

## DISTRIBUTION OPTIONS

As a general rule, allowable, qualified distributions from your 403(b) retirement plan – whether the traditional, before-tax account or the Roth after-tax account – may begin as early as age 59½ or no later than age 72 (*unless you continue to work after 72*). The following distribution options are available to all members of MRP:

1. **TOTAL LUMP SUM DISTRIBUTION**

- (a) *Traditional Before-Tax Account*: Mandatory 20% income tax withholding applies
- (b) *Roth After-Tax Account*: No income tax withholdings if such is a qualified distribution

2. **PARTIAL WITHDRAWAL**

- (a) *Traditional Before-Tax Account*: Mandatory 20% income tax withholding applies and participant must meet minimum distribution requirements if over 72 and no longer employed
- (b) *Roth After-Tax Account*: No income tax withholdings if such is a qualified distribution but participant must meet minimum distribution requirements if over 72 and no longer employed

3. **INSTALLMENT PAYMENTS**

- (a) *Traditional Before-Tax Account*: 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
- (b) *Roth After-Tax Account*: an amortized distribution for a specified period up to a maximum number of years based on single or joint life expectancy

4. **ANNUITY**

*Traditional Before-Tax Account* and *Roth After-Tax Account* funds may be used to purchase an annuity from an insurance company that pays a monthly income for life. There are many types of annuities (fixed and variable) that can be selected by the participant.

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***Please keep in mind that you may defer making a decision regarding distribution option until age 72 or until you retire if you are 72 or older. Further, a surrender fee may apply to all distribution options listed above with the exception of installment payments.***

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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 If the participant and spouse die before accumulations are withdrawn, all benefits are paid to the secondary beneficiary or to the participant's estate.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 72 applicable to the Ministers' Retirement Plan; however, members of the MRP may delay required distributions beyond age 72 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 at [info@benefitsboard.com](mailto:info@benefitsboard.com), or by writing to:

**CHURCH OF GOD BENEFITS BOARD, INC.  
Post Office 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.*