

## **Ministers' Retirement Plan Traditional, Before-Tax 403(b) Accounts Frequently Asked Questions**

### **1. Who is eligible to participate in the Ministers' Retirement Plan?**

All ministers, as well as other employees, who receive compensation from local churches, Church of God state/regional and international offices, Publishing House, colleges and daycare centers, are eligible to participate, as long as they are U. S. citizens.

### **2. When is my money available to me from the Ministers' Retirement Plan?**

Funds are available when a member attains age 59½. Limited circumstances may allow for earlier withdrawals.

### **3. Are my pension benefits taxable?**

For retired credentialed ministers, pension benefits from the traditional, before-tax accounts are generally not taxable – distributions are designated as retirement housing expense. (See IRS Publication 517 for more details.) For non-ministers, distributions are taxable when received by the member.

### **4. What about a member who may become disabled before reaching retirement age?**

When a member is declared totally and permanently disabled, the member accumulations may be available for distribution to the member if he so chooses.

### **5. In case of death, what happens to a member's account?**

If distributions have begun and the member dies before his entire account has been distributed, the remaining portion of his account will be distributed to the spouse, at least as rapidly as under the method of distribution as it was to the member. If there is not a surviving spouse, the member account will pass to the designated beneficiary (ies) or to the member's estate.

### **6. May I make a contribution in the year that I file my tax return to reduce my taxes for a previous year?**

No, all contributions must be received by the Benefits Board no later than December 31 of each calendar year or the last business day of the year as set by the Benefits Board.

### **7. Is there a provision for "rollovers" from other 403(b) plans?**

Yes, a "rollover" from another 403(b) plan can be accepted for deposit to a member's account subject to the approval of the Benefits Board.

### **8. May I transfer IRA pension monies or other retirement account funds to my traditional, before-tax account in the Ministers' Retirement Plan?**

Yes, as long as the money is from "before-tax" contributions. Please contact the Benefits Board to obtain the proper forms to allow for such a "rollover" of funds.

### **9. Is the Ministers' Retirement Plan an IRA?**

No, the Ministers' Retirement Plan is a 403(b) retirement income account for eligible employees of qualified employers, which includes 501(c)(3) tax-exempt organizations, in our case the Church of God (Cleveland, TN).

### **10. Does my spouse have to be my primary beneficiary?**

Yes, your spouse is required to be your primary beneficiary unless he signs a spousal waiver or a Qualified Domestic Relations Order is in place. Other persons may be named as secondary beneficiaries.

### **11. Is there a maximum amount that I can contribute yearly?**

With some stipulations, a participant in the Ministers' Retirement Plan can contribute up to 100% of his/her compensation or \$56,000 per year (2019), *whichever is less*. A worksheet is available from the Board to calculate contribution limits. Members over 50 years of age qualify for additional "catch-up" contributions.

**12. How can I contribute more than what my employer/church contributes for me?**

You must complete a Salary Reduction Agreement (SRA) Form with your employer for any contribution deducted from your salary. (If the employer/church pays your total contribution, no SRA is necessary.) The Benefits Board will provide you with forms and further information if you wish to increase your contribution.

**13. Are there surrender charges and an IRS penalty if a member makes an early withdrawal of funds prior to age 59½?**

Yes, there is a surrender charge for early withdrawals prior to age 59½. There is also a special 10% tax penalty imposed by the IRS, plus the appropriate income tax is applicable.

**14. If a member contributes through the Salary Reduction Agreement method and moves to another pastorate, department, etc., what is the proper procedure?**

A new Salary Reduction Agreement Form must be completed with the clerk/treasurer of the new congregation or employer. This agreement is to be retained by the local church, department, agency, etc.

**15. If a minister's credentials are revoked or if a minister leaves the Church of God, what happens to the member accumulations?**

The minister's account can be maintained for retirement or to allow him to have his credentials reinstated. However, no contributions can be made unless the participant has ministerial or church-related income.

**16. If an employee (non-minister) leaves the employment of the church, agency, etc. prior to retirement, are they required to withdraw all their contributions?**

No. If the participant's account balance is in excess of \$1,000, she may maintain her account at the Benefits Board. Smaller accounts will either be rolled over to an account of her choice or cashed out. However, to make contributions to the account, the participant must be employed by a church or church-related entity.

**17. Where are the retirement funds invested?**

The retirement funds in the Trustees' Fund are invested in fixed income type investments, including government and corporate bonds, real estate investment trusts, first mortgage loans to Church of God congregation, and other fixed income investments. The equity (stock) funds are invested as directed by the participant.

**18. Is my retirement account guaranteed by any agency of the federal government?**

No, the Ministers' Retirement Plan is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. In addition, the Ministers' Retirement Plan is a church plan and it is exempt from the Employee Retirement Income Security Act ("ERISA").

**19. Is this program available to evangelists and chaplains?**

Yes, evangelists and chaplains may participate under special rules allowing them to write personal checks for their retirement accounts. Please contact the Benefits Board for further information.

**20. Is it necessary to enroll in the MRP before sending contributions?**

Yes, a member must enroll and receive a certificate of membership **BEFORE** making contributions.

**21. What kinds of distribution options are available at retirement?**

Currently there are five distribution options. Contact our office for more information.

**If you have any additional questions, please contact us by phone at (423) 478-7131, toll-free at (877) 478-7190, by e-mail at [info@benefitsboard.com](mailto:info@benefitsboard.com), or by writing to:**

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