

DISTRIBUTION OPTIONS

As a general rule, allowable distributions from your 403(b) retirement plan may begin as early as age 59½ or no later than age 70½ (*unless you continue to work after 70½*). The following distribution options are available to all members of MRP:

TOTAL LUMP SUM DISTRIBUTION - mandatory 20% income tax withholding applies.

PARTIAL WITHDRAWAL - mandatory 20% income tax withholding applies and you must meet minimum distribution requirements.

INSTALLMENT PAYMENTS - an amortized distribution for a specified period of a minimum of 10 years or to a maximum number of years based on single or joint life expectancy.

ROLLOVER - direct rollover of your account into an Individual Retirement Account (IRA), another 403(b) plan, a 401(k) plan, or another type of retirement account.

ANNUITY - purchased with your funds from an insurance company of your choice that pays a monthly income for life. There are several types of annuities (fixed and variable) that can be specially packaged to meet your need.

Please keep in mind that you may defer making a decision regarding distribution option until age 70 ½ or until you retire if you are 70 ½ or older. Further, a surrender fee may apply to all distribution options listed above with the exception of installment payments.

In the event of the death of the participant, generally, the surviving spouse has the same distribution options as the participant. If the participant and spouse die before accumulations are withdrawn, all benefits are paid to the secondary beneficiary or to the participant's estate.

The Tax Reform Act of 1986 made required minimum distributions at age 70½ applicable to the Ministers' Retirement Plan; however, members of the MRP may delay required distributions beyond age 70½ if the member remains employed by the Church. In this situation, required distributions must begin by April 1 of the calendar year following the actual date of the member's retirement. **The law imposes a 50% penalty (plus any applicable taxes) on distributions that fail to meet the minimum distribution requirements.**

Which withdrawal option is best? This is a question that each individual member must answer. In most cases it is best to defer distributions as long as possible. In addition, ministers should be aware that distribution under the installment payment option may be excludable from federal income taxes under the ministerial housing allowance exclusion.

For answers to your questions about the Ministers' Retirement Plan, please contact us by phone: (423) 478-7131, toll-free at (877) 478-7190, by e-mail: info@benefitsboard.com, or by writing to:

**CHURCH OF GOD BENEFITS BOARD, INC.
P. O. Box 4608
Cleveland, TN 37320-4608**

NOTE TO MINISTERS: Amortized distributions to retired ministers are designated as a housing allowance. Request Administrative Memo No. 1 from the Benefits Board for more information.