

403(b) Plan FAQs

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Eligibility

1. How do I know if I am eligible for the 403(b) plan?

If you are eligible for the 403(b) plan as of 10/1/20, you received an eligibility notification email from the BAYADA benefits team on 8/14/20 and a Prudential Enrollment Package in the mail the last week of August. If you do not qualify as of 10/1, but meet the compensation requirement for a future year, you will receive an email notification from the BAYADA benefits team by no later than the first week of January of that year with instructions.

2. Who is eligible for the 403(b) plan?

Employees must meet 2 criteria to be eligible for the 403(b) plan on 10/1/20*:

- You meet the 2020 compensation definition for a Highly Compensated Employee (HCE) by having 2019 BAYADA compensation in excess of \$125,000* AND
- You are currently working for **BAYADA Home Health Care, Inc.**, **BAYADA Home Care**, or **Community Care Center of the Northeast**

** The HCE compensation definition is determined by IRS regulation and is not a not an arbitrary compensation designation. The Internal Revenue Code section 414(q)(1)(B) determines the HCE compensation threshold which is adjusted annually based on cost of living adjustments. 2020 HCEs are those who earned in excess of \$125K in 2019. 2021 HCEs are those who earn in excess of \$130K in 2020.*

3. Why can't employees of other BAYADA companies participate in the 403(b) plan?

Only nonprofit organizations and educational institutions that have 501(c)3 tax-exempt status are permitted to offer a 403(b) plan to their employees. Of the BAYADA family of companies, only **BAYADA Home Health Care, Inc.**, **BAYADA Home Care**, and **Community Care Center of the Northeast** have this status.

4. How do I know if I work for a company that can participate in the 403(b) plan?

Look at your pay slip to see which company is listed. If it says **LE001 BAYADA Home Health Care, Inc.**, **LE003 BAYADA Home Care**, or **LE017 Community Care Center of the Northeast**, then your company is a participating employer in the 403(b) plan. If you are not sure for which BAYADA company you work, contact the benefits team at benefits@bayada.com. Note that you must also meet the compensation criterion to participate in the 403(b) plan.

If you are eligible for the 403(b) plan as of 10/1/20, you received an eligibility notification email from the BAYADA benefits team on 8/14/20. If you do not qualify as of 10/1, but meet the compensation requirement for a future year, you will receive an email from the BAYADA benefits team by no later than the first week of January of that year.

5. What happens if I switch to a different company?

If you were eligible for the 403(b) plan and moved to a BAYADA company not allowed to participate in the plan, your contributions to the 403(b) plan will cease with your first paycheck from the new office. You will need set up your contribution, investment and beneficiary elections in the 401(k) plan to continue saving for retirement. If you have a balance in the 403(b) plan, it will remain there unless you meet the requirements for an in-service distribution, hardship withdrawal, coronavirus-related distribution, or a termination distribution. Contact the BAYADA benefits team at benefits@bayada.com or Prudential at 877-778-2100 for assistance to ensure that your 401(k) account is set up and ready for you to select your contribution, investment, and beneficiary elections.

6. Do I have to leave the 403(b) plan if my income drops below the required level?

No. Once you are in the plan, you stay in the plan unless you transfer to a BAYADA company that is not allowed to participate.

7. I joined BAYADA in 2020 at a base salary of over \$125K. Which plan would I join?

Qualification for the 403(b) plan is based on your PRIOR year compensation, so you would not meet the income criterion for the 403(b). You would enroll in the 401(k) plan and begin contributing as of your 10/1/20 paycheck. If you earn over \$130K in 2020 and work for one of the eligible companies, your contributions to the 401(k) will cease as of the last pay date in 2020, and you will receive an email by no later than the first week of Jan/2021 notifying you that no additional contributions may be made to the 401(k) plan and that you should enroll in the 403(b) plan to continue saving for retirement.

8. Why can't I contribute to the 403(b) plan if I earned less than \$125K in 2019?

The 403(b) plan was designed to provide the same benefits as the 401(k) plan **and offers no additional benefit to employees who earned \$125K or less in 2019 (and who may contribute up to the IRS limits)**. However, Highly Compensated Employees (HCEs),* are limited to 4% maximum contribution in the 401(k) plan, and their savings cannot reach the IRS maximum. The 403(b) plan, due to different regulatory compliance testing requirements, enables HCEs to save up to the IRS limit.

* The compensation threshold is not arbitrarily determined by BAYADA. The Internal Revenue Code section 414(q)(1)(B) determines the HCE compensation threshold which is adjusted annually based on cost of living adjustments. 2020 HCEs are those who earned in excess of \$125K in 2019. 2021 HCEs are those who earn in excess of \$130K in 2020.

Enrollment

9. How and when can I sign up?

2020 403(b) enrollment will begin on Monday 9/7/20. Log onto www.prudential.com/online/retirement and click on the 403(b) plan link. Set up your contribution, investment, and beneficiary election by no later than 9/24/20 4PM ET and contributions will begin as of your 10/1/20 paycheck. If you enroll later, your contributions will begin 1-2 pay periods after your enrollment.

10. If I am already enrolled in the 401(k) plan, do I have to switch to the 403(b) plan? Or can I keep making contributions to my 401(k) plan?

If you are eligible for the 403(b) plan as of 10/1/20, you become ineligible for employee contributions to the 401(k) plan. Your 401(k) employee contributions will cease automatically after 9/24/2020. If you want to contribute to a BAYADA retirement savings plan, you must enroll in the 403(b) plan. If you meet the eligibility requirements for the plan as of Jan 1, 2021 (based on your 2020 compensation), your last employee contribution to the 401(k) will be on 12/31/20 pay date.

11. What happens if I miss the 9/24/20 4PM enrollment deadline?

Your 403(b) contributions will not begin on 10/1/20. However, you may update your contribution elections at any time, and it may take up to 2 pay periods to see deductions begin from your paycheck.

Contributions and Match

12. Do I have to stop my 401(k) contributions, or will they automatically stop?

If you are eligible for the 403(b) plan, your employee contributions to the 401(k) plan will automatically stop after your 9/24 paycheck.

13. May I make after-tax Roth contributions to the 403(b) plan? What kind of contributions may I make to the 403(b) plan?

The 403(b) plan has the same contribution options as the 401(k) plan: Pre-tax and Roth. Employees age 50+ may also make pre-tax and/or Roth catch-up contributions.

14. Are my contributions to the 403(b) plan eligible for matching contributions?

Yes, employee contributions made after meeting the match eligibility requirements (attainment of age 21, 1 year of service and 1000 hours from original Date of Hire or during a subsequent plan year) will be eligible for an employer match in any year for which BAYADA funds a matching contribution. If you separate from service during the plan year, you must work at least 501 hours during the year to be eligible for a match allocation for that year. The employer match contributions will be funded to the 401(k) plan, so you will have 2 retirement accounts; one in the 403(b) plan for your employee contributions and one in the 401(k) plan for your employer contributions. If you already had an account in the 401(k) plan, your employer match will be added to your existing account.

15. Why is the match deposited in the 401(k) and not the 403(b) plan?

We chose to have the match funded to the 401(k) plan to potentially reduce corrective distributions to the HCEs due to compliance test failure. This would prevent the impact that a small number of Non-Highly Compensated Employees (NHCEs) could have in future years on match corrective distributions from the 403(b) plan. Over time, we anticipate that some of the HCEs will be reclassified as NHCEs and were the match funded to the 403(b) plan, a test failure could result in significantly higher corrective distributions on the employer match. Funding the match to the 401(k) could reduce the corrective distributions due to the larger number of NHCE contributing employees.

16. Will our company match be negatively impacted due to moving from the 401(k) to 403(b), or will it remain the same?

No. Your match-eligible contributions to both the 401(k) plan and the 403(b) plan will be matched if BAYADA funds a discretionary employer match for the 2020 plan year. The sum of your regular contributions to both plans divided by your plan eligible compensation for the full year will determine your deferral rate for the year and will serve as a basis for the match calculation. Only deferrals made after completing match eligibility requirements will receive matching contributions. Age 50-catch-up contributions are not matched.

17. Do my investment allocations in 403(b) plan determine where the employer match is funded in the 401(k)?

No. You must specify your investment election in the 401(k). If you do not select an investment, your contributions will be deposited into the Qualified Default Investment Alternative (QDIA). Check your Enrollment Guide for more information regarding the QDIA.

18. If I don't already have contributions in the 401(k) plan will an account be opened for my matching contributions?

Yes. Once the contribution is funded, please log onto www.prudential.com/online/retirement to update your investments and update beneficiary information, as these will not transfer from your 403(b) account.

19. When we reach the qualifying age, will the two plans merge funds?

No, the 401(k) and 403(b) plans will never merge, regardless of age. However, if you have attained age 59.5, you may request a rollover of your 401(k) balance into your 403(b) account. The employer match is funded to the 401(k) plan, so if a match is funded, your 401(k) account will be reopened.

20. I'm already contributing to the 401(k) plan. Will my elections transfer automatically to the 403(b) plan on 10/1/20?

No. The 401(k) and the 403(b) plans are separate retirement plans. To continue saving for retirement, you will need to actively enroll in the plan, choosing contribution, investment, and beneficiary elections in the 403(b) plan. If you do not set up your elections in the 403(b) plan, there will be no further withholding from your pay after 9/24/20, the last date for 401(k) contributions.

21. Can I change my investments in my 401(k) plan after I leave?

Yes, you may continue to manage funds in your 401(k) account despite no longer making employee contributions to the plan.

22. How much may I contribute to the 403(b) plan?

Important note: Contributions are cumulative between the 401(k) and the 403(b) plan and may not exceed the 2020 IRS employee contribution limits of \$19,500 and \$6,500 age 50+ catch-up.

In a regular year, you will be able to contribute the full IRS limit. Limits may change each year; 2020 limits are \$19,500 regular contributions and \$6,500 age 50+ catch-up.)

Since 2020 is a short plan year, due to the plan effective date of 10/1/20, no more than \$15,344 in regular contributions may be made to the 403(b) plan. Employees age 50+ may make an additional \$6,500 catch-up contribution.

Illustrative Examples (Assumption: each employee wants to maximize retirement savings in 2020). Note that both the contributions made to the 401(k) plan through 9/24 and the 403(b) maximum have an impact on the total possible contribution for 2020.

George, age 35, Total possible contribution for 2020 = 19,500

- 2020 401(k) contributions through 9/24/20: \$7,000 Roth
- 403(b) maximum contribution: \$12,500 (\$19,500 – 7,000) (can be Roth or Pre-tax)
- *George cannot deposit \$15,344 into the 403(b) plan because he will exceed the IRS limit

Mary, age 40, Total possible contribution for 2020 = 17,344

- 2020 401(k) contributions through 9/24/20: \$2000 Pre-tax
- 403(b) maximum contribution: \$15,344 (can be Roth or Pre-tax)
- Mary will be unable to meet the full IRS limit for 2020 because it would cause her to exceed the contribution limitation in the 403(b) plan due to the short plan year.

Joanne, age 52, Total possible contribution for 2020 = \$23,844

- 2020 401(k) contributions through 9/24/20: \$2000 Pre-tax
- 403(b) maximum Regular contributions: \$15,344 (can be Roth or Pre-tax)

- 403(b) maximum Catch-up contributions \$6,500 (can be Roth or Pre-tax)
- Joanne will be unable to meet the full \$19,500 IRS limit for 2020 because it would cause her to exceed the contribution limitation in the 403(b) plan due to the short plan year, but she can make an additional \$6,500 catch-up because she is over 50.

23. Given that contributions this year are split between the 401(k) and 403(b), is there any risk to over contributing into the 403(b), or will contributions automatically stop when we reach the IRS limit?

Payroll withholding will automatically cease once you reach the IRS limit, which is inclusive of contributions to both plans.

24. Is the catch up \$6,500 possible the year one turns 50 or is it prorated for that year based on your month/date of birth?

If you expect to turn 50 at any time during the year, you are allowed to elect catch-up contributions election at any time, including from the beginning of the year.

25. How often can I change my 403(b) contribution rate?

You can make changes as often as you would like and will show up in your paycheck within 1-2 pay periods).

Loans/Distributions

26. Does the 403(b) plan allow for loans?

Not at this time.

27. How can I take money out of the plan?

The plan allows for withdrawals under the following circumstances (same as the 401(k) plan):

- Hardship withdrawals (must meet one of the safe-harbor definitions for hardship)
- Coronavirus-related distributions (must meet criteria for distributions through 12/31/2020)
- In-service withdrawals (must attain age 59.5 to be eligible)
- Termination (after retirement or separation from service)
- Rollover contributions may be withdrawn at any time
- RMD (Required Minimum Distributions) – for separated employees who have attained age 72

Distributions may be requested via the Prudential Website or by calling Prudential at 877-778-2100.

Rollovers

28. Since I can no longer contribute to the 401(k) plan, can I roll over my 401k balance into the 403(b) plan, another plan or an IRA?

Employees who have a pre-existing balance in the 401(k) plan will not be allowed to consolidate their accounts into the 403(b) plan or into another plan or IRA unless they have met the requirements for an in-service distribution (attainment of age 59.5), or if their balance is entirely from assets rolled into the plan from a prior employer plan or IRA. Note that any employer match contributions made to your 403(b) deferrals will be deposited into a 401(k) account, so 403(b) participants will have 2 retirement accounts.

29. Does the plan allow for In-plan Roth Conversion (In-Plan Roth Rollover) whereby pre-tax balances may be converted to after-tax Roth?

No.