

Section 403(b) Tax-Sheltered Annuity Partnership for Compliance

What is a tax-sheltered annuity arrangement?

A tax-sheltered annuity arrangement 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.)

Why should I be interested in tax-sheltered annuity arrangements?

Employers and employees benefiting from tax-sheltered annuities 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 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 arrangements?

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 annuity arrangements. This educational outreach program is called the **Section 403(b) Tax-Sheltered Annuity Partnership for Compliance**. Under the **Partnership for Compliance**, trained and experienced IRS employees will be made available to provide educational services relating to section 403(b) tax-sheltered annuity arrangements including 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 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 may request educational services under the **Partnership for Compliance** by mailing a letter from the applicable organization to the appropriate address at least 60 days before the date the service is needed. The letter should contain the following information describing the Request for Educational Services:

- Name of Organization
- Address of Organization
- Annuity made available to employees of :[for example, Religious Organization, Public School, Public College/University, Private School/College, Hospital, Other (Please specify)]
- Type of Service Requested: [for example, Speech, Panel Discussion, Training Session, News Article, Other (Please specify)]
- Focus or topic to be covered
- Location of service
- Requested Date(s) for performing service(s)
- Estimated audience size
- Contact Person
- Contact Person Phone Number

The IRS will respond with specifics on the availability of appropriate services.

What should I do if I find a problem with my tax-sheltered annuity arrangement?

The IRS has established a number of compliance programs designed to enhance voluntary compliance with the tax law governing tax-sheltered annuity arrangements, by encouraging employers that make tax-sheltered annuities available for their employees to review the tax-sheltered annuity arrangement 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, see Revenue Procedure 2000-16, 2000-6 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 arrangements.

Appropriate Addresses for Mailing Requests for Educational Services

Requests should be mailed to one of the following appropriate 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, Vermont	EP Area Manager Internal Revenue Service TE/GE – Northeast Area GPO Box 029162 625 Fulton Street Brooklyn, NY 11201 Attn: IRC 403(b) Educational Coordinator
Delaware, District of Columbia, Maryland, New Jersey, North Carolina, Pennsylvania, South Carolina, Virginia	EP Area Manager Internal Revenue Service TE/GE – Mid-Atlantic Area 1601 Market Street 19 th Floor Philadelphia, PA 19103 Attn: IRC 403(b) Educational Coordinator
Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, Oklahoma, Tennessee, Texas	EP Area Manager Internal Revenue Service TE/GE – Gulf Coast Area 1100 Commerce, MC 4900 DAL Dallas, Texas 75242 Attn: IRC 403(b) Educational Coordinator
Illinois, Indiana, Kentucky, Michigan, Ohio, West Virginia, Wisconsin	EP Area Manager Internal Revenue Service TE/GE – Great Lakes Area Mail Stop 4900 CHI 230 South Dearborn Street Chicago, IL 60604 Attn: IRC 403(b) Educational Coordinator
Arizona, Colorado, Iowa, Kansas, Minnesota, Missouri, Montana, Nevada, New Mexico, North Dakota, Nebraska, South Dakota, Utah, Wyoming	EP Area Manager Internal Revenue Service TE/GE – Central Mountain Area MS 4400 SO 56 Inverness Drive East Inglewood, CO 80112 Attn: IRC 403(b) Educational Coordinator
Alaska, California, Hawaii, Idaho, Oregon, Washington	EP Area Manager Internal Revenue Service TE/GE – Pacific Coast Area 300 N. Los Angeles Street, MS 7000 Los Angeles, CA 90012 Attn: IRC 403(b) Educational Coordinator