



THE
SPARK
Institute, Inc.

Best Practices for 403(b) Plans
Information Sharing Technology

Version 1.0

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Best Practices for 403(b) Plans Information Sharing Technology September 2, 2008 (Version 1.0)

Background

On July 10, 2008, The SPARK Institute released Version 1.01 of the Best Practices for 403(b) Plans Information Sharing - Minimum and Comprehensive Data Elements (the “Data Elements Best Practices”). That document summarized certain best practices regarding what information would be shared among service providers and employers for 403(b) plans. At the time of the release The SPARK Institute noted that it was developing best practices and understandings with respect to certain technology issues associated with information sharing. This document sets forth the information sharing technology best practices and understandings developed by The SPARK Institute 403(b) Plans Task Force and non-SPARK Institute members that participated in a number of meetings and conference calls. The first of two in-person meetings included 43 people representing 23 institutions including most of the largest 403(b) plans service providers. The second in-person meeting included 35 people representing 14 institutions representing most of the largest 403(b) plans service providers.

The Best Practices are offered with a view to facilitating uniform expectations among 403(b) vendors and employers who will be engaged in data sharing and to facilitate efficient information technology design and development. The Best Practices are not intended as the sole or exclusive means of effecting 403(b) data sharing.

The SPARK Institute may release revised versions of the Best Practices periodically. Anyone that has questions about this information should contact Larry Goldbrum at Larry@sparkinstitute.org.

THIS MATERIAL HAS NOT BEEN REVIEWED, APPROVED OR AUTHORIZED BY THE TREASURY DEPARTMENT OR THE INTERNAL REVENUE SERVICE AS MEETING THE REQUIREMENTS OF ANY APPLICABLE RULES OR REGULATIONS. THE SPARK INSTITUTE DOES NOT PROVIDE LEGAL ADVICE. USERS OF THIS MATERIAL SHOULD CONSULT WITH THEIR LEGAL COUNSEL BEFORE USING IT.

Best Practices and Understandings

- A. The preferred current best practices standard for the format of data is ASCII.
- B. The preferred current best practices standard for data transmission is “secure FTP-PGP.” Other transmission methods will likely be available but the preferred method will likely be acceptable to most affected parties.
- C. There are multiple models and possibilities for how data will be transmitted and shared among the affected companies, but it was neither necessary nor possible to identify a single or preferred model. One or more central and neutral clearinghouses may emerge to facilitate the exchange of information. Multiple models and approaches for the exchange of data may emerge, including a business model that incorporates an organization as a central hub. The models or approaches will emerge over time as a result of market forces and independent business decisions made by the various players in the market.
- D. The preferred current best practices standard for sharing “point in time” data is through a “push” approach. Point in time data refers to the data elements identified in Part II of Data Elements Best Practices.
- E. The preferred current best practices standard for transaction data could be either a “push” or “pull” approach. The approach of choice will be dictated in large part by the workflow among the affected parties.
- F. The preferred current best practices standard with respect to the scope of information sharing among vendors is that not all data will be shared with all vendors all of the time, but instead, will be only be shared with those who need it based on agreement by, and direction from, the employer. Privacy risk and competitive concerns were noted as reasons for this position.
- G. The preferred current best practices standard specifically with respect to sharing point in time data is that it would be shared with and among those who are expressly authorized by the employer to receive the information, at least monthly, except as otherwise directed by the employer. Whether the point in time information that is shared is for all or some of the participants will be determined on a case by case basis depending on who the information is going to and employer directions.
- H. Data retention issues such as “what data must be retained and for how long,” are internal issues for each institution that cannot be resolved through a best practices industry standard.
- I. Any vendor that expects to receive information from another vendor may be subject to a due diligence review conducted by the sending vendor. The security standard will be determined by the affected parties on a case by case basis.

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