

EMPLOYEE PLANS EDUCATIONAL SERVICES TAX-SHELTERED ANNUITY AND 457 PLANS

What is a tax-sheltered annuity plan?

A tax-sheltered annuity plan as provided for under section 403(b) of the Internal Revenue Code (Code) is a retirement income vehicle enabling many *employees of public schools and tax-exempt organizations described in section 501(c)(3)* of the Code to defer taxation on retirement savings to future years. (Generally, section 501(c)(3) tax-exempt organizations are organized and operated exclusively for religious, charitable, scientific, literary and educational purposes.)

What is a 457 plan?

Plans of deferred compensation described in Internal Revenue Code (IRC) section 457 are available for certain *state and local governments and non-governmental entities tax exempt under IRC 501*. They can be either eligible plans under IRC 457(b) or ineligible plans under IRC 457(f). Plans eligible under 457(b) allow employees of sponsoring organizations to defer income taxation on retirement savings into future years. Ineligible plans may trigger different tax treatment under IRC 457(f).

Why should I be interested in tax-sheltered annuities and 457 plans?

Employers and employees benefiting from tax-sheltered annuities and 457 plans have an interest in understanding and complying with the requirements of the tax law because failure to do so may result in the loss of tax benefits. There are aspects of the tax law governing tax-sheltered annuities and 457 plans that employers and their employees may not fully understand because of their complexities.

What programs does the IRS offer to help me understand tax-sheltered annuity and 457 plans?

The Internal Revenue Service (IRS) has initiated an educational outreach program designed to create a partnership between the IRS and the public in order to increase understanding and compliance with the tax law applicable to section 403(b) tax-sheltered annuities and 457 plans. This educational outreach program is part of the Employee Plans Educational Services. Under this program, trained and experienced IRS employees will be made available to provide educational services relating to section 403(b) tax-sheltered annuity and 457 plans such as delivering speeches, participating in panel discussions, conducting training sessions and helping prepare newsletter articles. Through these services, the IRS can provide information about the unique aspects of tax law applicable to tax-sheltered annuities and 457 plans and problems that arise with them. For example, information can be provided on the impact to both the employer and employee if excess contributions have been made, improper compensation has been included for calculating excludable amounts, or early distributions have been made to employees.

How do I request educational outreach?

Organizations interested in section 403(b) tax-sheltered annuities and/or 457 plans may request educational services under the Employee Plans Educational Services by use of one of these three methods:

1. Mail or Fax a Letter of Request;
2. Mail or Fax the Request for Educational Services Form; or
3. Access the Educational Services section of the Retirement Plans Web Site (www.irs.gov/ep) and email the Educational Services Form.

A request for educational services should be mailed or faxed to the **Appropriate Address** at least 60 days before the date that the educational service is desired.

The **Letter of Request** should contain (at a minimum) the following information

- Name of the Organization;
- Address of the Organization;
- Type of Education Service Required (for example, Speech, Panel Discussion, Training Session, News Article or Other. If 'Other', please specify);
- Focus of the Topic to be covered;
- Location of the desired Educational Service;
- Requested Date(s) of the desired Educational Service;
- Estimated audience size;
- Name of a Contact Person;
- Telephone Number of the Contact Person.

The IRS will respond with specifics regarding the availability of the requested services.

Request for EP Educational Services Form

Service Requested:

Check Applicable:

- Speech;
- Panel participation discussing a technical and/or procedural topic;
- Technical/Procedural training/workshop session;
- Preparation of an article for a newsletter (If selected, please do not complete the Educational Event section below.); and
- Other - Please Describe:

Your Information:

Name:
Title:
Organization:

Address:

Work Phone:

Fax Number:

Email Address:

Educational Event:

(i.e. speech, panel participation, training/workshop session)

The name of the event at which
the services will be performed:

The address where the services
will be performed:

Event Date(s):

Estimated Audience:

Topics to be Covered:

Description of
Topic(s):

APPROPRIATE ADDRESSES FOR REQUEST FOR EDUCATIONAL SERVICES

Requests should be mailed to one of the following applicable addresses based on the location where the educational services are to be performed:

If Located In:	Please Mail To:
Connecticut, Massachusetts, Maine, New Hampshire, New York, Rhode Island or Vermont	Douglas M. Jordan EP CE & O Analyst Internal Revenue Service c/o TE/GE EP 7610 10 Causeway Street Boston, MA 02222 Fax# (617) 565-7817
Delaware, District of Columbia, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina or Virginia	Bonnie Schaumberg EP CE & O Analyst Internal Revenue Service C/O TE/GE EP 7626 Suite 1325 1001 Liberty Avenue Federated Investor Tower Pittsburgh, PA 15222 Fax# (412) 395-5313
Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, Tennessee or Texas	William G. Nix EP CE & O Analyst Internal Revenue Service TE/GE MC 4922 DAL 1100 Commerce Street Dallas, Texas 75242 Fax# (214) 767-6099
Illinois, Indiana, Kentucky, Michigan, Ohio, West Virginia or Wisconsin	Wiley L. Ransom, EP CE & O Analyst Internal Revenue Service TE/GE – EP 7636 230 South Dearborn Street Chicago, Illinois 60604 Fax# (312) 566-3915
Arizona, Colorado, Iowa, Kansas, Minnesota, Missouri, Montana, Nevada, New Mexico, North Dakota, Nebraska, South Dakota, Utah or Wyoming	Brenda Smith-Custer Internal Revenue Service TE/GE EP 7663 4914 IND 3730 Elizabeth Avenue Independence, MO 64057 Fax# (816) 795-3341
Alaska, California, Hawaii, Idaho, Oregon or Washington	Jereza Hupf Internal Revenue Service 915 Second Avenue MS W510:JH Seattle, WA 98174 Fax# (206) 220-6071

What should I do if I find a problem with my 403(b) tax-sheltered annuity plan?

The IRS has established a number of compliance programs designed to enhance voluntary compliance with the tax law governing tax-sheltered annuity plans, by encouraging employers that make tax-sheltered annuities available for their employees to review the tax-sheltered annuity plan and correct any errors found. The IRS sponsors two voluntary compliance programs – one that involves self-correction of problems, and one that involves voluntary disclosure to the IRS and correction for a reasonable fee. For more information, please see [Revenue Procedure 2001-17, 2001-7 I.R.B. 518](#). Both programs enable all employees with tax-sheltered annuities to continue to enjoy the benefits of tax-free build-up of amounts the employees have saved for retirement. Of course, in addition to these voluntary compliance programs, the IRS will continue to conduct its examination program to ensure compliance of all retirement plans, including tax-sheltered annuity plans.