

ARE YOUR FINANCIAL DOCUMENTS UP TO DATE

By Richard Skidmore

In order to comply with Internal Revenue Service regulations, churches often need to review their financial documents. The review process will sometimes lead to amending current documents or the addition of entirely new ones. Here are a couple of recent changes that should have gotten attention at the church:

Beginning in January of 2011, a person should not be reimbursed for the cost of over the counter medications through a flexible spending arrangement, health reimbursement arrangement, or from their health savings account. The exception to this would be over the counter medications for which the person has a prescription. As a result of this change, most churches should have amended their documents for flexible spending arrangements and health reimbursement arrangements.

Prior to January 1, 2010, all churches who provide a 403(b)(9) retirement plan for any of their staff were to have written plan documents for the retirement plan. The GuideStone Church Retirement Plan is one such plan. This would be a good time to review church compliance with these requirements. Here is some basic information about the requirements:

Churches that sponsor a 403(b)(9) plan must maintain written documents that describe all material plan provisions. GuideStone provides general plan documentation for the [Church Retirement Plan](#). However, since each church in this plan has flexibility related to certain plan provisions, each church must develop and maintain additional written rules and procedures that address their retirement plan. Questions to be answered include:

- What compensation will be considered for purposes of contributions to the retirement plan?
- Which employees are eligible to participate in the retirement plan?
- What contributions will the employer/church make on behalf of employees?

These questions may be addressed in an **Eligibility and Contribution Schedule** similar to the sample provided by GuideStone on their web site.

GuideStone has made a variety of resources available to assist churches regarding compliance with these written requirements. These can be accessed easily on their web site at www.guidestone.org/budgetresources.

Participants, employers, and plan providers have more steps to complete if the church makes contributions to more than one investment provider or allows plan participants to move money from one 403(b) investment provider to another while in-service. There are requirements for sharing information. Information about the need for a written Information Sharing Agreement is located on the resource page. The church will need

to complete and retain an **Authorized Provider List** that documents all their authorized providers.

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