

DIOCESE OF BUFFALO INTERNAL AUDIT NEWSLETTER

Recording Reimbursement for 403B Not Vested EE

09-2023

INTERNAL AUDIT TEAM

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403B – THE BASICS

Elective Deferrals (Employee Contribution): employees age 18+ can elect their own voluntary contributions (pre-tax or Roth) regardless of position, type, length of service and hours worked, including Priests.

- Elective Deferral cannot exceed \$22,500 (in 2023)
- Elective Deferrals are only applied as whole percentages.
- Age 50 Catch-Up: \$7,500 if age 50 or older (2023)
- Elective Deferrals are always 100% vested.

Employer Contribution: full time or part time lay employees and deacons age 18+ averaging 20 hours per week at one or more participating employers will become eligible after 6 months of service (min 520 hours in 26 weeks)

- Seasonal, temporary, fee for service (independent contractors), and per diem are not eligible for employer contribution.
- Priests are not eligible for Employer Contribution

A five-year “cliff” vesting applies to employer contributions.

0% vested until the employee reaches 5 years of service, then 100% vested.

Recording reimbursement for terminated not vested employees

- Funds will only be **forfeited** if the terminated employee is not vested (did not work for 5 years within diocese) and did not begin working at another participating diocesan location within 12 months of separation date.
- Forfeited funds are returned to the employer after the 12 months (as noted above).
- Forfeited funds are **ONLY** returned to the employer (i.e., Parish(es)) which made the contributions.
- Per the IRS, forfeited funds can **ONLY** be applied to offset the future contributions – forfeited funds are returned via a credit in the “Who’s Where” invoice. Credits cannot be applied to the admin fees, and reduce the total amount owed.
- When the forfeited amount is greater than the invoice total, the credit (reimbursement) will be spread over multiple invoices.
- The Adjusting Journal Entry (AJE) to record the credit (reimbursement), reduce the employee withholdings and record the employer costs is needed.

See examples and AJE on the following page:

For additional information please visit the
DOB Website Newsletters:

<https://www.buffalodiocese.org/internal-audit/>

Please contact the audit team if you have any
questions 716.847.5572

403b Questions, access to Who’s Where
Invoices: Contact Jennifer Hoffman, Manager
Benefits Administration, 716.847.5595 or
JHoffman@BuffaloDiocese.org

Diocese of Buffalo: Invoice

Invoice ID: 123456
 Employer: St. Mary Parish, Buffalo
 City: St. Mary Parish, Buffalo
 Payroll Time Periods: 4/16/2023 - 4/29/2023
 Payroll Dates: 5/4/2023

Employee Name	Hours	GROSS WAGES	Legacy Defined Benefit Plan	403(b) Employee Contribution	403(b) Employer Match	Roth	403(b) Core Employer Contribution Level 1	403(b) Core Employer Contribution Level 2	403(b) Core Employer Contribution Level 3	403(b) Core Employer Contribution Level 4	403(b) Core Employer Contribution Level 5	403(b) Employer Transition	403(b) Employee Catch Up	Total
Joe	36.00	\$540.00	\$0.00	\$15.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32.40	\$0.00	\$0.00	\$47.40
1 Employee														
Total		\$540.00	\$0.00	\$15.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32.40	\$0.00	\$0.00	\$47.40
Remittance to the retirement plan per category			\$0.00	\$15.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32.40	\$0.00	\$0.00	
Administration & Payroll Aggregation Fee		\$8.10												
Adjustment Amount		\$(47.40)	Termed Not Vested Forfeiture – Jill (\$1,447 of \$1,532 returned to date)											
TOTAL Remittance to the retirement plan		\$8.10												

All ACH remittances to the retirement plan are due within 15 days of the paycheck date.

A payment in the amount of **\$8.10** was submitted on: **5/4/2023** for payment on: **5/5/2023** Its status is: **Processed**

Adjusting Journal Entries:

Reference:
 Date:
 Memo:

Date Change
 Batch Number
 Bank Statement

Distribution:



Account	Account Name	Debit	Credit	Date	Description
2032.10	403 (b)	\$15.00	\$0.00	05/05/2023	EE Withholding
4072.10	403(B) - Employer Contribution	\$40.50	\$0.00	05/05/2023	Current Amt for 403B and Fees
1000.10	Operating Account - Checking	\$0.00	\$8.10	05/05/2023	Cash Payment
3271.10	Reimbursement - 403b unvested EE	\$0.00	\$47.40	05/05/2023	Not Vested Emp. Reimb.