403(b)(9) Retirement Plan Administration Manual

GuideStone®
Retirement Plans

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Introduction

You have adopted the GuideStone Financial Resources 403(b)(9) Retirement Plan (the "Plan") for eligible employees. This defined contribution plan is designed as a "church plan" under IRS Code section 414(e) and as an Internal Revenue Code section 403(b)(9) (the "Code") retirement income account and as such, it is exempt from certain provisions of the Code and ERISA.

This *Plan Administration Manual* offers guidance to you for administering the Plan accurately and efficiently. You should check this manual at least quarterly for updates and/or revisions.

Important Note: Nothing in this manual should be construed as overriding Plan or *Adoption Agreement* provisions. Any conflict between this manual and the Plan (including any rules or procedures established by GuideStone to administer the Plan) shall be resolved in favor of the Plan, not this manual. Call your Relationship Manager at GuideStone if you have any questions about the information in this manual.

How to Use this Manual

The manual provides step-by-step procedures that you should follow to ensure that you and GuideStone can fulfill your respective administrative duties under the Plan. The manual can be an effective training tool for persons who become responsible for the administration of the Plan as well as a reference guide for those who are already familiar with its operation.

Because the purpose of the manual is to describe the procedures for all employers, it does not contain any procedures that are specific to an individual employer (e.g. internal procedures for reconciling contributions to payroll records). You should develop and maintain written "desk" procedures that describe other step-by-step procedures you follow in addition to the procedures contained in this manual.

The 403(b) regulations state that a 403(b)(9) plan must be in writing. To accurately administer the Plan, it is extremely important that you know and understand its provisions. The provisions of your Plan are written in two places: the *Basic Plan Document* and your *Adoption Agreement* (and in some cases, your written internal policies and procedures). It is important that your practices and procedures conform to your Plan documentation. Please log into Employer Access for the latest copy of the *Basic Plan Document* and *Adoption Agreement*.

Always make sure your Plan documentation is accurate and complete. Keep original documents in a master file, but maintain copies of all Plan documentation as a working file for day-to-day administration of the Plan.

The master file should contain:

- Copy of current *Basic Plan Document*
- Original of your current *Adoption Agreement*
- Original of your *Recordkeeping Services Agreement*
- Copy of *Trust Agreement*
- Copy of current *Plan Summary*
- Copy of *Information Sharing Agreement*, including all prior versions of each of these documents you have adopted
- Resolutions or special amendments prepared by GuideStone for the Plan, if any
- Any other important Plan information:
    - Letters to or from GuideStone regarding the Plan, if any.
    - Written confirmations of interpretations of provisions, if any.

Remember: *Basic Plan Document* + *Adoption Agreement* = Plan

(*Recordkeeping Services Agreement, Trust* and Employer's policies & procedures if applicable)

The *Adoption Agreement* alone does NOT constitute your Plan

Here are some things you should keep in mind when you consider making changes to your Plan:

- Review all provisions of your *Adoption Agreement* at least annually to determine if there are additional changes you may want or need to make.
- Avoid changing your *Adoption Agreement* to address situations affecting only a limited number of employees.
- Contact the Relationship Manager responsible for handling your account and discuss the changes under consideration.

If you decide that you need to amend your Plan:

- Select an effective date that is prospective and return all documents in advance of the effective date. GuideStone cannot make changes in its recordkeeping system until all documents have been fully executed.
- Identify the date of the meeting at which the amended *Adoption Agreement* will be adopted.
- If documents are needed in advance of the meeting, identify the date when documents must be ready.
- Allow time for documents to be prepared and sent to you.

General administrative responsibilities

Both the employer and record-keeper/trustee of a plan have administrative responsibilities. The *Recordkeeping Services Agreement* addresses specific administrative responsibilities of the employer and GuideStone that involve plan administration.

Employer responsibilities

The Employer is responsible for monitoring the plan administration for compliance purposes with regard to contribution limits, plan loans, hardship withdrawals and transfers or exchanges. The Employer is further responsible for remitting contributions "within a period that is not longer than is reasonable for the proper administration of the Plan". These duties may NOT be delegated to the participant.

The duties of the employer are further outlined in your *Recordkeeping Services Agreement*. Be sure to read your *Recordkeeping Services Agreement* to be aware of your responsibilities.

Some examples of Plan administration activities associated with these duties include, but are not limited to, the following:

- Notifying participants when contributions are permitted in the plan and explaining who is eligible to make contributions to the Plan.
    - For NQCCO employers (discussed more fully on page 8): An annual notice must be given to employees explaining their right to participant in the Plan. These Plans are subject to nondiscrimination testing and are generally plans for hospitals, colleges and universities.
- Explaining the Plan to all employees and answering their questions about the Plan.
- Enrolling participants in the Plan.
- Maintaining participants' *Salary Reduction Agreement* forms, enrollment applications and other important papers relating to participation in the Plan.
- Withholding contributions from participants' compensation as requested and remitting them to GuideStone in a timely manner.
- Verifying and adjusting retirement statements and submitting contributions to GuideStone.
- Notifying GuideStone promptly in the event of a participant's death, disability, termination or retirement.
- Responding to requests for information from GuideStone about the Plan or participants.
- Keeping Plan practices consistent with Plan provisions and making timely amendments.

GuideStone responsibilities

The *Recordkeeping Services Agreement* outlines the specific duties and responsibilities of GuideStone. Some examples of Plan administration activities associated with these duties include, but are not limited to, the following:

- Establish and maintain participant accounts.
- Invest participant and employer contributions in Plan funds, as directed by the participant.
- Prepare and distribute quarterly account statements to participants.
- Assist employers with annual nondiscrimination testing, upon request.
- Prepare and distribute written information for participants, participants' spouses and their attorneys in the event of death, divorce or bankruptcy.
- Calculate benefits and communicate with participants and employers regarding benefit amounts.
- Establish procedures to administer distribution of participant's accounts (including in the event of death, divorce or bankruptcy).
- Resolve disputed claim situations.
- Make administrative rules in accordance with the Plan.
- Resolve or otherwise decide matters not specifically covered under the terms and conditions of the Plan.

An employer's status

Church

For purposes of Code Section 403(b), a church includes a convention or association of churches, an elementary or secondary school that is controlled, operated or principally supported by a church or by a convention or association of churches.

Qualified church-controlled organization

A "qualified church-controlled organization" (QCCO) means any church-controlled tax-exempt organization described in Code Section 501(c)(3) which does not:

- Offer goods, services or facilities to the general public for sale (except for items sold at a nominal charge which is substantially less than cost).
- Normally receive more than 25% of its support from receipts from admissions, sales or merchandise, performance of services, or furnishing of facilities or from governmental sources.

Nonqualified church-controlled organization

A church-controlled tax-exempt organization is generally a "Nonqualified church-controlled organization" (NQCCO) if they offer its services to the general public **and** receive more than 25% of its support from the sources from admissions, sales or merchandise, performance of services or furnishing of facilities or from governmental sources. A NQCCO must comply with the nondiscrimination requirements in order for its Plan to maintain its tax favored status. An employer's designation as a NQCCO for the purposes of Code Section 403(b) does not affect the organization's status as a Code Section 501(c)(3) tax-exempt organization, the availability of minister's housing allowance or other such privileges the organization enjoys.

Determining your status as a Church, QCCO or NQCCO

Employers that are eligible for a church plan must comply with the nondiscrimination requirements unless they determine that they are a "church" or "QCCO". Only organizations that are "churches" or "qualified church-controlled organizations" for the purposes of Code Section 403(b) are exempt from compliance with the nondiscrimination requirements. The employer must make the determination using a reasonable, good faith interpretation of the guidance provided in Code Section 3121(w). GuideStone has several tools, including a *Status Certification Form* that you may use to help determine your status as a Church, QCCO or NQCCO.

If your organization restructures or reorganizes or changes those whom it serves or the sources of its income, the status may change. If this happens, you should complete a new *Status Certification Form*. If your status changes, you should notify GuideStone immediately so that we can work with you to avoid potential problems.

If an employer incorrectly determines its status and does not comply with the nondiscrimination requirements, it can adversely impact the favorable tax status of the Plan. To avoid this potential issue, you may voluntarily comply with the nondiscrimination rules even if you are not required to do so. If there is any doubt about your status or the continued status of your organization during a year, you should comply with the nondiscrimination requirements. Any error should be on the side of compliance. Your organization may incur certain administrative and benefit costs in complying with the nondiscrimination requirements.

Eligibility

When you adopt your 403(b) Plan, you must determine the eligibility requirements unique to your organization. These requirements are described in detail in the Plan.

If you have determined your status as a "church" or "QCCO," you may have different eligibility provisions than employers whose status is "NQCCO".

First, your plan will identify which employees are eligible employees for the purpose of receiving employer contributions. This also tells which employees, if any, are excluded from receiving such contributions. Typical eligibility requirements include age and service minimums.

Next, the Plan will describe what is sometimes called the "begin participation" date. This is the date when an employee will become a participant, once eligibility is met. (See "Enrolling participants in the Plan" for more detailed information on participation dates.)

The Plan will prohibit employee tax-paid contributions until the time the employee is eligible for employer contributions. Most employees are immediately eligible to make their own voluntary tax-sheltered and Roth contributions to the Plan. If your Plan restricts employee tax-sheltered or Roth contributions, there will be a paragraph that describes the restrictions.

Lastly, if you have made any modification to how service is measured or determined for purposes of eligibility (including counting service with certain related employers), a description of the modification will be set out in the *Adoption Agreement*. Plans of employers who have made no service modifications will not contain such a subparagraph.

Key point for NQCCO employers

The eligibility requirement that permits all employees to make their own voluntary employee contributions to the Plan is especially important to you because it describes a provision of your Plan that is subject to nondiscrimination testing. This provision is sometimes called the "Universal Availability" provision, and it is one that is required to be in your Plan and be tested annually.

The requirement that your Plan contain this provision arises from Code Section 403(b)(12), which generally provides that if the Plan of an employer that is subject to nondiscrimination testing (i.e. a NQCCO employer) permits some employees to make tax-sheltered contributions to the Plan, it must permit all employees the same right. Another way to say this is that the Plan must make such contributions "universally available" to all employees.

Although this Code Section requires that generally "all" employees must have this right, there are some statutory exclusions and a minimum annual contribution of $200, which you may use to restrict this right. However, in order to apply these exclusions or minimum, your *Adoption Agreement* must specifically include such a provision.

Your Plan specifies the permissible statutory exclusions. After reading the *Basic Plan Document*, check your *Adoption Agreement* to see which statutory exclusions, if any, you have chosen to include in your Plan.

If your retirement plan is audited, the IRS will determine whether an employer meets the universal availability requirement for salary reduction contributions. To make this determination, the IRS will want to know whether "meaningful notice" has been given to employees to tell them they are eligible to make salary reduction contributions. The IRS has not elaborated on what "meaningful notice" means, but has indicated that simply informing an employee of their right to make salary reduction contributions if they come by the Human Resources office does not constitute meaningful notice. The IRS will want to make sure that your Plan makes salary reduction contributions universally available to employees. They may ask to see posters or payroll stuffers notifying employees of their ability to make salary reduction contributions. The IRS has stated they will interview employees to determine whether they are aware of their ability to make salary reduction contributions to the Plan.

You should establish practices that ensure that all employees are informed of this right upon being hired. It is best to ask employees to provide their signature, perhaps on a form you create, indicating they have been informed of and understand their right to make such contributions. You should maintain this written documentation in the employee's file. Failure to meet the requirements of Code Section 403(b)(12) can result in significant consequences to you.

Enrolling participants in the Plan

General information

Among your duties as Plan Sponsor is the need to properly notify employees of their rights and obligations under the Plan. You should generally fulfill this requirement at the time you hire and/or enroll employees in the Plan and annually thereafter if the Plan is subject to nondiscrimination testing such as plans of hospitals, colleges and universities.

If your Plan has a waiting period, determine when new employees are likely to satisfy the eligibility service requirements of your Plan. Develop a "tickler" system for reminding yourself to notify the employee at that time that he or she is now eligible to receive Employer Contributions. This is important whether your Plan has a match or non-matched contribution. The three most common "begin participation date" provisions are:

> "… first day in which" the person meets the eligibility requirements of the Plan.
>
> "…first day of the month following the month" the person meets the eligibility requirements of the Plan.
>
> "…first day of the month coinciding with or next following the month" the person meets the eligibility requirements.

To apply these "begin participation dates," first determine the specific date the employee has met the eligibility requirements of the Plan.

Below are examples, assuming the Plan has a one year of service or eligibility service requirement and no further modifications to Service in the *Adoption Agreement* have been made. (For examples regarding eligibility service using the Counting Hours method, see Appendix A.*)*

Illustration 1 ("first day in which")

An employee will enter the Plan on the same date the employee meets the eligibility requirements of the Plan. Thus, this Plan potentially has 365 days in which any given employee may be eligible to enter the Plan.

> **Examples:**
> John Doe meets eligibility on March 6. He enters the Plan March 6.
> John Doe meets eligibility on May 1. He enters the Plan May 1.

Illustration 2 ("first day of the month following the month")

An employee will enter the Plan on the 1st day of the next month in which the employee meets the eligibility requirements of the Plan. Thus, this Plan potentially has 12 months in which any given employee may be eligible to enter the Plan.

> **Examples:**
> John Doe meets eligibility on March 6. He enters the Plan April 1.

John Doe meets eligibility on May 1. He enters the Plan June 1.

Illustration 3 ("first day of the month coinciding with or next following the month")

An employee will enter the Plan either on the 1st day of the month if it coincides with the date they meet eligibility or on the 1st day of the next month, if it does not. Thus, this Plan has potentially 12 months in which any given employee may be eligible to enter the Plan.

Examples:
John Doe meets eligibility on March 6. He enters the Plan April 1.
John Doe meets eligibility on May 1. He enters the Plan May 1.

Employer and/or participant responsibilities

1. As part of new employee orientation, provide the employee with the GuideStone 403(b)(9) Retirement Plan Enrollment Kit which includes the following:
   - *Enrollment Application*.
   - *Salary Reduction Agreement*.
   - *Fund Choices* brochure.
   - *Inbound Rollover Application*.
   - *Plan Summary*
2. Review key provisions of the Plan with the employee (Check the *Adoption Agreement* or internal policies and procedures for the following provisions):
   - Ability of all employees to make contributions to the Plan immediately. (Check the *Adoption Agreement* or internal policies and procedures for any limitations.)
   - Eligibility requirements for receiving employer and tax paid contributions.
   - Vesting provisions, whether 100% vested immediately or subject to a schedule.
   - In-service withdrawal provisions.
   - Hardship withdrawal provisions.
   - Termination withdrawal provisions.
   - Availability of loans.
3. Instruct the employee to complete the *Salary Reduction Agreement* (SRA). This form is only necessary if the employee wishes to make employee contributions. This is a contract between you and the employee and must be kept in the employee's file.
4. Instruct the employee to complete the *Enrollment Application*. If the Plan provides a non-match employer contribution, it is important to ensure that the employee returns the application in a timely fashion. If the employee fails to complete the form on time, you must complete the application for the participant based on Plan defaults and begin making contributions.

Listed below is the information required to complete an enrollment application:

- Designate investment allocation. If a participant does not designate an investment allocation at enrollment, the participant's contributions will be placed in the default fund.
- Complete the contribution instructions on the employee's *Enrollment Application*.
- Sign and date the employee's *Enrollment Application* in the "Employer Verification" section of the application.
- Keep the completed *Enrollment Application* in the employee's file and send a copy of the application to GuideStone via mail, fax, Employer Access or EDT, as applicable.
- Also, if the Plan counts prior denominational service, verify the employee has indicated all years and months of such service.

5. Inform employees to contact GuideStone if there are any discrepancies on the enrollment confirmation that we mail to them at their home address.

Note: If an employee who has completed an enrollment application to make voluntary contributions later becomes eligible for employer contributions, it is not necessary to complete another application. In such circumstances, you should take the following steps:

If the Plan has matching employer contributions:

- Inform the employee he or she has become eligible for an employer-match contribution and describe the matching provision.
    - Explain if it is an equal match up to a set percentage, whether the employee must contribute a minimum amount, whether it is according to a schedule, etc.
    - Confirm whether the employee wishes to change his or her current contribution.
- If appropriate, have the employee complete a new *Salary Reduction Agreement*.
- Change contribution statement to reflect increased employee contribution (if applicable) and new employer contribution.

If the Plan has non-match employer contributions:

- Inform the employee they have become eligible for an employer non-match contribution and describe the provision.
    - Explain the percentage of compensation, whether it is based on a schedule, etc.
- Change contribution statement to reflect new employer contribution.

GuideStone responsibilities

1. Process enrollment application upon receipt of application or via electronic submission via Employer Access Program. Or if the participant is already enrolled, update contribution source type and amount.
2. Mail a confirmation letter to the employee.

Beneficiary Designation Form

The *Basic Plan Document* contains the Plan definition for Beneficiary.

Read section carefully to assist employees in understanding how to complete the *Beneficiary Designation Form*.

Inform employees they:

- Will receive a *Beneficiary Designation Form* with the letter confirming their enrollment.
- Must complete the form and return it to GuideStone.
- Must have the notarized consent of their spouse to designate a primary beneficiary other than or in addition to their spouse.

Inform employees that:

- A change in marital status may invalidate their previous beneficiary designation. A beneficiary designation can be changed at any time by calling the Customer Service Center at **1-888-98-GUIDE** (1-888-984-8433) and requesting a new form, or visiting us online at *www.GuideStone.org* to download a form.
- Failure to complete a form will result in their beneficiary falling under the Plan default of spouse and then estate.
- Failure to complete a form may result in additional legal paperwork and delay of benefits for non-spouse beneficiaries.

Plan investments and funds

See the *Basic Plan Document* and *Adoption Agreement* (or internal policies and procedures) for Plan investment election provisions.

Initial investment elections

Participants make all Plan investment choices when they first enroll in the Plan. They have the option to invest in any one or combination of funds offered under the Plan. (If a participant fails to make an investment election, all contributions made on their behalf will be placed in the default fund).

Changes to investment elections

Future contributions

From time to time, participants may want to change the investment fund or combination of funds for future contributions to the Plan. You should inform participants that *changing the allocation of future contributions does not automatically change allocations of accumulated funds*.

You, as the employer, may not submit allocation change requests for a participant.

GuideStone does not accept requests for allocation changes with a future effective date or a retroactive date.

Accumulated funds

A participant may make changes in the investment of accumulated funds at any time by requesting a fund exchange or a reallocation of funds. You should inform participants that *changing the allocation of accumulated funds does not automatically change allocations of future contributions*.

- Fund exchange.

  A fund exchange is an exchange a participant makes from one investment to one or more investments.

  Example: Participant A wants to exchange 10% of the accumulations in the Growth Equity Fund to be placed in the International Equity Fund.

- Reallocation of funds.

  This term is used to describe the action a participant makes to completely change the fund or funds in which their plan accumulations are placed. It involves an exchange of 100% of the participant's accumulations to one or more investments.

  Example: Participant A's accumulations can be described as follows: 52% in the Growth Equity Fund, 28% in the Value Equity Fund, 16% in the Money Market Fund, and 4% in the International Equity Fund.

> The participant decides to "reallocate" his accumulations so that 50% is in Growth Equity Fund, 25% in Value Equity Fund, 15% in Money Market Fund, and 10% in International Equity Fund.

You, as the employer, may not make changes in the investment of accumulated funds for a participant.

GuideStone accepts exchange requests on a whole percentage basis only.

Allocation change, fund exchange or reallocation

Participants may request allocation changes to future contributions, fund exchanges or reallocations. GuideStone does not charge fees for fund exchanges. There are various methods participants may use to make such changes. These include:

- *My*GuideStone™ through *www.MyGuideStone.org*
- **1-888-98-GUIDE** (1-888-984-8433); speak with a customer relations specialist
- Fax to (214) 720-2105 Attn: Customer Service Center
- Email to *info@guidestone.org*
- Written request: Mail to 2401 Cedar Springs Road, Dallas, TX 75201-1498
- Online Chat

Note: GuideStone cannot guarantee trade dates for written requests sent by mail or fax; however, such requests will be processed when received on a timely basis and in good order. GuideStone will not be responsible for undelivered mail or faxes.

Requirements for processing exchanges and allocations

Make sure your employees are aware of these requirements for processing exchanges and allocation changes. GuideStone has adopted industry standards in imposing these requirements:

- No future or back dated requests.
- Request must be received by the designated cutoff time established by GuideStone to receive same day Net Asset Value (NAV).

Note: If GuideStone receives an exchange request after the cutoff, it will be processed with the next business day's NAV.

Remitting contributions

See the *Basic Plan Document* and your *Adoption Agreement* (or internal policies and procedures) for Plan provisions regarding employer and participant contributions.

Here are several things you need to know regarding remitting contributions to GuideStone:

- Remit contributions correctly in reference to the contribution amount, type (i.e., employee non-match or employer match) and pay period.
- Remit contributions as soon as possible following the payroll(s) for which the contributions are applicable and in accordance with the remittance method you use. (GuideStone currently offers several options for remitting contributions. See the section that immediately follows for a description of these methods.)
    - **In accordance with the final Code section 403(b) regulations, all participant deferrals should be remitted to the Plan "within a period that is not longer than is reasonable for the proper administration of the plan." As an example, the final Code section 403(b) regulations provide that participant deferrals should be remitted to the Plan within 15 business days following the month they are withheld from the participant's compensation.**
- Do not remit contributions based on compensation not yet earned.

Employer Access

GuideStone offers a free online service that employers can use for remitting contributions. This same service can also be used for processing enrollments, account maintenance and updating employment status. A GuideStone administrator will issue the employer an employer number and security code to register online. By registering, you are authorizing GuideStone to allow your authorized employees (security administrators) to use Employer Access. A security administrator can then grant viewing and/or updating authority to other users at the administrator's discretion.

Administrators may access this service from the website, *www.GuideStone.org*. The following features are available to help with the day-to-day administration:

Retirement:

- Employee maintenance (address, phone, email, etc.)
- Employee enrollments and terminations
- Contribution processing (ACH or check payment method) and history
- View participant activity history and account summary
- Downloadable forms
- View asset account information
- View employer reports
- View *Plan Administration* and *Self-Audit Manuals*

For more information about Employer Access please contact the Customer Service Center at **1-888-98-GUIDE** (1-888-984-8433).

Electronic Data Transfer (EDT)

EDT enables you to extract contribution, enrollment and termination data from your payroll system and send the data electronically to GuideStone. We recommend this method for employers who have more than 100 participants and make frequent changes to their statement.

If you select this method, GuideStone will send you an instruction manual on how to use EDT for remitting contributions. Contact GuideStone if you need a manual.

Payroll feeds

GuideStone can receive contributions and participant information using a payroll feed which allows our recordkeeping system to interact with your payroll system. Payroll feed is similar to EDT in how we receive the information from the employer payroll system. In addition, it also allows for GuideStone to submit any changes back to the employer's payroll system that may have been received directly from a participant's online activity.

Remitting payment

Automated Clearing House (ACH)

ACH is an electronic funds transfer GuideStone initiates at a designated time for payment of contributions. You can set up ACH through Employer Access at any time or contact GuideStone if you need assistance.

Wire transfer

A wire transfer payment from the employer's bank to GuideStone's bank.

Year-end contributions

For account statements

In order for participants to receive an accurate Annual Statement, GuideStone must receive November payroll period remittances by mid-December. This allows time to apply contributions to accounts and make needed changes before the final cut-off at year-end. The Annual Statement reflects only contributions actually credited through the last working day of the year.

For maximum contribution limits

GuideStone must receive December contributions and post them to participants' accounts no later than January 31 of the following year to ensure they count as current year contributions for purposes of maximum contribution calculations and do not negatively impact current year

contribution limits. Employee contributions should always be contributed as soon as administratively feasible.

Contributions after termination (5-year post-employment contributions)

Employers may contribute on behalf of participants in a 403(b) plan for up to five years after the year in which the participant separates from service. There are several requirements that employers must meet in order to provide for these types of contributions:

- The participant must have a current-year contribution limit calculation (tax calculation).
- The contributions must be 100% vested.
- The employee must not be carried on the employer's payroll for any reason during the time contributions continue.
- The employer cannot give the participant an option of taking the contributions in cash instead of making contributions to the Plan.
- Contributions may only be made until December 31 of the year containing the fifth anniversary of termination. If participant dies prior to the end of the contribution period, contributions must stop as of the date of the participant's death.
- You cannot use electronic remittance. Contribution notices will be mailed monthly and remittance must be separate from other contributions.

If you are a NQCCO, these types of contributions may impact nondiscrimination testing (NDT) if the participant is a highly compensated employee (HCE) in the year of termination.

If you have a situation where this type of contribution can meet a need, please contact your Relationship Manager to discuss your particular situation.

Contribution source

Contribution sources describe what type of contribution the participant is making to the Plan and the tax implications on the contribution. GuideStone programs all source types applicable to your Plan when your Plan is set up in our system.

It is very important that you remit contributions that accurately identify the amount applicable to each source type and not combine them under one source type. Below are examples of source types used by GuideStone to administer the Plan:

- Employee Tax Shelter
- Employer
- Employee Tax Paid
- Employee Roth

Maintenance of participant and/or employer information

Participant indicative data

The participant should promptly notify GuideStone of changes to any of the following participant records:

- Address
- Phone number
- Email address
- Marital status*
- Name change*

* A participant's marital status affects plan administration with respect to various records and forms. Please advise participants that Plan records must accurately reflect their marital status, since it directly affects their beneficiary information and requests for withdrawals from the Plan. GuideStone's legal department requires complete copies of a divorce decree, marital property settlement, marital dissolution settlement and/or death certificate.

Employment status

You should promptly notify GuideStone of changes in the employment status of participants. Changes in employment status may include the following:

- Change from part-time to full-time status or vice versa if the status affects participant's participation in the Plan
- Change in status due to employee meeting eligibility requirements
- Re-hire
- Termination of employment
- Transfer within employer (i.e. when an employee switches from one employer to another for contribution purposes. This is especially important if the employer has employees in both a not-for-profit entity and a for-profit entity and/or has multiple plans or multiple related employers)

Important Note: If the plan has a vesting schedule it is especially important for the employer to notify GuideStone promptly when participants terminate so GuideStone may remove non-vested amounts from participant accounts. Not doing so can mislead participants regarding the value of their account.

Employer changes

Notify GuideStone immediately of changes or possibilities of changes in the following:

- Employer name
- 501(c)(3) status
- Organization or corporate structure

Changes in any of the above can impact your Plan or Plans of related employers or other entities. Organizational or structural changes can include mergers, acquisitions, spin offs, etc. Such changes frequently require plan amendments and can affect the administration of the Plan. You may need to submit a new *Status Certification Form*. New related organizations that wish to participate in your Plan may need to submit other information so that GuideStone can determine their eligibility to participate.

If you confront reorganizations and restructuring, you should contact your Relationship Manager at GuideStone for more information.

Vesting

See the *Basic Plan Document* and your *Adoption Agreement* or internal policies and procedures for Plan provisions regarding vesting.

Vesting is the process by which a participant gains ownership, or rights, to the employer contributions made to the participant's account. All participant contributions (tax-sheltered contributions, tax-paid contributions, Roth, rollover contributions, and transfer contributions and earnings on the contributions) are always 100% vested. Participants in plans that have vesting schedules forfeit non-vested amounts, including earnings, when they terminate service. GuideStone then places forfeited amounts in the employer's trust asset account.

One of your most important duties is described in Attachment E-10 of the *Recordkeeping Services Agreement:*

> "In addition to notification of Severance from Employment, the Sponsoring Employer shall promptly provide any related information necessary to enable GuideStone to (a) maintain accurate and up-to-date records of vested percentages and (b) process forfeitures of non-vested amounts on a timely basis, if vesting is applicable."

Failure to notify GuideStone that a participant has terminated causes non-vested amounts to remain on the participant's account. These amounts continue to accrue earnings. The participant can, therefore, easily be misled into thinking his accumulations are greater than they actually are when vesting is later applied.

Service for purposes of vesting is defined in the *Basic Plan Document* and your *Adoption Agreement*.

Distributions

In-service withdrawal

See the *Basic Plan Document* and your *Adoption Agreement* for Plan provisions regarding in-service withdrawals.

An in-service withdrawal is a distribution of amounts to a participant while the participant is still working. The amount that a participant may withdraw is limited both by law and Plan provisions.

General information

Contributions to the Plan are intended to stay in the Plan until a qualifying age or event. The IRS places restrictions and penalties on early distributions. GuideStone withholds a mandatory 20% on any tax-sheltered accumulations withdrawn that are not directly rolled over to another retirement plan or IRA. However, participants may owe more or less than amounts withheld depending on their personal tax liability. A participant may also be subject to a 10% penalty for amounts withdrawn prior to attaining age 59½. See the section in this manual entitled "Penalty tax on early withdrawals" for specific information, including a list of exceptions to the penalty tax.

Tax-sheltered amounts may be rolled directly to another employer-sponsored retirement plan, such as a 401(k) or another 403(b) plan or to an IRA. In addition, amounts may be transferred to another 403(b) financial institution. See "Rollovers and transfers" for more specific information.

Check your *Adoption Agreement* to see which amounts, if any, your Plan permits participants to withdraw while they are in-service.

- Many employers choose to allow participants to withdraw the balance of:
  - Participant's non-matched tax-sheltered contributions
  - Participant's non-matched Roth contributions
  - Participant's non-matched tax-paid contributions, subject to legal restrictions
- Some employers may also permit participants to withdraw the balance of:
  - Participant's matched tax-sheltered contributions
  - Participant's matched tax-paid contributions
- Some plans do not permit in-service withdrawals

If your *Adoption Agreement* provides for amounts listed below to be withdrawn, here is some additional information that you will find helpful about amounts available for withdrawal:

Participant tax-paid contributions and earnings

- If such contributions were made prior to January 1, 1987, the participant may withdraw only the tax-paid contributions (tax free distribution).
- If such contributions were made on or after January 1, 1987, the participant must also withdraw earnings on a pro-rata basis.

Participant tax-sheltered contributions, Roth elective deferrals and earnings

- If contributions were made prior to January 1, 1989, both contributions and earnings may be withdrawn.
- If contributions were made on or after January 1, 1989, contributions and earnings may not be withdrawn, unless the participant is at least age 59½, has a severance from Employment, is eligible to receive a qualified reservist distribution, dies, becomes disabled or can meet the eligibility requirements for a financial hardship.

How to request an in-service withdrawal:

- Instruct the participant to call GuideStone at **1-888-98-GUIDE** (1-888-984-8433) to verify the amounts available for withdrawal.
- Assist the participant in completing an *In-Service Withdrawal Application*.
- Ensure that married participants have received notarized spousal consent, if applicable.
- Complete the "Employer Verification" section of the application.
- Send the completed form to GuideStone.

Participants may indicate on the application the amount of taxes they want withheld. GuideStone is required to withhold 20% or participants may elect additional amounts be withheld. Be advised there is a 10% penalty for amounts withdrawn prior to age 59½. Refer to the section in this manual entitled "Penalty Tax on Early Withdrawals" for more information, including exceptions to the penalty tax. GuideStone is not required to withhold the 10% penalty. Participants are responsible for paying this amount when they report their taxes.

Hardship withdrawal

See the *Basic Plan Document* and your *Adoption Agreement* for Plan provisions regarding hardship withdrawals.

In certain circumstances and in accordance with Plan provisions, participants may be eligible for a hardship withdrawal.

The Plan identifies the elements necessary for a financial hardship to exist:

> **"**Safe harbor – distributions deemed necessary to satisfy financial need. A financial hardship will be deemed to exist only if: (1) the distribution is not in excess of the amount of immediate and heavy financial need of the Participant. The amount of an immediate and heavy financial need may include any amounts necessary to pay any federal, state or local income taxes or penalties reasonably anticipated as a result from the distribution; (2) the Participant has obtained all distributions, other than hardship distributions, and all loans currently available under this Plan and all retirement plans of the Church."

Note: Participants may be required to take a loan before they are eligible for a hardship withdrawal from the Plan (unless repayment of the loan creates further hardship).

General information

Amounts available for a hardship withdrawal are limited by law and Plan provisions. Participants must provide evidence of one or more of the following situations:

- **Medical expenses:** Medical expenses include expenses incurred by the participant, the participant's spouse or dependent(s) for medical care.
- **Purchase of principal residence:** Expenses related to the purchase of the participant's principal residence (excluding mortgage payments).
- **Prevention of eviction or foreclosure:** Expenses related to preventing eviction from the participant's principal residence or foreclosure of the mortgage on the participant's principal residence.
- **Educational expenses:** Limited to expenses related to the payment of tuition, related educational fees, and room and board expenses for **future** post-secondary education for the participant, participant's spouse or dependent(s).
- **Burial or funeral expenses:** Expenses related to burial or funeral for the participant's deceased spouse, parents, children or dependents.
- **Casualty and Disasters:** Expenses related to repairs resulting from damage to the participant's principal residence that would qualify for the casualty deduction.

Participants in need of a hardship withdrawal should request forms entitled *Certification of Financial Need Worksheet* and the *In-Service Withdrawal Application* from their employer. This form provides more information to participants regarding required documentation. Participants must include all documentation when they send the application to GuideStone.

Participants may indicate on the application the amount of taxes they want withheld. GuideStone will withhold 10% unless the participant elects to have zero withheld or participants may elect additional amounts be withheld. Be advised there is a 10% penalty for amounts withdrawn prior to age 59½. Refer to the section in this manual entitled "Penalty Tax on Early Withdrawals" for more information, including exceptions to the penalty tax. GuideStone does not withhold the 10% penalty. Participants are responsible for paying this amount when they report their taxes.

Participants who take a hardship withdrawal may not make any contributions (tax-sheltered, Roth or tax-paid) to the Plan for six months following receipt of the withdrawal. Participants that receive employer contributions will continue to have those amounts credited to their accounts unless they are matching contributions.

How to request a hardship withdrawal:

- Instruct the participant to call GuideStone at **1-888-98-GUIDE** (1-888-984-8433) to verify the amounts available for withdrawal.
- Assist the participant in completing an *In-Service Withdrawal Application* and a *Certification of Financial Need Worksheet*. (Instruct the participant to send required documentation (i.e. forms, medical bills) to GuideStone. If urgent, advise the participants to send this material via overnight or expedited mail.)

- Counsel the participant regarding the tax implications of the withdrawal. It is possible that the withdrawal may move the participant into a higher tax bracket or that insufficient withholding could incur a penalty for under-withholding.
- Ensure that married participants have received notarized spousal consent, if applicable.
- Complete the "Employer Verification" section of the application.
- Resume contributions to the Plan, after the participant's suspension period has ended. GuideStone will notify you when the six month suspension period has expired.

Termination withdrawal

See the *Basic Plan Document* and your *Adoption Agreement* for Plan provisions regarding termination withdrawals.

A termination withdrawal is a distribution of amounts to a participant who has terminated service with the employer and who has not yet attained the Early Retirement Date (generally defined as a termination of service on or after attaining age 55) of the Plan.

Important note for employers: The GuideStone *403(b)(9) Retirement Plan* provides that participants who terminate service on or after attaining the Early Retirement Date are "retiring," not terminating, and different Plan provisions are applicable (i.e. GuideStone processes distributions for such participants as "retirement income" and not "termination withdrawals.")

The amount that a participant may withdraw at termination of employment may be limited by Plan provisions.

The following are amounts you may make available for withdrawal upon termination, if your *Adoption Agreement* so provides:

- Participant's tax-paid contributions account.
- Participant's tax-sheltered contributions account.
- Participant's Roth contributions account.
- Vested portion of the participant's employer contributions account.

General information

Generally, GuideStone withholds a mandatory 20% on any taxable accumulations withdrawn (unless the participant elects a direct rollover). A participant may also be subject to a 10% penalty for amounts withdrawn prior to age 59½. Please see "Penalty tax on early withdrawals" for specific information including exceptions. Tax-sheltered dollars can be directly rolled over to another employer sponsored retirement plan or an IRA.

Termination withdrawals, unless restricted by your *Adoption Agreement* provisions, are eligible for any of the payment options described in the *Basic Plan Document* and your *Adoption Agreement*.

Note: If a participant has a total account balance of less than $1,000 (when combined with all other retirement plans at GuideStone), the entire account may be distributed to the participant without the participant's consent.

How to request a termination withdrawal:

- Instruct the participant to call GuideStone at **1-888-98-GUIDE** (1-888-984-8433) to verify amounts available for withdrawal.

  Important note for employers whose plans have vesting schedules: According to the *Recordkeeping Services Agreement*, you are responsible for verifying vested percentages in the participant's employer contributions account. It is extremely important that you promptly confirm participants' dates of termination, so that non-vested amounts are removed timely from participants' accounts.

  You should also understand that participants who terminate service on or after attaining age 55 have met requirements of the Plan for attaining the early retirement date. Many vesting schedules accelerate for early and/or normal retirement and amounts which otherwise would be non-vested become 100% vested.

- Assist the participant in completing a *Termination Withdrawal Application*.
- Ensure that married participants have received notarized spousal consent, if applicable.
- Complete the "Employer Verification" section of the application.
- Instruct the participant to send the application to GuideStone.

Penalty tax on early withdrawals

If a participant receives a payment before reaching age 59½ and does not roll it over, then, in addition to the regular income tax, the participant may be required to pay an extra tax equal to 10% of the taxable portion of the payment. The additional 10% tax does not apply to the payment if it is:

- Paid to the participant because the participant separates from service with employer during or after the year the participant reaches age 55.
- Paid because the participant retires due to disability.
- Paid to the participant from a qualified retirement plan as equal (or almost equal) payments over the participant's life or life expectancy (or the participant and participant's beneficiary's lives or life expectancies). If the distribution is made from a qualified retirement plan, the payments must begin after separation from service to avoid the 10% early distribution tax.
- Paid directly to the government to satisfy a federal tax levy.
- Used to pay for certain medical expenses.
- In certain cases, made to an alternate payee because of a Qualified Domestic Relations Order ("QDRO").
- Paid to the beneficiary or estate on or after the participant's death.
- Made from elective deferral contributions as a result of a "Qualified Reservist Distribution".

The 10% early distribution tax only applies to taxable distributions. Distributions of Roth or After Tax contributions, as well as distributions taken as Minister's Housing Allowance will be excluded from the 10% penalty.

See IRS *Form 5329* and instructions for more information on the additional 10% tax.

Early and normal retirement income

See the *Basic Plan Document* and your *Adoption Agreement* for Plan provisions regarding early and normal retirement income.

Participants are eligible for an early retirement income upon attainment of early retirement date (age 55) and termination of employment or normal retirement income upon attainment of normal retirement date (age 65 or older) and termination of employment.

How to request early or normal retirement income:

- Request from GuideStone by phone or in writing a retirement income estimate and send the estimate and a *Retirement Income Application* to the participant.
- Follow the instructions on the *Retirement Income Application* to assist participants in completing the form. Ensure that the participant signs the form and, if required, obtains spousal consent.
- Forward the completed application to GuideStone.

Note: If any additional contributions were paid after an annuity is established, those contributions will be distributed to the participant.

> **Example**: If a participant retires as of November 1 and sets up an annuity, but was still working up until that time, a contribution for the month of October is due. If GuideStone receives paperwork and sets up an annuity before receiving the final contribution from the employer, the participant will be sent a single sum payment for the amount of the final contribution instead of setting up an annuity for the additional amount.

Limited retirement income

In addition to early and normal retirement income, some employers have included in their plans an additional retirement option that permits certain participants an opportunity to choose what is referred to as "Limited Retirement Income."

General information

Generally, to be eligible for Limited Retirement Income, participants must have attained at least age 59½ and be 100% vested in their employer contributions account on the basis of completed years of service. Some employers may have included other eligibility requirements for this option (e.g. different age, exclude participants who are highly compensated employees, etc.). Note that this "limited" retirement income differs from other retirement income in that participants are not required to terminate service in order to receive this "limited" retirement income.

Participants eligible for limited retirement income must complete a special retirement application called the *Limited Retirement Income Application*.

How to request limited retirement income:

- Request a retirement income estimate.
- Follow the instructions on the *Limited Retirement Income Application* to assist participants in completing the form. Ensure that the participant signs the form and, if required, obtains spousal consent.
- Complete the "Employer Verification" Section of the application.
- Forward the completed application to GuideStone.

Disability retirement income

See the *Basic Plan Document* for Plan provisions regarding disability retirement income. Your *Adoption Agreement* will permit or not permit a disability retirement income.

General information

Participants must be totally disabled as defined under the Plan and provide medical proof of such disability in order to receive a disability retirement income. In some cases, Plan provisions may restrict participants from receiving any disability retirement income or may delay participants from receiving disability income from the Plan until coverage for employer-provided, long-term disability insurance ceases.

Check your *Adoption Agreement* to see which payment options, if any, your Plan limits.

How to request a disability retirement income:

- Notify GuideStone as soon as possible when a participant meets the Plan definition of Disabled (See *Basic Plan Document* for definition) and include their last day of work. Keep in mind that payments for a disability:
    - Cannot be effective more than 90 days prior to the date GuideStone is notified.
    - Are not paid for the first five months of disability. This is sometimes called the "waiting period."

  Note: Payments may be paid for the current month when (1) employers notify GuideStone after the participant has already satisfied the waiting period and (2) if GuideStone approves the participant's disability claim.
- Request GuideStone send a *Retirement Income Application* and *Attending Physician's Statement* to the participant.
- Inform participants their disability retirement income is not payable until disability retirement income, under a separate disability income program, provided by the employer ceases. Also, inform participants if you will continue to make employer contributions to their retirement account while disability income is being paid. (Check your *Adoption Agreement* for special provisions regarding disability retirement income.)

- Encourage participants who have disability income under a separate long-term disability income program provided by you to defer disability retirement income from the Plan until age 65, or until income under the separate long term disability income program stop.
- Instruct participants who elect to begin receiving disability retirement income from the Plan to complete and return the *Retirement Income Application*. Participants must check the appropriate box in section 1 of the application indicating they are applying for a disability retirement income. The Employer must complete the "Employer Verification" section of the application.
- Inform participants who elect to defer receiving the disability retirement income that accumulations will remain in the Plan and participants will continue to receive quarterly accounting statements as long as GuideStone has a valid address for the participant.
- Send the completed application and physician statement to GuideStone's Benefit Administration area.
- Delete the participant's name from the statement if no further contributions will be made on the participant's behalf.

Survivor retirement income

Beneficiaries and/or joint life applicants are eligible for survivor retirement income upon the death of the participant.

General information

All income (other than tax-paid contributions) is reportable as ordinary income for federal income tax purposes. The beneficiary receives a *Form 1099-R* for any payments they receive.

GuideStone must receive a copy of the death certificate before it can pay survivor retirement income.

As a practical matter, in most cases, beneficiaries of participants contact GuideStone directly upon the death of the participant. However, you may want to notify GuideStone for processing status.

How to request survivor retirement income:

- Notify GuideStone of the participant's date of death.

- Delete the participant's name from the contributions remittance noting the reason as 'death'.

- GuideStone will contact the beneficiary and answer their questions or you may meet with the beneficiary to explain the options when a participant dies prior to receiving retirement income Be sure to discuss:

  - Survivor income is payable as a single sum, systematic withdrawal or as a life income annuity. Subject to IRS guidelines and Plan provisions, the beneficiary may elect any of the forms of payment.
  - There are certain legal restrictions on deferral of survivor retirement income. Have the beneficiary contact GuideStone, if the beneficiary wants to defer payment of the survivor retirement income.
  - All types (other than tax-paid contributions) are reportable as ordinary income for federal income tax purposes. Inform beneficiary that failure to report this income can result in adverse tax consequences. GuideStone sends beneficiaries a *Form 1099-R* at year end.
  - Housing allowance is not allowed on survivor retirement income.
  - If deferring receipt of the retirement account, the beneficiary should name his/her own beneficiary(ies) on the appropriate beneficiary designation form and return it to GuideStone.
  - Inform beneficiary to contact GuideStone for a retirement income estimate and *Survivor Retirement Income Application* if this information is not already available.
- The Beneficiary completes the *Survivor Retirement Income Application*. The form includes federal income tax withholding information. The beneficiary signs and dates the form then sends the form to GuideStone.

Required minimum distributions

See the *Basic Plan Document* for Plan provisions regarding Required Minimum Distributions (RMD).

Federal law requires participants to begin receiving a minimum amount from their retirement plan by April 1 of the calendar year following the calendar year the participant reaches age 70½ or retires, whichever is later. GuideStone uses the acronym "RMD" to refer to this type of distribution.

General information

Participants who are currently employed may be able to delay required distributions. (Employment generally means that a participant is receiving compensation, reported on a *W-2*, from the employer maintaining the plan with GuideStone.) Participants who determine that they are eligible to delay required distributions may simply sign and return a delay form **each year** to GuideStone. GuideStone includes this form in a notification letter it sends each year to affected participants. Participants who fail to return the delay form by the date specified in the annual notification letter will receive a distribution of the minimum amount.

Corrections to a payment can only be made if the calendar year is current. If the payment was issued in a previous calendar year, corrections cannot be considered unless GuideStone has made an error. GuideStone 403(b)(9) Retirement Plan participants may only delay RMD for the plan maintained by their current employer. Required minimum distributions are complex, so GuideStone encourages employers and participants to check with our Benefits Area for more detailed information and guidance. If a participant has more than one plan with GuideStone (i.e.

worked for more than one GuideStone 403(b)(9) Retirement Plan employer or participated in both the GuideStone 403(b)(9) Retirement Plan for Southern Baptist Churches and the GuideStone 403(b)(9) Retirement Plan) the RMD rules apply to each plan separately.

How to request a required minimum distribution:

- Assist participants in completing the *Required Minimum Distribution Application* or *Delay of RMD* form. GuideStone will mail these forms at certain points throughout the year.
- Forward the completed application to GuideStone no earlier than six months before the payment date.
- If delaying, return completed delay form to GuideStone each year until distributions begin.

Rollovers, exchanges, and transfers

See the *Basic Plan Document* for Plan provisions regarding rollovers, exchanges, and transfers.

Rollovers, exchanges and transfers are complex transactions. In accordance with the 403(b) regulations, GuideStone has established procedures for administering rollovers, exchanges and transfers.

Note: These rules can change when the IRS issues revenue rulings, procedures and/or regulations affecting rollovers, exchanges, and transfers or when new legislation is passed. For this reason, it is a good idea to check with GuideStone for help with this process.

Rollovers

Generally speaking, the Plan provides that participants may make participant rollovers and/or direct rollovers to the Plan, in accordance with the rules and procedures established by GuideStone and in accordance with applicable law. The law allows rollovers between 403(b) and 401(k) plan assets, as well as certain IRAs. This means that 401(k), other 403(b) and IRA monies can be rolled into an employee's GuideStone's 403(b) account. These amounts are then held in the Plan in the participant's rollover contributions account. Roth Elective Deferral rollovers are allowed for plans that have Roth Elective Deferral contributions, and these rollovers will be held in the participant's Roth rollover contributions account.

The Plan also provides that participants may make direct rollovers out of the Plan to another eligible retirement plan, in accordance with applicable law and the rules and procedures established by GuideStone.

Because rollovers are complex, it is best to check with (or have the participant check with) GuideStone before starting the rollover process.

Exchanges

Exchanges can be broken down into two categories according to the IRS 403(b) Regulations.

Investment exchanges involve a participant moving money from one vendor (contract) to another vendor (contract) where the receiving vendor in the exchange has a payroll slot (they are actively receiving contributions from the employers payroll). With these exchanges, employer approval and information sharing is required but a separate written information sharing agreement is not required. The IRS feels that payroll slot vendors will have an agreement to share information in their service agreement or other documents.

> **Example**: Your plan allows employees to have their contributions sent to GuideStone or Vendor X. A participant who is currently using Vendor X would like to move a portion or all of his money to GuideStone which is actively receiving contributions. This is an *investment exchange*. You would be required to approve this exchange and share information in the event the participant has money with both vendors. No information sharing agreement would be required.

Contract exchanges involve participant moving money from one vendor (contract) to another vendor (contract) where the receiving vendor involved in the exchange does not have a payroll slot. With these exchanges, employer approval and a written Information Sharing Agreement is required.

> **Example**: Your plan allows employees to have their contributions sent to GuideStone or Vendor X. A participant who is currently using Vendor X would like to move a portion or all of his money to Vendor Y. Vendor Y is not an option for employees to have their contributions sent to on a monthly basis. This is a *contract exchange*. You would be required to approve this exchange and share information. A written Information Sharing Agreement would be required.

Transfers

Transfers involves an employee moving money from one vendor in your plan to a vendor in another completely unrelated employer's plan of an employer at which the employee is or was an employee. In this instance, the money is moving out of your plan and your oversight entirely and no information sharing or oversight is required.

Limiting exchanges, transfer, and rollovers

Your plan has the ability to not allow exchanges, transfers and the rollover of employer money. If GuideStone is your only vendor and you do not allow *contract exchanges* or transfers, your plan will experience very little impact from these rules. Current employees would still have the ability to do a rollover to another provider with any amount available to them while in-service (limited by law and plan provisions). Former employees would also be able to rollover to another provider. Former employees can usually move their entire vested account balance although a few plans do restrict employer dollars from being removed prior to retirement.

Information Sharing

One of the primary issues surrounding exchanges involves information sharing. The IRS asserted in their 403(b) Regulations that retirement plan oversight is the responsibility of the employer. This means that in situations where multiple vendors are a part of the Plan the employer will be responsible for sharing information with each vendor to insure compliance. For example, an employer has multiple vendors and only allows one plan loan per employer plan. The employer is responsible for making sure that an employee seeking to take out a plan loan with one vendor does not already have a loan with another vendor within the Plan. In some situations, this information sharing requires a signed information sharing agreement. Below is an outline of the process involved with information sharing.

Participants, employers and plan providers have more steps to complete if your organization makes contributions to more than one investment provider or allows plan participants to move money from one 403(b) investment provider to another while in-service. (These new rules do not apply to rollovers between retirement plans.)

Money can still be moved, but there is now a new wrinkle. To perform a contract exchange, the employer and the provider receiving the 403(b) money must enter into an agreement to exchange required information related to compliance with the 403(b) requirements. An exchange will no longer be allowed between providers with which an employer has no formal relationship.

A plan-to-plan transfer occurs between two unrelated employers' 403(b) plans. For example, a participant may elect to transfer money from a former employer's 403(b) plan into his/her new employer's 403(b) plan.

Activity	Information Sharing Requirement
Contributions to more than one provider	Employer must ensure coordination of information between vendors
Investment exchange	Employer must ensure coordination of information between vendors
Contract exchange	Written Information Sharing Agreement required
Plan-to-plan transfer	Information sharing not required
Rollover	Not affected by new 403(b) regulations

Your decisions may present some new accountabilities and challenges. You may need to:

- Establish an *Information Sharing Agreement* documenting responsibility for sharing information if you allow plan participants to move money within your single 403(b) plan from one investment provider (with a payroll slot) to a vendor (who does not occupy a payroll slot).
- Provide written consent when participants request certain types of plan distributions, such as a hardship withdrawal or plan loan.

The IRS will release additional clarification to help employers and providers with the operational aspects of this change. Again, plans that use GuideStone as their sole provider will see minimal impact from this new regulation.

How to request rollovers and transfers *to* GuideStone:

- Instruct the participant to call GuideStone at **1-888-98-GUIDE** (1-888-984-8433) to request the appropriate paperwork.
- Assist the participant in completing the appropriate application for the distributing institution as well as for GuideStone.
- Instruct the participant to send the application to GuideStone.
- Follow up with the resigning institution to confirm that the funds have been released.

How to request rollovers and transfers *from* GuideStone:

- Instruct the participant to call GuideStone at **1-888-98-GUIDE** (1-888-984-8433) to verify amounts available for rollover or transfer and to request the appropriate paperwork.
- Assist the participant in completing the appropriate application.
- Ensure that married participants have received notarized spousal consent, if applicable.
- Instruct the participant to send the application to GuideStone.

Loans

See the *Basic Plan Document* and your *Adoption Agreement* for Plan provisions regarding loans.

GuideStone determines the terms, conditions and limitations regarding loans that are necessary for administration and to comply with applicable law.

Participant loans are available on a plan-by-plan basis. Participants may have only one outstanding loan per plan unless your plan allows more. Participants with vested balances in more than one plan may have more than one loan.

If GuideStone is not the sole investment provider under the Plan the employer is required to sign off on all plan loans. This requirement is to make sure a participant does not already have a loan exceeding the $50,000 limit with another vendor in the Plan.

Minimum amount

The minimum loan amount is $1,000.

Maximum amount

The maximum loan amount is the lesser of:

- 50% of the participant's vested account balance on the date of the request.
- $50,000 minus the highest outstanding loan balance(s) for a loan(s) made from all plans maintained by the employer during the previous 12-month period.

Interest rate

The interest rate for loans is the prime rate plus one percentage point. GuideStone uses the prime rate published in The Wall Street Journal's "Money Rates" column. The interest rate remains fixed for the term of the loan.

Term of the loan

There are two types of loans: regular loans and principal residence loans.

- The term of a regular loan may be for any time period from one to five years, including partial years.
- The term of a principal residence loan may be for any time period up to 10 years.

Loan fees

Participants must pay two fees: a loan origination fee and an annual maintenance fee. GuideStone deducts the origination fee and first year's maintenance fee from the participant's retirement account at the time the loan is issued. GuideStone deducts the annual maintenance fee from the participant's retirement account on the anniversary date of the loan.

Method of request

Participants may submit loan requests in two ways:

- By calling GuideStone at **1-888-98-GUIDE** (1-888-984-8433), a customer relations specialist will model a loan for participants and then send the appropriate paperwork based on the modeled loan.
- Via GuideStone's participant website at *www.MyGuideStone.org*. Participants model the loan themselves and the loan documentation will be sent to the My Messages section of their MyGuideStone account.

Loan models and paperwork are based on current Plan account balances on the date of the request. Any transaction resulting in a change to these balances may affect the amount available for loan and invalidate outstanding paperwork. It is recommended that a participant refrain from initiating further account activity until the loan is completed.

GuideStone cannot process a loan until it receives the original paperwork. Participants cannot change or alter loan documents GuideStone has already received. Participants should confirm that GuideStone's records regarding their marital status are correct before requesting a loan model. Loan paperwork must always have original signatures.

Terminating employment does not release participants from the terms of their loan agreement. The participant's obligation to repay the loan remains the same. Account balances of participants who terminate and request a partial or complete withdrawal will not include the amount of the outstanding loan balance. Further, in the case of a complete withdrawal, the loan balance will remain due and payable according to the terms of the loan and repayment schedule. Participants who default on loan repayments are subject to applicable taxes and/or penalties.

General information regarding issuing a loan

Participants may initiate a loan by calling GuideStone's toll free number **1-888-98-GUIDE** (1-888-984-8433) and speaking with a customer relations specialist or via the Internet by logging into their account at GuideStone's participant website at *www.MyGuideStone.org*. GuideStone mails, faxes or emails the necessary paperwork as requested by the participant.

Once GuideStone issues loan documents, participants may not make changes or modifications to the loan paperwork. Any changes or modifications require the issuance of new paperwork at the current interest rate and based on the account balance on the new request date.

GuideStone distributes the loan amount from the participant's investment allocations and not from any specific fund choice.

GuideStone will distribute the loan as soon as administratively feasible after verifying the application. The standard processing time is five to seven business days.

GuideStone transmits the loan amount by electronic fund transfer to the participant's bank or financial institution.

Loan repayments

GuideStone's rules and procedures require participants to repay loans only via ACH payments deducted from a participant's checking or savings account. (GuideStone cannot debit a participant's business accounts.)

Participants may prepay loans in full at any time without penalty or fee by cashier's check or money order. GuideStone will return partial payments without crediting amounts to the outstanding balance of the loan.

Upon the death of a participant, beneficiaries may pay off the loan balance or let the loan default.

GuideStone allocates loan repayments to a participant's accounts according to the participant's current plan investment allocation election.

Missed loan payments

GuideStone allows a cure period as permitted under IRS Reg. 1.72(p)-1 Q&A 10(a). This cure period, essentially a repayment grace period, ends on the last day of the calendar quarter following the quarter in which the full amount due for the quarter was not paid. When a participant fails to make a scheduled payment, GuideStone sends a notice to the participant. The notice indicates the first missed payment, the amount due and information about the cure period. GuideStone applies any payments received after the notice to the first missed repayment. When payments become three months in arrears, GuideStone sends a *Warning Notice of Default* notifying the participant they have entered the cure period and the ACH draft has been turned off. At the end of the cure period, if the loan has not been brought to a current status, a *Notice of Default* letter is sent notifying the participant the cure period has ended and the loan is now in default status.

Loans in default

In a default situation, the entire outstanding loan balance is deemed a distribution and is reportable as taxable income in the year of default. In such a situation, participants may also incur early distribution penalties.

Note: Participants who have defaulted on a Plan loan are not eligible for future loans from the Plan, with exceptions to events leading to foreclosure or paying off the previous defaulted loan.

Correcting mistakes

The following section provides important information on how to handle mistakes/errors that may occur. Immediately contact GuideStone for guidance when a correction may be necessary.

Return of contributions

In the event you submitted contributions for a participant by mistake, notify GuideStone to request that the contributions and any earnings (or losses) be returned to you or applied to the appropriate asset account.

Re-designation

It is important to pay careful attention and to correctly identify the contribution source type you remit to the Plan. On rare occasions, situations can occur when contributions you remit are incorrectly identified. When this happens, call GuideStone.

Account statements

GuideStone's *My*GuideStone™ website provides participants daily access to all activity concerning their account. Encourage participants to use this service.

Participant quarterly account statements

Quarterly statements show all activity concerning a participant's retirement account during the preceding quarter. Activities that appear on a participant's quarterly accounting statement include:

- Contributions
- Distributions
- Exchanges
- Loans
- Investment gain (loss)
- Dividends

Quarterly statements are available to participants online. They may access the statements by logging into their account via *My*GuideStone™ and selecting the "View and Print eStatements" Quick Link. Participants who are unable to receive electronically delivered statements and want to continue receiving quarterly statements may request paper statement delivery by contacting GuideStone Customer Relations at **1-888-98-GUIDE** (1-888-984-8433) Monday through Friday, 7 a.m. to 6 p.m. CST.

Instruct participants who believe their quarterly account statement contains errors to promptly call GuideStone's toll free number, **1-888-98-GUIDE** (1-888-984-8433). GuideStone will assume that account statements are correct unless notified by the employer or participant within 120 days from the date of the accounting statement. If notified within 120 days, GuideStone will research any request or proposed discrepancy and make any correction it determines necessary or appropriate.

Note: Quarterly account statements do not show Defined Benefit Plans. Participants in a deferred compensation plan will receive a separate statement showing the activity on those accounts. The fourth quarter accounting statement will be an Annual Statement which the participant will receive in the mail. If a participant would prefer to receive the annual statement electronically, they may contact a GuideStone customer relations specialist to make that change.

Employer account statements

Employers who have trust asset accounts or participants with deferred compensation plans (i.e. 409A, 457(f), 457(b), etc.) receive a quarterly accounting statement from GuideStone. Activities that appear on an employer's accounting statement include:

Trust asset account

- Forfeitures
- Contribution payments
- Exchanges
- Dividends
- Refunds
- Contributions
- Adjustments

Deferred compensation plans (these are sorted by participant)

- Contributions
- Dividends
- Earnings
- Withdrawals

Tax information

Tax-sheltered contributions

Participants must sign written *Salary Reduction Agreements* with you in order to make tax-sheltered contributions to the Plan. Participants pay no federal income tax on the money at the time it is put into the Plan. Any federal income taxes due are payable when amounts are distributed from the Plan. You do not report participants' contributions made by salary reduction as taxable income on Box 1 of *Form W-2*. You must report participants' tax-sheltered contributions in Box 12 of *Form W-2*.

Roth Elective Deferrals

Participants must sign written *Salary Reduction Agreements* with you in order to make Roth elective contributions to the Plan. Participants pay applicable taxes on the money at the time it is put into the Plan. If the employee makes a qualified withdrawal, the contributions and earnings are withdrawn tax free. A qualified distribution means the funds must be held for a five-year period dating from the earlier of the first year you contribute to any Roth 403(b) or 401(k) option in your employer's plan, or if a Roth rollover contribution is made, the first year you made a designated Roth contribution to the other applicable retirement plan. In addition, a distribution is not qualified unless you have reached age 59½, are disabled or is made to your beneficiary(ies) after your death.

Housing allowance

Eligible ministers may designate all or a portion of their income as housing allowance. It is the minister and his employer's responsibility to determine eligibility for housing allowance and to adhere to all applicable laws and regulations regarding such designation. The amount a minister can claim as housing allowance must be the lesser of:

- The amount designated
- The actual housing expenses
- The annual fair market rental value plus utilities

At retirement, eligible retired ministers for tax purposes may ask GuideStone to designate all or a portion of their retirement income as housing allowance. A housing allowance can be designated for a payment only when that payment relates to contributions made as a result of earnings from service as a minister. Each minister must decide if he is a minister for tax purposes and how much he can exclude from income as a housing allowance.

GuideStone reports the total distribution on the minister's *Form 1099-R*, but the portion of the retirement income claimed as housing allowance is not reported as taxable income on the *Form 1099-R*. This creates a difference between the gross amount, taxable amount and tax-paid amounts of which ministers need to be aware and resolve on their tax returns. If a minister asks GuideStone to designate more than he can exclude from income as a housing allowance, he must report the excess to the IRS.

Ministers who receive retirement income but continue their service in the ministry may have to pay SECA taxes on the part of their retirement payments designated as housing allowance. Ministers must comply with other IRS rules about the housing allowance. We encourage ministers to consult with an accountant or attorney who is familiar with unique issues surrounding ministers' taxes.

Ministers can request to make or change a housing allowance designation at any time by completing a form. All requests for changes will apply to future payments only and cannot be retroactive. If participants have additional questions on minister's housing allowance, they may access (and print) the annual *Minister's Tax Guide* from GuideStone's website, *www.GuideStone.org*, or call GuideStone at **1-888-98-GUIDE** (1-888-984-8433) to request a copy.

Withholding

Participants may roll over eligible distributions to an IRA or to another employer sponsored retirement plan that accepts rollovers. GuideStone is required by law to withhold 20% of the taxable distribution for any portion of the distribution paid directly to the participant that can be classified as an eligible rollover distribution.

GuideStone may distribute all or any portion of a participant's eligible income as either a:

- Direct rollover (check made payable to appropriate plan)
- Roth IRA conversion (check made payable to appropriate plan)
- Distribution (check made payable to the participant)

Below is helpful information to those participants who are considering the differences between these options.

Direct rollover (check made payable to appropriate plan):

- Subject to taxes later when the participant withdraws the money from the receiving institution.
- Participants receive a *Form 1099-R* from GuideStone and report the rollover when filing their taxes for the previous year. (Reportable on IRS *Form 1040*, but not taxable.)

Roth IRA conversion (check made payable to appropriate plan)

- Reportable as taxable income at the time of the conversion.
- Qualified distributions are tax-free at retirement.

Distribution (check made payable to the participant):

- **GuideStone must withhold 20% of eligible rollover distributions for federal income tax.**
- Participants must pay taxes in the current year unless they roll the distribution over to another financial institution and report the distribution as a rollover on *Form 1040*.

- Participants who receive checks made payable to them who roll the money over to another financial institution must complete the rollover within 60 days of receipt of the check.
- GuideStone reports the gross amount of the participant's distribution on a *Form 1099-R*.

Note: Distributions to participants who are not yet age 59½ will be subject to an additional 10% excise tax (note exceptions below). Participants will pay this when they file their federal income tax.

Exceptions to the 20% mandatory income tax withholding

Participants may not roll over the following distributions and they are not subject to the mandatory 20% withholding:

- Payments that will last for a period of 10 years or more
- Required minimum distributions
- Hardship withdrawals
- The portion of a distribution claimed as minister's housing allowance
- Distributions to correct excess deferrals, excess contributions or excess aggregate contributions

Participants need to keep in mind that distributions are generally taxable income and thus affect the amount of federal income taxes the participant must ultimately pay.

Exceptions to the 10% excise tax

Generally, taxable distributions from retirement plans prior to age 59½ are subject to 10% excise tax. This 10% early distribution tax does not apply to distributions that are:

- Distributed to the participant because the participant separates from service during or after the year the participant reaches age 55.
- Distributed to the participant after age 59½.
- Distributed to the participant due to disability as defined by the IRS.
- Distributed as substantially equal periodic payments over participant's life or lives of beneficiaries if the payments begin after participant separates from service.
- Distributed directly to the government to satisfy a federal tax levy.
- Distributed for certain medical expenses that could be deducted in that year.
- Distributed to an alternate payee because of a Qualified Domestic Relations Order ("QDRO").
- Distributed to a beneficiary or estate after participant's death.
- Distributed to correct excess deferrals, excess contributions or excess aggregate contributions.
- Distributed from elective deferral contributions as a result of a "Qualified Reservist Distribution."

The 10% early distribution tax only applies to taxable distributions. Distributions of Roth or After Tax contributions, as well as, distributions taken as Minister's Housing Allowance will be excluded from the 10% penalty.

State income tax withholding

Depending on the participant's state of residence for tax purposes, some distributions from the Plan may be required to have state income tax withholding. GuideStone will accommodate state income tax withholding on distributions where such withholding is required. The amount will be credited against the participant's state taxes.

Form 1099-R

GuideStone reports all of the retirement distributions from the Plan to participants on a *Form 1099-R*, mailed no later than the last day of January of the year following the year of distribution. GuideStone also reports defaulted loans "deemed a distributable event."

Maximum contribution limits

Maximum contribution limits calculations

There are legal limits on the amount of contributions that may be made to the Plan. Upon request, GuideStone assists participants and employers in determining these amounts on an annual basis for the current year and/or next year. GuideStone refers to such calculations as "maximum contribution limit calculations." There is no charge to the employer or participant for this service. Sometimes the result of such a calculation calls for a corrective distribution to the participant. When this occurs, GuideStone can assist participants and employers in taking corrective action.

Limits are calculated based upon compensation, years of service, age, prior years' salary reduction contributions and employer contributions. The limitations are different for each participant. For calculation purposes only, all employer contributions are considered fully vested. Generally, maximum contribution limit calculations are performed to maximize salary reduction contributions. If a participant wants to maximize different types of contributions, GuideStone can perform separate calculations for each type.

Participants may call GuideStone's toll-free number, **1-888-98-GUIDE** (1-888-984-8433), to request a maximum contribution limit calculation. GuideStone will send participants the appropriate form(s) to complete and process the request upon receipt of the completed form(s).

There are only two contribution limits that participants may not exceed:

- 415(c) Annual Addition (referred to as the "Basic Limit") – the **lesser** of:
    - 100% of includable compensation as defined in Internal Revenue Code section 403(b)(3)
    - $51,000 (indexed amount for 2013)
- 402(g) General Limit on salary reduction contributions (including Roth Elective Deferrals) – $17,500 (indexed amount for 2013). As a rule, there is only one general limit on salary reduction contributions per participant, no matter how many employer plans in which a participant makes salary reduction contributions (including Roth Elective Deferrals). (Employers who sponsor 457(b) plans should note, however, that salary reduction contributions to such plans do not count toward this limit.) A participant may be able to contribute more than the General Limit on salary reduction contributions provided that the participant has completed 15 or more years of paid full-time denominational service (or its equivalent). They should have a maximum contribution limit calculation performed to determine their eligibility for this special catch-up contribution.

Code Section 414(v) catch-up contributions for ages 50 and over

Individuals who have attained age 50 or over in a tax year and want to maximize salary reduction contributions may make an additional salary reduction contribution up to $5,500 for 2013. This limit may be indexed in $500 increments.

Special limit

Participants may find another special limit available to church plan participants especially advantageous. This special limit is:

> $10,000 limit – Available any tax year as long as the participant has not yet reached the $40,000 lifetime cap. (See the chart that follows for more details.)

Who is responsible for determining if a participant is within the limits?

Both the employee and the employer are ultimately responsible, but GuideStone helps employers by making calculation services available free of charge. Participants may lose certain tax advantages related to their retirement account and you may encounter payroll tax problems if participants exceed limits for contributions to the Plan.

You must withhold proper amounts from participants' salaries for federal income tax. If participants exceed contribution limits, then the excess becomes taxable income to the participant. When this occurs, you can inadvertently become subject to penalties for failure to withhold amounts for federal income tax and FICA on the excess contributions.

How to take advantage of GuideStone's free maximum contribution limit calculation service:

GuideStone offers participants three ways to take advantage of this free service by calling our toll free number **1-888-98-GUIDE** (1-888-984-8433):

- Request and complete the *Maximum Contribution Limits Worksheet* for each participant and send it by:
    - Mail: GuideStone Financial Resources
      2401 Cedar Springs Rd, Dallas, TX 75201-1498
    - Fax: (214)720-2105 Attn: Compliance Department Center
    - Email: *info@GuideStone.org*
- Request a batch calculation: A batch calculation is used when an employer submits data for multiple participants at one time.
- If a participant meets certain basic qualification requirements, a customer relations specialist will set up a call back request with a compliance specialist to perform a maximum contribution limit calculation over the phone.

Telephone calculations

Participants that can answer "true" to the following statements are eligible for an over-the-phone (basic) maximum contribution limit calculation with a compliance specialist:

- I am considered a full-time employee by my employer for the entire year (January through December) for which I want to maximize contributions.
- I have not received "unusual" compensation this year such as severance pay, gifts or bonuses.

- I have never received a distribution (loans are not distributions), a withdrawal or a retirement benefit, nor have I had a QDRO established from my account.
- I will work for only one employer during the tax year and will receive only one *W-2* from an employer.
- Other than a tax deductible or Roth IRA, I have only participated in retirement plans offered through GuideStone and expect to only participate in GuideStone plans for the year in which I want to maximize contributions.
- I am not receiving any type of executive benefit arrangement from my employer.
- I am not participating in the Ministers and Chaplains Plan (for self-employed ministers and ministers at for-profit organizations with no retirement plan).
- I do not work for an employer that is one of several employers under a corporate structure. (i.e. a subsidiary of a hospital)
- I have never contributed over the General Limit on salary reduction contributions.

Maximum Contribution Limits Summary

Contribution Limits	When applicable?	Comments
General Limit	Every year	
Basic Limit	Every year	Available each year. Generally the highest option.
$10,000 Limit	Each year that includable compensation is less than $10,000 and lifetime cap of $40,000 has not been reached.	Provides a larger contribution limit whenever includable compensation is less than $10,000.
Age 50 catch-up contributions	Beginning in the year you turn age 50 and each year afterwards.	Permits additional contributions up to $5,500 (indexed) for 2013 above your limit.

Nondiscrimination testing

What is nondiscrimination testing?

If you have completed the *Status Certification Form* and determined that you are a "nonqualified church-controlled organization" ("NQCCO"), you must annually ensure that your Plan is in compliance with various nondiscrimination requirements to which 403(b) plans are subject. You may meet these requirements by submitting data about your Plan to GuideStone and having GuideStone perform the various applicable tests. GuideStone refers to this process as "NDT" or "nondiscrimination testing."

Important note: Only the plans of NQCCO employers must meet these requirements.

What is the purpose of such testing?

The NDT requirements are a series of requirements designed to ensure that your 403(b) plan does not unlawfully favor, either in operation or design, employees who the law determines are highly compensated employees. NDT requirements may vary, depending on the types of contributions provided for under the Plan. Here are the different types of contributions NDT examines: participant tax-paid, participant required, employer non-match and employer match. The tests also analyze and/or test such things as coverage requirements, compensation, etc.

Where can I get information and/or help on testing?

GuideStone's Compliance Department is dedicated to helping you meet testing requirements for your plan. They will provide annual updates of any changes in testing requirements and respond to questions you may have.

Here is some general information that employers subject to testing need to know:

As mentioned above, since testing is designed to ensure that plans do not unlawfully favor highly compensated employees, you must know how employees are classified and described for purposes of testing.

Employee classifications

- Highly Compensated Employee (HCE) — employees who received compensation in excess of $115,000 (indexed amount for 2013) for the preceding Plan year. For the purpose of making this determination, compensation includes elective deferrals (i.e. by salary reduction) to the retirement plan, 457(b), and other plans, such as cafeteria plans (i.e. Code Section 125 plans) and qualified transportation fringe benefits. It does not include housing allowance or elective deferrals to an unfunded deferred compensation plan or a nonqualified deferred compensation plan.
- Non-Highly Compensated Employee (NHCE) — employees who receive less compensation than that identified for the relevant plan year for a highly compensated employee.

- Statutory exclusions — employees who meet one of the statutory exclusions specifically included in the employer's *Adoption Agreement*. Excludable employees are **not included** in NDT.
- Non-Excludable Ineligible Employees — employees who **are** included in NDT even though they are **not eligible** to participate in the retirement plan due to plan provisions. (e.g. Employees classified as Adjunct Faculty).

Major tests

There are three major nondiscrimination tests:

1. **Coverage test**: compares the number of NHCEs benefiting under the Plan to the number of HCEs benefiting to ensure the Plan's coverage meets ratio requirements.

   Example: A College has 10 HCEs and nine of those HCEs benefit under the retirement Plan. The College also has 300 non-excludable NHCEs and 100 of those NHCEs benefit. This means that 90% of the HCEs benefit and only 33% of the NHCEs do. For this plan year, the Plan may fail to satisfy the coverage test.

2. **General nondiscrimination test**: Requires a plan to provide that contributions or benefits do not unlawfully discriminate in favor of HCEs. The general nondiscrimination test actually contains two main parts: the Amount Test and the Availability Test.

   - **Amount test** — requires that the value of contributions or benefits under a plan do not unlawfully discriminate in favor of HCEs. This test looks at employer non-match contributions and employee required salary reduction contributions (i.e. contributions that participants make by an irrevocable salary reduction agreement as a condition of employment).

     Example: A College's plan provides for matched contributions based on a service schedule, with participant's matching contributions decreasing and the College's contributions increasing as service increases. The College's contributions eventually become non-matched, as participants make no contributions to get the highest percentage of employer contribution. The College has only one HCE who is eligible for the non-match contributions. If only a small percentage of NHCEs are eligible for the non-match contributions, the Plan may fail the Amount Test in that year.

   - **Availability test** — requires that all features (other than the contributions or benefits) must be available to a nondiscriminatory group of employees.

     Example: A College adds a new provision to its *Adoption Agreement* and grandfathers current employees so that the new provision does not apply to them. As the grandfathered employees terminate, particularly if the College has only one HCE and he or she is in the grandfathered group, the Plan may fail the Availability Test.

3. **Actual Contribution Percentage test (ACP):** Tests employer matching contributions and participant tax-paid contributions to make sure that the average contribution percentage for

eligible HCEs does not exceed the average contribution percentage of all other eligible employees by more than a specified percentage. The test calculates the percentage for each employee by dividing the employer matched contributions and/or the employee tax-paid contributions, if any, by the employee's testing compensation. The test then averages the percentages for all HCEs and NHCEs. The difference must fall within applicable ranges.

Example: The ACP for ABC Hospital's HCEs is 9%. The ACP for NHCEs is only 3%. In this instance, ABC Hospital would fail the ACP test.

Statutory exclusions

There are certain groups of employees that employers may lawfully exclude from the Plan without impacting the nondiscrimination tests. Commonly referred to as "statutory exclusions," these groups of employees can be made based on age, service and other categories.

Statutory exclusions must appear in the Plan in order to exclude such groups from receiving employer contributions as well as from making their own tax-sheltered contributions.
Note: Some employers may only want to exclude such groups from receiving employer contributions.

Deadlines

GuideStone has established various deadlines to ensure that employers can meet legal and plan deadlines for testing:

February 1	Employer submits data for plans with matching contributions.
March 15	Employer submits data for plans with non-match contributions. GuideStone distributes checks for plans with ACP failure.
October 15	Plans with non-match contributions can make *Adoption Agreement* changes and/or make additional contributions (in case of testing failures).
Annually	NQCCO plans must make employees aware of their right to participate in the Plan and provide an effective opportunity to make elective contributions (typically in November or December).

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How to get help

Listed below are some common areas, along with the divisions or departments at GuideStone to which you can direct questions this manual may not address.

You may call GuideStone's toll-free number; **1-888-98-GUIDE** (1-888-984-8433). If the call center is unable to transfer your call directly to the requested service area, your message will be forwarded to the appropriate person to return your call within one to two business days You may also call (or write, as noted below) directly to the appropriate area identified below.

Information or questions on	Contact
Account statements……	**Retirement Operations** Pre-Retirement Administrator
Bankruptcy…….	**Legal Services** (via letters only) Attorney
Retirement income estimates…….	**Benefits** Benefit Administrator
Contribution statements ……..	**Retirement Operations** Pre-Retirement Administrator
Contribution limit calculations…….....	**Compliance** Compliance Specialist
Survivor retirement income……...	**Benefits** Benefit Administrator
Disability retirement income……..	**Benefits** Benefit Administrator
Divorce pre-retirement……...	**Retirement Operations** Pre-Retirement Administrator
Divorce post-retirement…….	**Benefits** Supervisor

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Eligibility/participation……..	**Retirement Operations** Pre-Retirement Administrator
Loans……..	**Benefits** Loan Administrator
Plan design changes……..	**Implementation & Client Support** Implementation & Client Support Specialist
Retirement application……	**Benefits** Benefit Administrator
Retirement check……	**Benefits** Benefit Administrator
Nondiscrimination testing……..	**Compliance** Compliance Supervisor
Adoption Agreement interpretation and changes……	**Benefit Solutions & Services** Relationship Manager or Implementation & Client Support Specialist
Vesting questions pre-retirement…….……..	**Retirement Operations** Pre-Retirement Administrator
Vesting questions post-retirement……..	**Benefits** Benefit Administrator
Withdrawals……	**Retirement Operations** Distribution Team

Appendix A

Eligibility Service Scenarios using Counting Hours

Below are general examples of plans that have eligibility service provisions in their Plan and use the Counting Hours method.

Eligibility service scenarios

A good rule to keep in mind is that, generally speaking, "all service counts."

Here are some general statements on service:

- If a person has an employer contributions account balance from previous service for the employer, he will be immediately eligible for the Plan upon rehire.
- If a person meets eligibility and then terminates service, but is gone less than five years, he too will be immediately eligible upon rehire.
- If a person leaves in his first year of hire and is rehired within that same year, the computation period is still measured from date of hire to first anniversary. It is as if no break occurred.
- If a person leaves in the first year of hire and is rehired after the initial computation period, but before a one-year break in service, it is possible the person will be immediately eligible or eligible as of the first day of the first Plan year next occurring.

Below are eligibility scenarios, all of which assume the Plan has a one year of eligibility service requirement and uses Counting Hours. They also assume that there are no other *Adoption Agreement* modifications affecting service (such as denominational service).

Caution: These examples are not relevant for plans that have eligibility requirements of less or more than one year of eligibility service and use Counting Hours.

Example 1:

- John Doe is hired on November 5, 2008.
- On November 5, 2009, his first anniversary, John has completed 1,000 actual hours of work.

Conclusion: He has met the eligibility service requirements of the Plan. (See the *Basic Plan Document*.)

Example 2:

- John Doe is hired on November 5, 2008.
- On November 5, 2009, his first anniversary, John has completed 999 actual hours of work.

Conclusion: He has **not** met the eligibility service requirements of the Plan. (See the *Basic Plan Document*.)

However, note the following:

The first Plan year "beginning after his employment commencement date" is 2008.

- If John has completed at least 1,000 actual hours of work on January 1, 2009, he will have met the eligibility service requirements of the Plan.
- If John has not completed at least 1,000 actual hours of work on January 1, 2009, the employer will check on January 1, 2010 and so on.

Example 3:

- John Doe is hired on November 5, 2008.
- On August 10, 2009, before completing a year, John quits. At the time John quits, he has already completed 1,000 actual hours of work.
- On November 5, 2009, his first anniversary, John is **not** employed by the employer.
- On December 10, 2009, before a one-year break in service has occurred, John is rehired by the employer.

Note: Recall that John's original employment commencement date is November 5, 2008. His computation period for measurement of eligibility service is November 5, 2008 to November 5, 2009. He had already completed 1,000 actual hours of work, and if he had been employed on his first anniversary date, he would have met the eligibility requirements of the Plan.

Conclusion: When he is rehired on December 10, 2009, John is eligible to participate in the Plan, as he has met eligibility requirements. (See the *Basic Plan Document*)

If John had not completed 1,000 actual hours of work, he would not have met the eligibility requirements of the Plan and would not have been eligible immediately upon rehire. However, the employer would next look at John's eligibility on the first Plan year commencing after his employment commencement date, i.e. 2009. Thus, on January 1, 2010, the employer will determine if John completed 1,000 actual hours of work for that computation period. (See the *Basic Plan Document*)

Example 4:

- John Doe is hired on November 5, 2003.
- On November 5, 2004, his first anniversary, John completed 1000 actual hours of work and met eligibility service requirements of the Plan.
- On December 6, 2006, John quit. He did not withdraw his vested employer contributions account from the Plan, but left his accumulations in the Plan to continue to accrue earnings.
- On September 9, 2008, John is rehired. John has incurred a "one year break in service."

Conclusion: John is immediately eligible for the Plan, since the eligibility service has been reinstated. (See the *Basic Plan Document*.)

Example 5:

- John Doe is hired on June 7, 2001, as an employee who is classified as Support Personnel. (Note: The employer's Plan excludes employees classified as Support Personnel from participation in the Plan.) He works 40 hours a week and completes more than 2,000 hours a year.
- On September 2, 2009, John is promoted to a position that is not classified as Support Personnel.

Conclusion: John is immediately eligible for the Plan. (Note: John's "eligibility service" with the employer is measured from his original employment commencement date, not from the date he was a member of a covered employee group.) (See the *Basic Plan Document*.)

Example 6:

- John Doe is hired on November 5, 2003.
- On November 5, 2004, his first anniversary, John completed 1000 actual hours of work and met the eligibility service requirements of the Plan.
- On December 6, 2005, John accepted a position as Support Personnel. The employer's Plan excludes employees classified as Support Personnel from participating in the Plan. John **is no longer eligible to receive employer contributions** to his account. However, his "service" with the employer continues to accrue.
- On March 5, 2008, John quits. He did not withdraw his vested employer contributions account from the Plan, but left his accumulations in the Plan to continue to accrue earnings.
- On September 9, 2009, John is rehired for a position that is not excluded from the Plan. Thus, John has had a "one year break in service."

Conclusion: John is immediately eligible for the Plan, since the eligibility service he had is reinstated. (See the *Basic Plan Document*.)

Note: Employers must carefully review each specific situation, relying on specific facts and in accordance with Plan provisions.

For breaks of at least one year and have met eligibility requirements:

Regardless of how long such an employee has been gone, when re-hired, if the employee has an employer contributions account balance in the Plan from prior service, they will be immediately eligible for the Plan. Even if such an employee has no account balance in the Plan from prior service, and without even reviewing their service records, if they have been gone for less than five years, they will be immediately eligible for the Plan. If such an employee has no account balance in the Plan from prior service, determine the number of years they have been gone, then compare it to the number of years of prior service they had (or five, if greater). If they have been gone more than five years but less than the number of years of prior service, they will be immediately eligible for the Plan.