

**New I.R.S. 403(b) Regulations: Implications for Iowa School Districts**

Mark Beerman, JD Ahlers & Cooney PC

Kurt Subra, CPA West Des Moines Community Schools

	Current State		Future State (w/o Legislative Action)	Proposed Future State
	School Districts [403(b) plans]	Cities, Counties and State of Iowa [457(b) plans]		
<b>Iowa Code</b>	<b>294.16</b>	<b>509A.12</b>		<b>Amended 294.16</b>
<b>Characterization</b>	<b>like an IRA</b>	<b>employer-sponsored plan</b>	<b>like a 401(K) or other employer-sponsored plan</b>	<b>like a 401(K) or other employer-sponsored plan</b>
<b>Vendor choice</b>	<b>unlimited</b>	<b>limited number of vendors</b>	<b>unlimited</b>	<b>limited number of vendors; only vendors authorized to do business in Iowa</b>
<b>District's role</b>	<b>pass-through (United Way analogy)</b>		<b>plan administrator for up to 158 plans</b>	<b>plan administrator for a limited number of plans</b>
<b>Optional plan features [Loans, hardship withdrawals, qualified domestic relations orders (QDRO's), etc.]</b>	<b>employee / vendor</b>	<b>local decision</b>	<b>local decision</b>	<b>local decision</b>

<u>Survey of 281 Iowa School Districts</u>	<u>Number of Vendors</u>	
	Maximum	158
Median	18	

**Note:** 122 of 281 respondents have at least **twenty** 403(b) vendors; 228 respondents have at least **ten** 403(b) vendors

**Survey of other governments [Section 457(b) plans]**

State of Iowa	4
Polk County	3
City of Des Moines	5
City of Ankeny	1