

A 403(b) tax-sheltered annuity plan is a retirement plan mostly offered by public schools and certain organizations exempt from tax under IRS Section 501(c)(3).

403(b) Plan Fix-It Guide

Mistake	Find the Mistake	Fix the Mistake	Avoid the Mistake
1) Your organization isn't eligible to sponsor a 403(b) plan. (Mistake)	Determine if your organization fits one of the eligible employer groups - public educational institutions or IRC Section 501(c)(3) charitable organizations.	Stop all contributions. Make a submission under the Voluntary Correction Program.	Understand what makes an organization eligible to sponsor a 403(b) plan and know if your organization meets one of the requirements.
2) You didn't adopt a written plan intended to satisfy the law by December 31, 2009. (Mistake)	Check your records to see if your organization adopted a written plan intended to satisfy the final 403(b) regulations by December 31, 2009.	Put the plan operations into a written plan that complies with the final 403(b) regulations and adopt it. Make a submission under the Voluntary Correction Program.	Make sure that your 403(b) plan is in writing.
3) You didn't follow the terms of your 403(b) written plan. (Mistake)	Compare your written plan to its operation.	You may retroactively: • adopt plan amendments that match the 403(b) plan to its prior operation, or • amend plan operation to match the 403(b) written plan terms.	Convey any changes made to your written plan or to the operation of your 403(b) plan to your plan service providers.
4) You didn't give all employees of the organization the opportunity to make a salary deferral. (Mistake)	Perform a review of the plan and its operation. Review employees who received a W-2 but didn't participate. Determine if you excluded any class of employees such as janitors, cafeteria workers, bus drivers or union employees.	Provide improperly excluded employees the opportunity to participate in the plan in current and future years. Make a corrective contribution to the plan for the employees that compensates for their missed deferral opportunity.	Understand which employees you may exclude from the 403(b) plan. Provide proper notification to employees of their eligibility to participate in the 403(b) plan at least annually.

This Fix It Guide was designed to walk you through a number of mistakes often made on 403(b) reports, including:

- Your organization isn't eligible to sponsor a 403(b) plan;
- You didn't adopt a written plan intended to satisfy the law by December 31, 2009.;
- You didn't follow the terms of your 403(b) written plan; and more.

Visit the IRS website's [403\(b\) Plan Fix-It Guide page](#) to help you find and fix mistakes before your next audit.