroll within **10 Calendar Days** of the **ARP Post Date**

B & U – Status Codes



B – Blocked – **Temporary** Employee's, Employees Who Work Extremely Limited Hours

U – Student – A **Student** Worker for an Educational Institution

ALL CONTRIBUTIONS BLOCKED on B & U Codes

YOU are responsible

1. for the application of these codes
2. to CAREFULLY identify who these codes will apply to
3. to APPLY these codes CONSISTENTLY
4. to fully understand the definition of these codes and their usage

Secretariat and GCAS have been part of the development of these codes, their intended use and application

Additional Enrollment Information (page 8)



- Hire After Retirement – **Retired employees** who come back to work are **eligible to participate** in the DC Plan
- Dual Employment – **Two employers** that have adopted the same retirement benefit option can agree to **combine shared employment when determining eligibility** for basic and/or matching contributions.
- Multiple Enrollments – An employee working **two part-time jobs for the same employer** that add up to at least full-time employment is eligible for the employer basic and/or match based on **total hours** and compensation as if he or she were a full-time employee.

Contributions



- Employee - **Pre-Tax** Salary Reduction Contributions
- Employee - **Roth** elective deferral Contributions on an after-tax basis
- Employee - **After-Tax** Contributions
- Employer **Basic** Contributions – 5% of compensation or 5.43% of compensation for 10 month educational employees
- Employer **Matching** Contributions – Up to 3% of compensation and Up to 3.26 % of compensation for 10 month educational employees. Pre-Tax, Roth, and After-Tax Contributions are eligible to be matched.

Other Contributions



- **Graduate Study Contributions** – After the employee has obtained Master's degree or higher and has returned to work within one year of degree being awarded, 150% of the normal basic contribution made for a period of time twice the approved leave of absence not to go over 4 years. See page 15 of the Admin Manual on how to calculate
- **Rollover Contributions** – contributions rolled over to the plan/part of any distribution from an eligible retirement plan or IRA, paid to plan within 60 days following receipt by the participant
- **Transfer Contributions** – transfer from another 403(b) plan to this plan

Other Contributions – Special Pay



- **Special Pay Contributions** – Employers who have elected Special Pay must remit contributions for a post-1999 employer retirement allowance in the Special Pay field in a payroll file.
- Special Pay contributions can only be made for up to **three (3) years** following retirement. These contributions are not subject to payroll taxes upon contribution or distribution but will be subject to applicable federal and state tax at the time of distribution.
- Employers should complete a Special Pay form for each Special Pay Contribution submitted used to calculate the 415(c) limit.
<https://ret.naddocs.org/Forms/SpecialPay>

Other Contributions – Disability Contributions



- **Elimination Period** – (P – Status Code) Employer Basic and/or Matching Contributions & Employee contributions allowed.
- **Period Following Elimination** – (F – Status Code) Employer Basic Contributions Paid based on pre-disability contribution rates plus any COLAs for the period following elimination through the remainder of the 18 months. (no match or employee contributions)
- **Disabled** – (D – Status Code) Once the elimination period has ended all contributions should stop and a D Code and Date should be sent in the ARP File.
- **Outstanding Plan Loan** – while on disability loan payments can be suspended for up to one year by contacting Empower.

Other Contributions



- **Workers Compensation** – No Employee or Employer contributions are allowed for workers compensation.
- **Military Service Contributions** - Activated employees are not required to receive employer contributions. Employees re-employed after active duty are entitled to any employer contributions which would have been made during the period of active duty.

Data Flow



- **File Specification Document** – The P/R Export File Definition is on the Adventist Retirement website under Employer/DC Plan. This format must be followed each time contributions and data are transmitted to Adventist Retirement.
- **ARP Upload** – The site where you upload your file/look up employee deferrals/download deferral file reports
https://arp.advert.org/users/sign_in
- **When to Send a File** – Payroll Files and Funds must be transmitted to Adventist Retirement within **10 days** of the date of distribution of payroll or the PAY DATE. Files are only accepted via the ARP Upload, Funds are accepted by EFT.

Compliance – Contribution Limits



- Compliance Testing of the IRC contribution limits will be performed by Empower based on the data that is transmitted from each payroll center.
- The 415(c) and 402(g) testing will be performed by Empower annually.
- 402(g) Limits apply to the employee's own pre-tax and/or Roth contributions (2025 Limit \$23,500).
- **415(c)** Limits apply to **ALL contributions** made to the plan for the calendar year including EMPLOYEE and EMPLOYER contributions.
- 50 Years or Older Catch-Up - \$7,500
- An employee that exceeds the 402(g) or 415(c) limit will be contacted by Adventist Retirement through his or her local employer or will receive a distribution of the excess amounts. Empower will issue a 1099-R for excess contributions that need to be pulled from the plan.



Super Catch-up

- HIGHER CATCH-UP LIMIT TO APPLY AT AGE 60, 61, 62, AND 63
- Effective 1/1/2025
- Catch-up contributions increase to \$11,250 (indexed) or 50% more than the regular catch-up amount in 2025.
- In 2026 catch-up contributions must be made to Roth accounts if FICA wages exceed \$145,000. (This does not apply to pastors who only have SECA wages)
- Secure 2.0 legislation – mandatory provision

Compliance – Nondiscrimination Testing



- Participating Employers who are non-qualified church-controlled organizations (non-QCCOs) are subject to additional Nondiscrimination testing.
- These organizations are typically colleges, universities, or medical clinics.
- Our Current List of non-QCCOs Includes:
 - Andrews University
 - Atlantic Gateway Communications (WGTS)
 - Guam SDA Clinic
 - La Sierra University
 - Oakwood University
 - Pacific Union College
 - Saipan SDA Clinic
 - Southern Adventist University
 - Southwestern Adventist University
 - Union College
 - Walla Walla University
 - Washington Adventist University

Compliance – Parsonage Allowance



- Parsonage allowance reduces taxable income which may reduce or prevent a pastor from making the desired amount of employee contributions or from receiving the full amount of employer contributions. Pastors who declare the majority or all of their income as non-taxable parsonage allowance should consider adjusting their parsonage allowance exclusion in order to maximize contributors to the plan.
- The 415(c) Limit – **Limits Total Contributions** (Employee and Employer) to the Plan to the lesser of 100% of Includable Compensation or \$70,000 in 2025.
- Includable Compensation is **Taxable Income** plus Pre-Tax Deferrals plus Pre-Tax Cafeteria Plan Contributions.
- Total Contributions include – Pre-Tax, Roth, After-Tax, Special-Pay, Basic, Match

Compliance – Annual Census File



- Employers must submit their **annual census file** for the prior year to Adventist Retirement via the ARP Upload or GMM Upload during the first week of February
- ARP Upload – https://arp.advert.org/users/sign_in
- GMM Upload - https://gmm.advret.org/users/sign_in
- It is the employer's responsibility to submit an accurate census file each year and submit a **Special Pay/Disability Form** for each employee that was paid these type of contributions during the year
- Questions regarding Contributions Limits/Census Files/Compliance Testing should be sent to kristinadahabura@nadadventist.org

Compliance – Annual Census 2025 File



- The Census File Specifications will be emailed to our payroll contact as the 2025 instructions have been updated.
- The file must contain four (and only four) columns:
 1. Social Security Number with no hyphens. Microsoft Excel has a special format for SSNs. Use this format to avoid loss of leading 0 (zero) characters. This format will display with hyphens, but the actual contents of each cell must be nine digits.
 2. Federal Taxable Wages for tax year 2025 as shown in Box 1 of Form W-2, with decimals.
 3. Total cafeteria plan dollar amount deducted in 2025 (this should not include deferrals to the Adventist Retirement Plan).
 4. Total FICA Wages for tax year 2025, with decimals.

Loans



- Only Employees with an **A (active)** status code may borrow from their **employee** contributions.
- Loans are limited to the **lesser of \$50,000 or 50% of their account balance.**
- Employers must review loan applications including supplemental disclosure information. Employers must secure alternate vendor signatures where applicable.
- If an employee with a loan goes on **disability leave**, the loan can be **suspended for up to one year**. The employee should contact Empower for information on how to suspend a loan.
- Spousal Consent is required

Loans - Continued



- It is an **employee's responsibility** to tell employers they have an **outstanding loan** at hire. The employee should contact Empower to request a re-amortization to the new pay frequency.
- It is the employee's responsibility to contact Empower at termination to request a **Loan Change Form** to continue payments via ACH
- Employers should complete an ARP-Authorized-Signer Form to indicate the employees at their organization that can sign Loans and Hardships
- <https://ret.naddocs.org/Forms/ARP-Authorized-Signer>
- Loan Payments should not be stopped on an employee until **ARP sends a Loan Stop Notification by email**

Rollovers/Transfers Into the Plan



- Employees should **contact Empower** to request rollover/transfer into the Adventist Retirement Plan
- **Indirect Rollover** – A distribution from a plan to the employee who then sends it to Empower within **60 days** of the distribution from the previous plan.
- **Direct Rollover** – A distribution made directly from a plan to Empower. (such as the plan provided retirement allowance)

In-Service Withdrawals – Hardship Withdrawals



- **Hardship Withdrawals** – Employees with an A or N Code can request hardship withdrawals.
- Withdrawal amounts can be up to **100% of the employee's immediate and heavy financial need**, but cannot exceed 100% of the amount in the accounts that follow: After-Tax, Pre-Tax, Roth, Foreign Missionary, Chaplain, Rollover Contributions,
- **Employers** are required to **review** employee hardship withdrawal applications and supplement forms provided by the employee.
- If employees have **multiple vendors**, employees must either secure alternate vendor signatures on the alternate investment information, or **employers must contact any other vendors** listed by the employee to confirm disclosed information before sending the hardship application to Adventist Retirement.

In-Service Withdrawals – Hardship Withdrawals



- Adventist Retirement following IRC Guidelines allows hardship withdrawals for the following reasons:
 1. **Uninsured, deductible medical expenses** (as defined for Federal Income Tax purposes) incurred by the employee, the employee's spouse or one or more of the employee's dependents.
 2. The purchase of the employee's **principal residence**, excluding mortgage payments.
 3. The payment of **post-secondary education tuition** (not Academy tuition) for the next 12 months for the employee, the employee's spouse or one or more of the employee's dependents.

In-Service Withdrawals – Hardship Withdrawals



- 4. To **prevent eviction** from the employee's principal residence or foreclosure on the mortgage of that residence.
- 5. To pay **burial or funeral expenses** for the employee's deceased parent, spouse, or other dependent, including travel to the funeral.
- 6. To pay expenses relating to the repair or damage to the employee's principal residence that would qualify for the **casualty deduction** (i.e., damage caused by catastrophic events such as floods, hurricanes, or tornados). The damage must be from an event that is sudden, unexpected, or unusual. Damages resulting from progressive deterioration, normal wear and tear, normal weather conditions, or pest infestation are not considered casualty losses.
- 7. Expenses or losses incurred by the employee on account of a **disaster declared by FEMA**.

In-Service Withdrawals – Hardship Withdrawals



- Employee must need the hardship withdrawal to pay these expenses directly; the IRS specifically prohibits using a hardship withdrawal to repay credit card debt or loans previously incurred to meet these expenses.
- **Supporting documentation** must be provided to substantiate hardship distribution requests.
- The hardship must have occurred within **12 months**, and the hardship withdrawal request cannot cover the same expenses for which a hardship withdrawal has already been taken.
- Only one hardship per category is allowed in a 12 month period.

In-Service Withdrawals – Continued



- **After-Tax Withdrawals** – Employees may receive a distribution of all or part of their after-tax contributions account at any time.
- **Age 59 ½ Withdrawals** – Employees age 59 ½ or greater may receive a distribution of all or part of their entire account balance in the Plan. Spousal consent is required.
- **Parsonage Eligible Participants** – Should submit to their employer a Parsonage Allowance Designation Form found on our website. This will enable Empower to issue a 1099-R with Taxable Amount Not Determined checked.
- **Qualified Domestic Relations Orders (QDROS)** – If a participant is divorced, they should contact Empower for the QDRO template needed to divide their account.

Parsonage Form

- All parsonage-eligible employees
- Given at separation from service
- Employees of retirement age

Adventist Retirement Plan Parsonage Allowance Designation Form Group ID 93406-01 or 93406-02

Pastors who wish to designate distributions made from the Adventist Retirement Plan as Parsonage Allowance must complete this form and have it authorized by both their local employer and the ARP office. *Beginning October 1, 2010 pastors may preserve a parsonage allowance whether taking a periodic pension payment or a lump sum distribution from this plan. NOTE: Allowance claimed is limited to the least of annual fair rental value, amount expended on eligible housing costs, or amount designated as parsonage allowance.* Once EMPOWER receives this form from the ARP office, all 1099-R tax forms issued to an authorized pastor will reflect 100% of distributions as parsonage allowance eligible. Since the parsonage allowance exclusion is limited by law, you may wish to consult your tax advisor.

Employee Information:

Name: _____ SSN: _____

Address: _____

City: _____ State: _____ ZIP: _____

After completing this section, send to current or last denominational employer for authorization. Do not send this form to EMPOWER.

Employer Authorization: (by the employee's last denominational employer)

This is to confirm that the above named employee is parsonage allowance eligible in distributions from the Adventist Retirement Plan because of the following qualifications:

1. The retired employee was determined to be eligible for and received the parsonage allowance exclusion from the last denominational employer prior to retirement, or
2. The retired employee did not receive the parsonage allowance from the last denominational employer prior to retirement but at least one-half of total service credit was earned in ministry* during which time ministerial credentials were held.

** Service in ministry for this purpose includes pastoral/chaplaincy ministry by a person holding ministerial credentials, the functioning of ordained ministers in the conduct of religious worship, the administration and maintenance of the Church and its integral agencies and the performance of teaching and administrative duties at theological seminaries. It also includes service of ordained ministers who teach or have positions involving administrative and over-all management duties in parochial schools, colleges, or universities which are integral agencies of the Church.*

Name of Employing Organization: _____

Authorized Signature: _____ Date: _____

Print or Type Name of Authorized Signature: _____

After authorizing that the employee is eligible to preserve a parsonage allowance in retirement distributions as defined above, mail this form to:

Adventist Retirement Plan
ATTN: Kristina Dahabura
9705 Patuxent Woods Drive
Columbia, MD 21046
Fax: 443-259-4880

Adventist Retirement Plan Authorization

ARP administration hereby confirms that the above-named person is parsonage allowance exclusion eligible for purposes of periodic distributions from ARP.

Authorized ARP Signature: _____ Date: _____

Print or Type Name of Authorized ARP Signature: _____

Questions about this form may be directed to the Adventist Retirement Plan at (443) 391-7330

Updated March 2023

Separation From Service Withdrawals



- Upon Retirement or termination of denominational employment, an employee may take a total or partial distribution from all accounts in the Adventist Retirement Plan.
- There is a **45 day hold** on Separation From Service Withdrawals from the termination or retirement date.
- A Separation From Service Withdrawal form can be used if the employee is not working for any denominational employer. **If a retired employee comes back to work part-time they will need to request an In-Service Withdrawal Form.**
- Upon reaching age 73 participants are generally required by the IRS to begin taking required minimum distributions (RMDs) from the Plan annually.

Separation From Service Withdrawals



- Methods of Distribution – Lump Sum, Installment Payments, Annuity (SecureFoundation II)
- Note: Retired Pastors may **preserve parsonage allowance** treatment for either lump sum or installment payment distributions when their retirement funds remain with Empower.
- Terminated or retired employee with an account balance of at least \$5,000 are not required to withdraw or transfer funds and may leave them in the Plan. Terminated employees cannot contribute to the Plan other than through transfers or rollovers from other plans.
- **Cash-Out of Small Accounts** – Adventist Retirement will “cash-out” any account with a balance of less than \$5,000 if an employee separates from service before reaching age 59 ½

Separation From Service Withdrawals



- **Disability Distributions** – An employee who is disabled before reaching 59 ½ and who is: Eligible for disability from a participating employer's long-term disability insurance plan or Determined to be disabled using the Social Security definition of disabled may receive a distribution from his/her entire account balance.
- **Suspension of Distributions Upon Re-employment** – An employee receiving installment payments from the Plan may elect to suspend such payments if re-employed by a participating employer. When the employee again retires or separates from service, he/she can choose to receive a distribution of the entire account balance, including any contributions made during re-employment, or may resume installment payments.

Error Correction Using EPCRS



- All errors must be corrected following the guidance described in the Internal Revenue Service's Employment Plans Compliance Resolution System (EPCRS)
- **EPCRS** – Offers three programs for correcting plan errors:
 - Self-Correction Program (SCP), Voluntary Correction Program (VCP), Audit Closing Agreement Program (Audit CAP)

Self Correction Program (SCP) – Employers can self-correct eligible retirement plan errors without contacting the IRS or paying a fee. Employers can self-correct an **insignificant operational error** at any time to preserve the tax-favored status of the Plan.

An operational error occurs when employers do not follow the written terms of the Plan. Eligible operational failures include failure to follow the terms of the Plan, excluding eligible participants, not making contributions promised under the Plan terms and certain loan failures.

Error Correction Using EPCRS – SCP Continued



- Significant and Insignificant failures – An insignificant operational failure can be self-corrected at any time. Employers must self-correct a significant failure within a certain timeframe.
- Significant is determined based on the facts and circumstances. No single factor is determinative. Failures are not significant just because they occur in more than one year. Factors to consider include:
 - other failures in the same period (not how many people are affected)
 - Percentage of plan assets and contributions involved
 - Number of years it occurred
 - Participants affected relative to the total number in the plan
 - Participants affected relative to how many could have been affected
 - Whether correction was made soon after discovery
 - Reason for failure

Error Correction Using EPCRS – VCP and Audit CAP



- VCP – Voluntary Correction Program – Correction through VCP preserves the Plan’s tax-favored status.
- Reasons for using VCP – Some failures are not eligible for SCP, Employers may prefer the comfort of a **written IRS approval** even for failures that are eligible for SCP, and Certain federal income excise tax relief is available under VCP that is not available under the SCP. Please see page 41-41 for more on VCP
- **Audit Closing Agreement Program (Audit CAP)** – An employer that does not come forward to the IRS, but whose Plan has significant problems that are discovered by the IRS during an audit is entitled under the audit correction program to preserve the tax benefits associated with properly maintained retirement plan. Please see page 42-43 for more on Audit CAP

EPCRS – SCP – Missed Contributions

- If employee contributions were missed in error, follow the steps below.
- 1. Submit a Make-Up Contributions Form as an Excel File. Follow the instructions on the form. <https://www.adventistretirement.org/wp-content/uploads/2020/03/Make-Up-Contributions-2018.xlsx>
- 2. Once Adventist Retirement receives the form we will notify you to send the contributions in a **File and Fund the file**.
- 3. We will send the File/Funds/Form to Empower so they can calculate **missed earnings** on the contributions.
- 4. ARP will notify you to **send additional** File/Funds for any missed earnings.
- 5. Send the additional File/Funds for missed earnings as instructed.



EPCRS – SCP – Missed Contributions - Continued



- Missed **Employee** Contributions (Pre-Tax, Roth, After-Tax) must be submitted in the QNEC field of the File.
- Missed **Employee** Contributions should not be deducted from the employee they are to be paid by the employer in the QNEC contribution type.
- Missed **Employer** Match or Basic must be submitted in the Match and Basic fields of the File.
- You should send missed contributions in a **stand alone/onetime file**. The **Gross Wages** in that file should be set to .01

EPCRS – SCP – Overpayments



- Overpayment corrections can be requested by completing the overpayment form found on our website. <https://www.adventistretirement.org/ARP-Overpayments-2021.xlsx>
- Overpaid contributions can only be corrected within **12 months** of the contribution pay date.
- Overpaid **employee** contributions Due to an **incorrect status/benefits** will be returned to the employee directly.
- Overpaid **employee** contributions (Pre-Tax, Roth, After-Tax) Due to a **Voided Check** will be returned to the Employer.
- Overpaid **employer** contributions will be pulled from Empower and ARP will ask the **employer to short funds** on their next file to recover the overpaid employer contributions.

Status Codes – Working Employees



- A – Active – For employees under Option 2 of the 2011 Locally Funded Policy (V (violet) or G (green)) who are working **100% full time** and are at least 20 years old: The employee is eligible for **basic and match** contributions. All contributions types are allowed with this status code.
- A – Active – For employees under Option 1 of the 2011 Locally Funded Policy (B (blue) or P (pink)) who are working at least **50% of full time** and are at least 20 years old: The employee is eligible for employer basic and match contributions. All contribution types are allowed with this status code.
- B – Blocked – The employee (identified by the employer) is not eligible to participate in the Plan. No employee or employer contributions are allowed with this status code. Blocked employees could include **temporary** employees and employees working very limited days/hours as determined by the employer.

Status Codes – Working Employees



- N – Not eligible – for employees less than 20 years old or who have not otherwise satisfied the eligibility requirements for Status Code A and who are under Option 2 of the 2011 Locally Funded Policy (V (**violet**) or G (**green**)) and are **working less than 100% of full time**: The employee is not eligible for the employer basic contribution ; however, **is eligible for the employer match**. Employee contributions (pre-tax salary reduction, Roth, and after-tax) and employer match contributions are allowed with this status code.
- N – Not eligible – for employees less than 20 years old or who has not otherwise satisfied the eligibility requirements for Status Code A and ho are under Option 1 of the 2011 Locally Funded Policy (B (**blue**) or P (**pink**)) and are working **less than 50% of full time** or Option 2 ECEC employees of the 2011 Locally Funded Policy (G (green)). The employee is **not eligible for employer basic or matching contributions**. Any employee contributions (pre-tax salary reduction, Roth, and after-tax) are allowed with this status code

Status Codes – Other



- **U – Student Employees** – The student employee employed by an education employer is not eligible to participate in the Plan. No employee or employer contributions are allowed with this status code.
- **I – Inactive** – The employee has satisfied all eligibility requirements but should not receive employer contributions at this time because the employee is: 1. on a leave of absence and is not receiving a salary/wage, or 2. on an **approved study leave** and receives a salary/wage/stipend, and 3/ is expected to return to active status. With this status code, the employee may make personal contributions.

Status Codes – Disability



- **P – Elimination period for disability** – The P code should be used during the first of three disability periods: the elimination period. Employee and employer contributions are allowed during this period. Following the elimination period, the F Code should be used.
- **F – Period following disability elimination period** – The F code should be used during the second of three disability periods: the period following the elimination period (code P). During this period, only employer basic contributions are allowed. Following the 18-month period, the D code should be used (no contributions are allowed).
- **D – Disabled** – The D Code should be used during the third of three disability periods: the period following the 18-month disability period. No contributions are allowed during this period.


Status Codes – for Individuals no longer employed



- R – Retired – An employee who has retired from service with a participating employer. This code should be used at the **end of the employee**[s service to notify the plan vendor that the employee has retired. If a retired employee is later re-hired by an employer, and he/she meets eligibility requirements, an “A” code should be used as the status code. If a retired employee is later re-hired by an employer, and he/she does not meet eligibility requirements, an “N” code should be used as the status code. No contributions are allowed with this code.
- T – Terminated – The employee is terminated from employment with a participating employer. No contributions are allowed with this code.
- X – Deceased – The employee is deceased. The date of death should be the status date used with this code. No contributions are allowed with this code.



Sending a T, R, D Status Code

1. Employees Separated from Employment with in **the last 12 months** – Send the T, R, D Status Code in your **REGULAR Payroll File** or Stand Alone File.
2. Employees Separated from Employment more than 12 months ago.
 - A. Send the Status Code in your regular payroll file if possible.
 - B. Send the Status Code on the ARP Upload if needed.
 - C. Send the Status Code using our Laserfiche Form as a final option.
 - T, R, D Code Submission older than 12 months  [DOWNLOAD](#)



Grace Period

- Industry best practice is typically within the 0-to-3-day window.
- Participant-driven decisions.
 - Retirement contributions belong to the employees on the pay date.
 - The payroll cycle is not completed until after retirement contributions have been remitted.
- Consistency with all employees.
- Early processing is allowed.



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The End