



Information for employees with an outside business

IRS regulations require every employer who sponsors a 403(b) plan (e.g. the Research Foundation's Optional Retirement Plan) to collect detailed information about employee outside business interests when any contributions are made to retirement plans through these outside businesses. This information must be collected and used for IRS contribution limit testing by the Research Foundation for SUNY (RF) in order to monitor compliance with applicable limitations, which is required by the IRS of every 403(b) retirement plan.

For example, someone who is employed by the RF is also the sole owner of a private business. If this employee is making contributions to both the RF Optional Retirement Plan and to a retirement plan through his/her private business, the employee would need to report the details of those outside business retirement contributions and total compensation to the RF. The RF will then need to calculate contributions made through both plans and combined compensation to ensure compliance with annual IRS contribution limits.

What do you need to do?

You will need to complete the enclosed information sheet for each year in which you own a controlling interest (over 50%) of a for-profit business, and you make contributions to a qualified retirement plan or SEP-IRA through that outside business.

What will happen if you don't report this information to your employer?

You might exceed the IRS limits on retirement plan contributions. The tax consequences of noncompliance are potentially very severe for both you and the RF.

When do you need to report this information to your employer?

This information will need to be reported to the Research Foundation no later than March 1st each year.

If you make any contributions to your outside business qualified retirement plan or SEP-IRA for the prior year after reporting that year's total contributions to the RF, you will need to report those additional contributions to the RF as well.

Where can you obtain more information?

This notice is a brief summary of very complicated regulations pertaining to sections 415 and 403(b) of the Internal Revenue Code. Please contact your tax advisor to ensure that you understand what is required of you.