What about prior accounts that employees participated in through the various parishes and schools within the Archdiocese of Milwaukee?

Employees are welcome to manage their own IRA account independently from the archdiocese. An IRA (or Individual Retirement Account) is, by definition, managed, controlled and sponsored by the individual. An individual chooses the service provider, chooses the investments, and manages the account.

A 403(b) plan, however, is not an individual account. A 403(b) plan (also called a tax-sheltered annuity or TSA plan) is sponsored by the individual's employer. The employer has responsibility to manage and control the plan. The employer's sponsorship of the plan (as recognized by the IRS and the US Department of Labor) is what qualifies contributions to the account to be eligible for special tax treatment (whether pre-tax deferrals or after-tax Roth contributions). Without the sponsorship of the employer, the 403(b) plan contributions are not tax qualified. In other words, once the sponsorship ends, the annuity is no longer sheltered from taxes. When the sponsorship ends the shelter is removed. When the shelter is removed it is not tax-sheltered.

Effective 1/1/25, the Archdiocese of Milwaukee will only sponsor the 403(b) provided through Lincoln. All other plans currently in place will cease to be sponsored by the archdiocese (and by the employers within the archdiocese). If an employee is currently making contributions through their parish or school prior to 1/1/25, these payroll contributions must stop effective 12/31. The sponsorship (and hence the shelter) will be removed.

The various service providers, insurance companies, and financial institutions have been informed about the termination of this sponsorship.

If employees continue to contribute to these accounts, the contributions will not be qualified for tax purposes because the accounts are no longer sponsored by the archdiocese. In fact, contributions made to these accounts after the sponsorship ends could be subject to taxes and penalties by the IRS.

Employees are encouraged to rollover these prior accounts into the new 403(b) with Lincoln. During the vetting process, the archdiocese interviewed dozens of service providers (including many of the providers serving the TSA plans that were already in place), and Lincoln was chosen as the best and least expensive option. In other words, moving from the prior 403(b) plans to the new plan with Lincoln Financial should provide significant savings.

Employees are encouraged to rollover these prior accounts, but they are not required to rollover these prior accounts. They may leave the old accounts in place with the prior service provider, even while funding the new plan with Lincoln. The point is that all new contributions must be made through the new plan with Lincoln. Under no circumstances may employees continue to contribute to the old plan that is no longer sponsored by the Archdiocese of Milwaukee.