403(b)(9) Retirement Plan Administration Manual

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Retirement Plans

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403(b)(9) Retirement Plan Administration Manual

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Introduction

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

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

In order to administer the Plan accurately and efficiently, it is important to know and understand the Plan provisions. Therefore, GuideStone offers this manual to provide procedures to ensure that the employer and GuideStone fulfill their administrative duties under the Plan. In addition, 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.

This manual does not contain any procedures that are specific to an individual employer (e.g., internal procedures for reconciling contributions to payroll records). Each employer should develop and maintain written desk procedures detailing additional processes not contained in this manual. Please keep in mind the employer's practices and procedures must conform to the Plan provisions.

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 the Employer Access Program (EAP) 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 include all prior versions of each of these documents adopted:

- 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*
- 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

Considerations for 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.

Considerations for amending your Plan:

- In general, 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

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." The duties of the employer are outlined in your *Recordkeeping Services Agreement*. Be sure to read your *Recordkeeping Services Agreement* to be aware of your responsibilities. These duties may NOT be delegated to the participant.

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

- Notifying participants of any eligibility requirements for participating in the Plan.
    - For non-qualified church-controlled organization (NQCCO) employers (discussed more fully on page 8): An annual notice must be given to employees explaining their right to make elective deferrals (salary reduction contributions, including Roth (if applicable)) in the Plan. The plans of NQCCO employers are subject to nondiscrimination testing (NDT) and generally include plans of hospitals, colleges, universities, retirement homes, etc.
- Explaining the Plan to all employees and answering their questions about the Plan.
- Enrolling participants in the Plan.
- Maintaining participants' *Retirement Contribution 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 remittance 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 administration consistent with Plan provisions and making timely amendments.

GuideStone responsibilities and services

The *Recordkeeping Services Agreement* further outlines the specific duties, responsibilities and services provided by GuideStone. Some examples of Plan administration activities associated with these duties and services 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 NDT 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 participants' accounts (including in the event of death or divorce).
- Establish procedures for providing information about the effect of bankruptcy on a retirement account.
- Make administrative rules in accordance with the Plan.
- Resolve or otherwise decide matters not specifically covered under the terms and provisions of the Plan.

An employer's status

It is extremely important for you to know if your organization's current status is as a church, qualified church-controlled organization (QCCO) or NQCCO. GuideStone has several tools, including a *Status Certification Form*, which you may use to help determine your status as a church, QCCO or NQCCO. The employer must make the determination using a reasonable, good faith interpretation of the guidance provided in Code section 3121(w). The definitions of each term are as follows:

Church

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

QCCO

A 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 that is substantially less than cost).

- Normally receives no more than 25 percent of its support from receipts from admissions, sales of merchandise, performance of services or furnishing of facilities in related trade or business activities, or from governmental sources.
- Only organizations that are churches or QCCOs for the purposes of Code section 403(b) are exempt from compliance with the retirement plan nondiscrimination requirements.

NQCCO

A church-controlled, tax-exempt organization is generally an NQCCO if it offers its services to the general public **and** receives more than 25 percent of its support from receipts from admissions, sales of merchandise, performance of services or furnishing of facilities in related trade or business, or from governmental sources.

- An NQCCO must comply with retirement plan nondiscrimination requirements in order for its Plan to maintain its tax-favored status.
- An employer's designation as an 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.

If your organization restructures or reorganizes or if it changes those whom it serves or the sources of its income, the status may change. If your status changes, you should complete a new *Status Certification Form* and notify GuideStone immediately. If you do not determine your status correctly, your employees in any deferred compensation plans could suffer adverse tax consequences if you don't understand the rules that apply to them.

Eligibility requirements

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.

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 "entry 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.)

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

If your organization is an NQCCO, your Plan's eligibility for employer contributions and tax-paid contributions is identical. If your organization is a church or QCCO, the Plan may 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

NQCCO employers are subject to NDT and, therefore, must satisfy the universal availability requirement. Universal availability provides that if any employee is eligible to make elective deferrals under your Plan, all employees must be eligible to defer into the Plan immediately, unless statutorily excluded from the Plan. As a part of the universal availability requirement, you must demonstrate that all employees have been informed, at least annually, of their ability to make or change their deferral elections.

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 that you may use to restrict this right. However, in order to apply the exclusions or minimum contribution, 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 and your organization is an NQCCO, the IRS will determine whether the employer meets the universal availability requirement for salary reduction contributions (including Roth 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 employees' files. Failure to meet the retirement plan nondiscrimination requirements can result in significant consequences to you. GuideStone offers a *Sample Effective Opportunity Notice* through our website — *Sample Effective Opportunity Notice.*

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 NDT, 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 matched or non-matched contributions. The three most common entry 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 of the Plan.

To apply these entry 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 eligibility requirement to receive employer contributions 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 first 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 first day of the month if it coincides with the date they meet eligibility or on the first 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.

As noted in the previous section, most employers provide that employees are immediately eligible to make tax-sheltered contributions (including Roth contributions). The Plan entry date is generally the first pay period after satisfying that requirement. If the employer is an NQCCO, it appears that the IRS will not allow a Plan entry date of more than 60 days following eligibility to make tax-sheltered contributions (including Roth contributions) to the Plan.

Employer and/or participant responsibilities

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*
- *Retirement Contribution Agreement*
- *Fund Choices*
- *Inbound Rollover* application
- *403(b)(9) Retirement Plan Plan Summary*

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*:

- If the Plan counts prior denominational service, verify the employee has indicated all years and months of such service.
- Complete the contribution instructions on the employee's *Enrollment Application*.
- Designate an investment allocation. If a participant does not designate an investment allocation at enrollment, the participant's contributions will be placed in the default fund.
- 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, EAP or electronic data transfer (EDT), as applicable.
- 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 or 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 *Retirement Contribution Agreement* and change the contribution statement to reflect the increased employee 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., and change the contribution statement to reflect the new employer contribution.

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
- In-service withdrawal provisions
- Hardship withdrawal provisions
- Termination withdrawal provisions
- Availability of loans

GuideStone responsibilities

Upon receipt of the *Enrollment Application*, GuideStone will process the application. A confirmation letter will then be mailed to the employee. If the participant is already enrolled, GuideStone can update the contribution source type and amount.

Beneficiary designation form

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

- Participants can make or change a beneficiary designation by visiting *MyGuideStone.org* or requesting a form by speaking with a customer solutions specialist toll-free at **1-888-98-GUIDE** (1-888-984-8433).
- Failure to designate a beneficiary will result in their beneficiary falling under the Plan default, which, for most Plans, is spouse and then estate.
- Failure to designate a beneficiary may result in additional legal paperwork and delay of benefits for non-spouse beneficiaries.
- Alterations, whiteout or strikeouts are not permitted to a beneficiary's name and will void the designation.
- The beneficiary designation will be effective upon the receipt and approval of GuideStone.

Note: If elected in the *Adoption Agreement*, the form must have the notarized consent of the participant's spouse to designate a primary beneficiary other than or in addition to the spouse. The marriage of a participant automatically invalidates a prior beneficiary designation. The spouse of a participant is the primary beneficiary under the Plan unless the participant completes a new beneficiary designation naming or adding someone else with the notarized consent of the spouse.

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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 Plan investment choices when they first enroll in the Plan. They have the option to invest in any one or a combination of the funds offered under the Plan. Investment funds are made available to participants through GuideStone Funds, an affiliate of GuideStone Financial Resources. If a participant fails to make an investment election, all contributions will be allocated to the default fund designated by GuideStone.

Changes to investment elections

Allocation change

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. GuideStone accepts exchange requests on a percentage basis only.

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

Reallocation of funds

Reallocation describes the action a participant takes when exchanging all their accumulated funds into other investments. Reallocation is an exchange of 100 percent of the participant's accumulations to one or more investments.

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

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

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

GuideStone accepts exchange and reallocation requests on a whole percentage basis only.

Future 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 *MyGuideStone.org*
- **1-888-98-GUIDE** (1-888-984-8433); speak with a customer solutions specialist
- Mail written request to 2401 Cedar Springs Road, Dallas, TX 75201-1498, Attn: Customer Solutions Center

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

GuideStone Financial Resources has adopted industry standards in imposing requirements concerning fund exchanges and allocation changes. Please advise participants of these requirements:

- No future or backdated requests.
- Requests made via calling the toll-free number, accessing the participant's account online or sending by fax/mail must be received by the designated cutoff time established by GuideStone to receive same-day Net Asset Value (NAV).
- Requests received after the cutoff 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.

By sponsoring the Plan, your organization has agreed to follow the terms of the Plan. One of your most important responsibilities as a plan sponsor is remitting contributions. If your Plan says you will contribute a certain percentage of an employee's compensation, you have a legal obligation to do that. You also have a legal obligation to remit contributions made by employees who have reduced their salaries in order to make contributions. When you don't remit contributions on time, your employees could lose money they otherwise may have gained had the contributions been invested.

The general rule under the 403(b) regulations is that all contributions must be made to the investment provider within "a period that is not longer than is reasonable for the proper administration of the Plan." The regulations indicate that salary reduction contributions should be deposited in an administratively feasible period, typically within 15 business days following the month in which these amounts would have been paid to the employee, if not deferred. The key thought is that the IRS is seeking to ensure that contributions are properly and efficiently handled by the plan sponsor from the point of withholding to the point of deposit.

Under the 403(b) regulations, salary reduction contributions (including Roth contributions) may not be contributed to a retirement plan before the compensation from which the salary is reduced is earned. Salary reduction contributions remitted before the salary to which they relate is earned are considered employer contributions. There are very limited exceptions to this rule under the 403(b) regulations.

Contribution source types

Contribution sources describe the type of contribution made to the Plan and the tax implications on the contribution. GuideStone establishes all the 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 associated with each source type and that you do not combine more than one source type under a single source type. Below are examples of source types used by GuideStone to administer the Plan:

- Employee tax-sheltered
- Employer
- Employee tax-paid
- Employee Roth

Tax-sheltered contributions

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

Roth elective deferrals

Participants must sign *Retirement Contribution Agreements* with you in order to make Roth elective contributions to the Plan. Participants pay applicable taxes on the contribution at the time it is put into the Plan. If the employee makes a qualified distribution, 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 first day of the year the participant contributes to any Roth 403(b) or 401(k) option in the employer's plan(s) or, if a Roth rollover contribution is made, the first day of the year participant makes a designated Roth contribution to the other applicable retirement plan, if earlier. To be a qualified distribution, the distribution must also be made after the participant has reached age 59 ½ or is disabled — or made to the participant's beneficiary(ies) after participant's death. You should review the *Instructions for Completing IRS Form W-2* for complete information about reporting.

Payment methods

Automated Clearing House (ACH)

ACH is an electronic funds transfer (EFT) GuideStone initiates at a time designated by the employer for payment of contributions. Based on a completed *Automated Clearing House Payments Authorization* form, GuideStone will debit the employer's checking account. Two options are available for the timing of the debit:

- Fixed day – same designated day each month
- On request – whenever the employer chooses to submit contributions, typically in conjunction with the payroll cycle. This day may differ every month.

Wire transfer

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

Contribution remittance methods

The following methods are available for employers to utilize when remitting contributions to GuideStone:

EAP

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 the EAP. 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, *GuideStone.org*. The following features are available to help with the day-to-day administration:

- Employee maintenance (address, phone, email, etc.)
- Employee enrollments and terminations
- Contribution processing (ACH or check payment method) and history
- View asset account information
- View participant activity history and account summary
- Downloadable forms
- Generate reports
- View plan administration manual, *403(b)(9) Self-Audit Manual* and plan documents

For more information about EAP, please contact the Customer Solutions Center at **1-888-98-GUIDE** (1-888-984-8433).

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 the following data from an employer's payroll system:

- Contributions
- Employment information
- Salary and compensation information
- Participant indicative information

In addition, GuideStone can collect salary reduction percentages/amounts online or by calling our Customer Solutions Center. This data can be sent to the employer so that they may update their payroll system.

Year-end contributions

For account statements

The employer needs to give special attention to year-end contributions. GuideStone will apply contributions and billing changes for remittances received by mid-December in order for participants to receive accurate fourth quarter account statements. However, contributions for pay periods not yet earned should not be remitted early. Contributions should be remitted based on the proper billing cycle and should not be paid before the compensation is earned. Fourth quarter account statements reflect 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 limits calculations and do not negatively impact current-year contribution limits.

Contributions after termination (five-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. Employers must meet several requirements in order to provide for these types of contributions:

- The employee must not be carried on the employer's payroll for any reason during the time contributions continue.
- The contributions must be 100 percent vested.
- You must remit contributions electronically via EAP.
- The participant must have a current-year contribution limits calculation (tax calculation).
- 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 the participant dies prior to the end of the contribution period, contributions must stop as of the date of the participant's death.

For NQCCO employers, these types of contributions may impact NDT if the participant is a highly compensated employee (HCE). If you have a situation where this type of contribution can meet a need, please contact your relationship manager to discuss your particular situation.

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 limits calculations. Sometimes a corrective distribution to the participant is made after processing the calculations. When this occurs, GuideStone can assist participants and employers in taking corrective action.

Limits are calculated based upon compensation, years of service, age, prior year's salary reduction contributions and employer contributions. The limitations may be different for each participant. For calculation purposes only, all employer contributions are considered fully vested. Generally, maximum contribution limits 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 limits calculation. GuideStone sends participants the appropriate worksheet to complete and then processes the request upon receipt of the completed worksheet.

There are two contribution limits that participants may not exceed:

- 415(c) Annual Addition (referred to as the Basic Limit) — the **lesser** of:
  - 100 percent of includable compensation as defined in Code section 403(b)(3) or
  - $53,000 (indexed amount for 2016)
- 402(g) General Limit — $18,000 (indexed amount for 2016)

The 402(g) General Limit is the limit on salary reduction contributions (including Roth elective deferrals). As a rule, there is only one General Limit per participant, regardless of the number of employer plans in which a participant makes salary reduction contributions (including Roth elective deferrals).

Special $10,000 limit

Participants may find another special limit available to church plans advantageous. This special limit is available any tax year as long as the participant has not yet reached the $40,000 lifetime cap.

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

Individuals who will attain age 50 or older by the end of the taxable year who want to maximize salary reduction contributions may make an additional salary reduction contribution up to $6,000 (indexed amount for 2016).

Determining if a participant is within the limits

Both the employee and the employer are ultimately responsible for determining if a participant is within the limits, but GuideStone helps employers by making calculation services available free of charge.

Participants may lose certain tax advantages related to their retirement accounts, and the employer may encounter payroll tax problems if participants exceed limits for contributions to the Plan.

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

Free maximum contribution limits calculation service

GuideStone offers employers and participants various ways to take advantage of this free service. The *Maximum Contribution Limits Worksheet* is available on the GuideStone website, *GuideStone.org*, or by calling our toll-free number, **1-888-98-GUIDE** (1-888-984-8433).

- Return all completed worksheets to:
  - Mail: GuideStone Financial Resources
    2401 Cedar Springs Road, Dallas, TX 75201-1498
    Attn: Retirement Compliance Department
  - Fax: 1-866-692-6327
  - Email: *info@GuideStone.org*

If a participant meets certain basic qualification requirements, a customer solutions specialist will set up a callback request with a compliance specialist to perform a maximum contribution limits calculation over the phone.

Maximum Contribution Limits Summary

Contribution	When Applicable	Advantages
402(g) General Limit	Every year	Available each 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 calendar year you turn age 50 and each year afterwards	Permits additional contributions up to $6,000 (indexed) for 2016 above participant's limit

More information on contribution limits can be found here: *GuideStoneRetirement.org/Individual/ContributionLimits*.

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/email address/phone number
- 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, through EAP or other means such as by phone, 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
- Active, but not contributing to the Plan
- Rehire
- 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.)

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 participants' accounts. Not doing so can mislead participants regarding the value of their account.

Employer changes

Notify GuideStone immediately of changes or possibilities of changes related to employer name change, 501(c)(3) status or 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 encounter reorganization 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, tax-paid, Roth, rollover and transfer contributions, and earnings on the contributions) are always 100 percent vested. Participants in plans that have vesting schedules forfeit non-vested amounts, including earnings, when they terminate service. GuideStone tracks the forfeited amounts separately.

One of your most important duties as described in the *Recordkeeping Services Agreement* is:

> 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 are actually.

"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 for the employer sponsoring the Plan. The amount that a participant may withdraw is limited both by law and Plan provisions.

Participants interested in withdrawing funds while still in service can request a withdrawal online by visiting *MyGuideStone.org* or contacting GuideStone and requesting a *Withdrawal Application*.

Contributions to a retirement account are intended to stay in the account until a qualifying age or event. The IRS places restrictions and penalties on early distributions. Generally, this money is available once the participant reaches retirement age, dies, becomes disabled or terminates employment. Generally, GuideStone is required by IRS regulations to withhold a mandatory 20 percent income tax on any taxable amounts withdrawn. See the section titled "Tax information" for additional information and for a list of exceptions to the mandatory withholding. However, participants may owe more or less tax than the amount withheld depending on their personal tax liability. A participant may also be subject to a 10 percent penalty for amounts withdrawn prior to attaining age 59 ½. Please refer to the "Penalty tax on early withdrawals" section for specific information, including exceptions.

The amount distributed may be rolled directly to another employer-sponsored retirement plan such as a 401(k) or another 403(b) plan, to an IRA or Roth IRA. A Roth account may only be rolled over to a Roth IRA or an employer-sponsored retirement plan with a Roth feature. In addition, amounts may be transferred to another 403(b) through a plan-to-plan transfer.

Check your *Adoption Agreement* to see which amounts, if any, your Plan permits or restricts participants to withdraw while they are in service. For example, some employers may restrict participants from withdrawing the balance of employee tax-sheltered, Roth and/or tax-paid contributions that receive a matching contribution. Some plans do not permit in-service withdrawals. In addition, some plans limit the number of in-service withdrawals a participant can take in a plan year. Check your *Adoption Agreement* to see if your Plan has any specific restrictions.

Generally, the following amounts are available for an in-service withdrawal:

- Participant rollover contributions, transfer contributions and earnings
- Participant tax-paid contributions and earnings
    - If such contributions were made prior to January 1, 1987, the participant may choose to withdraw the tax-paid contributions without earnings (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, the balance in the account, 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 has reached age 59 ½, has a severance from employment, is eligible to receive a qualified reservist

distribution, dies, becomes disabled or can meet the requirements for a financial hardship.

How to request an in-service withdrawal

- Instruct the participant to access their *My*GuideStone™ account or call GuideStone at **1-888-98-GUIDE** (1-888-984-8433) to verify the amounts available for withdrawal.
- Participants can request a withdrawal online by visiting *MyGuideStone.org* or contacting GuideStone and requesting a *Withdrawal Application*.
- Assist the participant in completing a *Withdrawal Application*.
- Ensure that married participants have received notarized spousal consent, if required by the Plan.
- Complete the "Employer Verification" section of the application.
- Send the completed form to GuideStone.

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.

Note: A participant must have obtained all other distributions available, other than a hardship, prior to taking a hardship withdrawal. Also, a participant must take a non-taxable loan before taking a hardship, unless the loan will increase the hardship.

Participants in need of a hardship withdrawal should request the *Certification of Financial Need Worksheet* and the *Withdrawal Application* from GuideStone. Participants must also provide documentation evidence of the hardship event. These forms provide 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. The participant may request no withholding or make a specific withholding request. If no withholding election is made, GuideStone will withhold 10 percent for federal income tax. Be advised there is a 10 percent penalty for amounts withdrawn prior to age 59 ½. 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 percent penalty. Participants are responsible for paying this amount when they report their taxes.

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

Amounts available for a hardship withdrawal are limited by law and Plan provisions.

Only contributions or elective deferrals (excluding earnings) are available for a hardship withdrawal. See your *Adoption Agreement* for any additional Plan restrictions.

The participant must provide evidence of one or more of the following situations:

- **Medical expenses:** Expenses incurred by the participant, the participant's spouse, primary beneficiary or dependent(s) for medical care or treatment for such persons. Bills should be dated within 60 days of the date on the application, indicating an urgent financial need. The date of services is not restricted, only the date of the bill requesting payment for services.
- **Purchase of principal residence:** Expenses related to the purchase of the participant's principal residence (excluding mortgage payments.) These payments are generally the closing costs incurred when purchasing the residence.
- **Prevention of foreclosure or eviction:** Expenses related to foreclosure of the mortgage on the participant's principal residence or preventing eviction from the principal residence.
- **Educational expenses:** Limited to expenses related to the payment of the current semester or incurred in the next 12 months for tuition and fees, related educational fees and/or room and board expenses for post-secondary education for the participant, participant's spouse, primary beneficiary or dependent(s).
- **Burial or funeral expenses:** Expenses related to burial or funeral for the participant's deceased spouse, parents, children, primary beneficiary or dependent(s).
- **Casualty and disasters:** Expenses related to repairs resulting from damage to the principal residence that would qualify for the casualty deduction on the participant's federal income tax return under Code section 165.

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 the *Withdrawal Application* and a *Certification of Financial Need Worksheet*.
- Instruct participant to send required documentation to GuideStone.
- 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 underwithholding.
- Complete the "Employer Verification" section of the *Withdrawal Application* and a *Certification of Financial Need Worksheet*.
- If the employee also has accumulations in another 403(b) or 401(k) plan with the employer, ensure that amounts distributed from all arrangements with respect to this hardship do not exceed the amount of the need.
- Stop employee contributions for six months. GuideStone will notify you when the withdrawal has been processed.

- Resume employee tax-sheltered or tax-paid contributions or Roth elective deferrals after the participant's suspension period ends. **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 of the Plan. Participants interested in withdrawing their funds after they have terminated service can request a withdrawal online by visiting *MyGuideStone.org* or contacting GuideStone and requesting a *Withdrawal Application*.

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).

Amounts available for a termination withdrawal

- Generally, all funds are available for withdrawal when a participant terminates service.
  - Participant's contributions account
  - Vested portion of the participant's employer contributions account
- The amount that a participant may withdraw may be limited by Plan provisions. For example, some Plans limit the employer contributions until attainment of a specific age. Refer to your *Adoption Agreement*.

Generally, GuideStone withholds a mandatory 20 percent on any taxable amounts withdrawn. See the section titled "Tax information" for additional information and for a list of exceptions to the mandatory withholding. However, participants may owe more or less tax than the amount withheld depending on their personal tax liability. A participant may also be subject to a 10 percent penalty for amounts withdrawn prior to attaining age 59 ½. Please refer to the "Penalty tax on early withdrawals" section for specific information, including exceptions. GuideStone does not withhold the 10 percent penalty. Participants are responsible for paying this amount when they report their taxes.

The amount distributed may be rolled directly to another employer-sponsored retirement plan such as a 401(k) or another 403(b) plan, to an IRA or Roth IRA. A Roth account may only be rolled over to a Roth IRA or an employer-sponsored retirement plan with a Roth feature. In addition, amounts may be transferred to another 403(b) through a plan-to-plan transfer.

Note: If the requested distribution would result in a remaining balance of less than $1,000, the Plan permits GuideStone to distribute the remaining account balance, unless prohibited by law.

How to request a termination withdrawal

- Instruct the participant to access their *My*GuideStone™ account or call GuideStone at **1-888-98-GUIDE** (1-888-984-8433) to verify the amounts available for withdrawal.
- Participants can request a withdrawal online by visiting *MyGuideStone.org* or contacting GuideStone and requesting a *Withdrawal Application*.

- Complete the "Employer Verification" section of the application.
- Ensure that married participants have received notarized spousal consent, if applicable.
- Send the completed form to GuideStone.
- Employer should delete participant's name from retirement remittance and provide GuideStone with termination date.

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' date of termination, so that non-vested amounts are removed from participants' accounts in a timely manner. You should also understand that many vesting schedules accelerate for early and/or normal retirement, and amounts that otherwise would be non-vested become 100 percent vested.

Approaching retirement

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

Participants are eligible for early retirement income upon attainment of early retirement date (age 55) or normal retirement income upon attainment of normal retirement date (age 65 or older) and termination of employment. Participants approaching retirement have additional considerations to take into account when taking distributions. Various options are available to the participant.

How to request early or normal retirement income

- The participant should notify GuideStone of their anticipated retirement date. At that time, the participant can request a *Retirement Income Estimate* and a *Retirement Income Application*. Or, the participant may generate a *Retirement Income Estimate* and complete a *Retirement Income Application* by logging into *My*GuideStone™ and selecting the "Retirement Income" link.
- Complete the "Employer Verification" section of the application.
- The participant or employer can send the completed form to GuideStone.
- The employer should delete the participant's name from the retirement remittance and provide GuideStone with the retirement date.

Limited retirement income

In addition to an early or 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 a limited retirement income. Your *Adoption Agreement* will permit or not permit a limited retirement income.

If the Plan permits limited retirement income, a participant may take a distribution of their employee and employer contributions while still in service once they reach age 59 ½ and are 100 percent vested. Various distribution options are available to the participant. Some employers may have included other eligibility requirements for this option. 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.

How to request limited retirement income

- The participant should notify GuideStone that they would like to receive limited retirement income. At that time, the participant can request a *Retirement Income Estimate* and a *Retirement Income Application*. Or, the participant may generate a *Retirement Income Estimate* and complete a *Retirement Income Application* by logging into *My*GuideStone™ and selecting the "Retirement Income" link.
- The employer may need to assist the participant in completing the "Employer Verification" section of the *Retirement Income Application*.
- The participant or employer can send the completed form 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.

Participants must be totally disabled as defined under the Plan, obtain a physician's statement of such disability and be classified as disabled prior to their normal retirement date 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.

The participant must complete and return the *Retirement Income Application* in order to begin receiving a disability retirement income from the Plan. Participants must check the appropriate box on page one of the application indicating they are applying for disability retirement income. In addition, their physician must complete a *Proof of Total Disability: Attending Physician Statement* form.

The employer has the option to continue making employer contributions to the participant's retirement account while disability payments are paid. However, the participant can no longer make employee contributions.

Payment of disability retirement income is subject to the following conditions:

- Cannot be effective more than 90 days prior to the date GuideStone is notified.
- There is a five-month waiting period from the last day worked due to disability before the income can begin.
- 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. See your *Adoption Agreement* for any specific restrictions.

How to request disability retirement income

- Notify GuideStone of the participant's last day worked due to disability.
- The participant should notify GuideStone that they would like to receive disability retirement income. At that time, the participant can request a *Retirement Income Estimate*, a *Retirement Income Application* and *Proof of Total Disability: Attending Physician Statement* form.
- Assist participants in completing the *Retirement Income Application*. Participants must check the appropriate box in section 1 of the application indicating they are applying for disability retirement income and provide their predisability salary.
- The employer must complete the "Employer Verification" section of the application.
- The participant or employer can send the completed form to GuideStone.
- The participant or physician can send the completed *Proof of Total Disability: Attending Physician Statement* form to GuideStone.
- 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 the income under the separate long-term disability income program stops.
- Inform participants who elect to defer receiving a disability retirement income that accumulations will remain in the Plan and participants will continue to receive quarterly account statements as long as GuideStone has a valid address for the participant.
- Delete the participant's name from the retirement remittance bill if no further contributions will be made on the participant's behalf.

Note: GuideStone may require an annual checkup on the participant's disability status.

Death benefits

See the *Basic Plan Document* and your *Adoption Agreement* for Plan provisions and information about benefits payable upon the death of a participant.

Upon the death of the participant, beneficiaries and/or joint life applicants may be eligible for beneficiary income. Please notify GuideStone when a death has occurred. **GuideStone must receive a copy of the death certificate before a beneficiary estimate can be prepared or beneficiary income can be paid from the retirement account.**

All income (other than tax-paid contributions and qualified Roth distributions) is reportable as ordinary income for federal income tax purposes in the year it is distributed. GuideStone sends a *Form 1099-R* to the beneficiary and/or joint life applicant for distributions in the year following the distribution.

How to request death benefits

- Notify GuideStone of the participant's date of death.
- Instruct the beneficiary to send in a copy of the death certificate.
- 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 that are payable from the Plan when a participant dies. Be sure to discuss:
  - Beneficiary income is payable as a single sum, systematic withdrawal or 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 beneficiary income. Have the beneficiary contact GuideStone if the beneficiary wants to defer payment. **Even 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 or designate beneficiary(ies) online at *MyGuideStone.org*.
  - All income (other than tax-paid contributions or qualified Roth distributions) are reportable as ordinary income for federal income tax purposes. Inform the beneficiary that failure to report this income can result in adverse tax consequences. GuideStone sends beneficiaries a *Form 1099-R*.
  - Housing allowance is not applicable to beneficiary income.
  - Inform the beneficiary to contact GuideStone for a *Beneficiary Income Estimate* and *Beneficiary Income Application* if this information is not already available.
- The beneficiary completes the *Beneficiary Income Application* and returns it to GuideStone.

Required minimum distributions (RMDs)

See the *Basic Plan Document* for Plan provisions regarding RMDs.

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 70 ½ or retires, whichever is later. GuideStone uses the acronym "RMD" to refer to this type of distribution.

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 or to distribute the required amount by the date specified in the annual notification letter will receive a distribution of the minimum amount and 10 percent will be withheld and sent to the IRS.

Note: Participants may owe more or less tax than the amount withheld depending on their personal tax liability.

GuideStone 403(b)(9) Retirement Plan participants may only delay RMDs for the Plan maintained by their current employer. (Note that special rules may apply in the case of a self-employed minister or chaplain. Please ask the participant to contact GuideStone for more information.)

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.

RMDs are complex, so GuideStone encourages employers and participants to check with our Benefits area for more detailed information and guidance.

How to request a required minimum distribution

- The participant may request an RMD by logging into *MyGuideStone.org*, or you may assist participants in completing the *Required Minimum Distribution Systematic Withdrawal Application*. GuideStone will mail this form to the participant at certain points throughout the year.
- The participant or the employer can send the completed form(s) to GuideStone.
- If delaying, have the participant return the completed delay form to GuideStone each year until distributions begin.

Note: If a participant has a balance in more than one Plan with GuideStone, the RMD rules apply to each Plan separately.

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 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 approved vendor with a payroll slot (they are actively receiving contributions from the employer's payroll) to another approved vendor with a payroll slot under the same plan. 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 share information in the event the participant has money with both vendors. No *Information Sharing Agreement* would be required.

Contract exchanges involve a participant moving money from one vendor (contract) to another vendor (contract) under the same plan where the receiving vendor involved in the exchange does not have a payroll slot (e.g., a discontinued vendor). 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.

Plan-to-plan transfers

Transfers involve (1) an employee moving money from your Plan to a completely unrelated employer's 403(b) plan at which the employee is or was an employee or (2) an employee moving money from one 403(b) plan to another 403(b) plan of the same employer. In this instance, the money is moving out of the Plan and, if moved to another employer's plan, no information sharing or oversight is required. If allowed in your *Adoption Agreement*, plan-to-plan transfers can be made while the employee is still in service without regard to any distribution restrictions.

Limiting exchanges, transfers 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 roll over 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 a specified age.

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 ensure 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 or between 403(b) plans of the same employer. 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.

Again, plans that use GuideStone as their sole provider will see minimal impact from this information sharing requirement.

How to request rollovers, exchanges or 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.

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Loans

See the *Basic Plan Document* and your *Adoption Agreement* for Plan provisions regarding loans. See your *Adoption Agreement* loan eligibility and, if eligible, how many outstanding loan balances are permitted. 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 vested balances 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 or from another plan of the employer.

Loan amounts

The minimum loan amount is $1,000. The maximum loan amount is the lesser of:

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

Note: Loan(s) cannot exceed the legal limit of $50,000 for any and all loans from employer-sponsored retirement programs.

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.

Terms 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.
- The term of a principal residence loan may be for any time period up to 10 years. If the participant is requesting a principal residence loan, they will be required to document evidence showing the purchase of a primary residence, such as a *Good Faith Estimate* or *Contract of Sale*.

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 solutions specialist will model a loan for the participant and then send the appropriate paperwork based on the modeled loan. Or,
- Via GuideStone's website, *MyGuideStone.org*. Participants model the loan themselves and request the paperwork.

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. Once received, participants cannot change or alter loan documents. Loan paperwork must always have original signatures.

GuideStone cannot process a loan until it receives completed paperwork. Participants cannot change or alter loan documents. 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. Participants should confirm that GuideStone's records regarding their marital status are correct before requesting a loan model. Loan paperwork is accepted for processing at GuideStone via fax, email or mail.

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

- 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 three to five business days.
- GuideStone transmits the loan amount by EFT 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 personal checking or savings account. Loan repayments are allocated to a participant's account according to their current Plan investment allocation election. Prepayments can only be submitted online through the borrower's *My*GuideStone™ account. Prepayments can be made to pay off a loan in full or for a partial payment. Partial payments are applied toward the principal only. Monthly payments will continue to be drafted for the original payment amount until the loan is paid off. The final payment will be adjusted for the balance due. Participants can prepay loans in full at any time, without penalty or fee.

Upon the death of a participant, the loan is immediately due and payable. Beneficiaries have the option to pay off the loan balance or discontinue payments, initiating a loan default. A defaulted loan is treated as a deemed distribution and reportable as taxable income in the year of the default.

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 that 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 Deemed Distribution* letter is sent notifying the participant that the cure period has ended and the loan is now deemed a taxable distribution.

All missed payments must be submitted online through the borrower's *My*GuideStone™ account. A participant can choose to make up the missed payment(s) or pay off a loan in full.

Loans in default

When the cure period has passed, the remaining outstanding loan balance is in default. The balance is reported to the IRS as taxable income in the year of the default. GuideStone will issue a *Form 1099-R* showing the remaining unpaid balance as includable in gross income. If the participant is younger than 59 ½, they may also be subject to the 10 percent early withdrawal penalty on the includable amount.

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

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

Contributions may have been remitted to the Plan by mistake. Retirement plan problems can be corrected, but it's easier to correct problems before an audit. If plans are not corrected, participants might lose the tax benefits of participation. The sooner problems are found and fixed, the better. The IRS offers different options for correcting retirement plan problems through its Employee Plans Compliance Resolution System (EPCRS). In addition, the IRS has created a checklist of common problems along with ways to fix the problems.

Much more information about EPCRS is available in *GuideStone's 403(b)(9) Self-Audit Manual*, which can be found on GuideStone's website or in EAP for employers using EAP. When an error occurs involving contributions to the Plan, notify GuideStone to request help determining the contributions and any earnings or losses.

In order to correct an overpayment to a participant's account, a *Self-Correction Program Form* (if refunding contributions to employer's suspense account) or a *Mistake of Fact Authorization* form (if refunding contributions to the employer) must be completed and returned to GuideStone as documentation of the correction. Please contact GuideStone to receive the proper form. The following information needs to be provided before GuideStone can proceed with the correction:

- Participant's name
- Social Security number
- Contribution type to be changed
- Amount to be refunded
- Payment period end date of amount to be refunded
- Original signature of an authorized officer and/or the participant with signature date

If contributions have not been made for a participant, contact GuideStone to determine how to correct that situation. In general, the participant must be "made whole" with respect to the contributions and lost earnings. However, there are limited situations (e.g., the employer failed to initiate a participant's salary deferral election) in which missed elective deferrals do not have to be made to the Plan.

GuideStone is happy to share information with you and your benefit counsel about corrections; however, we cannot provide legal or tax advice.

Redesignation

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. In order to correct the account, a *Certification Regarding Change in Records* form must be completed and returned to GuideStone, or the **employer** must contact GuideStone in writing. Please contact GuideStone to receive this form. The following information needs to be provided before GuideStone can proceed with the correction:

- Participant's name
- Social Security number
- Contribution type
- Amount to be redesignated by contribution type
- Payment period end date of amount to be redesignated
- Original signature of authorized officer and/or participant
- Date of signature

Note: For contributions made after December 31, 1994, the employer must confirm that participants have *Retirement Contribution Agreements* and provide copies to GuideStone upon request. If the participant's contribution was not properly reported on the employee's *Form W-2*, then you will need to make the necessary corrections to the *Form W-2* and notify the participant.

Audit/correction

From time to time, employers or participants request an audit of contributions to accounts. An audit is a detailed listing of all of the activity (contributions, distributions, exchanges and post dates, as well as payroll end dates, if applicable) on the participant's account for a given time frame. Generally, GuideStone does not conduct audits of accounts involving trade dates of more than 120 days from the request because audits result in significant breakage (the difference between the current day's NAV and the prior trade date, creating either a gain or loss) and incur costs for processing corrections that affect all participants.

To help prevent audits:

- Explain to participants that contributions are trailing (i.e., reported on participant's pay stub in the month before they are remitted to GuideStone).
- Advise participants to review their quarterly e-statements and report discrepancies as soon as possible.

Requests for audits beyond the 120-day period will incur a fee. The fee will be $75 per hour, which includes research and processing time. The fee will be deducted from the account of the participant or employer asset account depending on who is requesting the audit. In the event an account balance is not sufficient to cover the fee, GuideStone will invoice the employer or participant. The fees must be paid prior to correction processing.

GuideStone researches and/or considers circumstances of disputes that are within 120 days from the availability of the quarterly e-statement on which the discrepancy appears. Each dispute is considered on a case-by-case basis. GuideStone may or may not make corrections that cause up to 120 days of breakage.

The following information is required before GuideStone can process the audit:

- Employer name
- Time frame
- Canceled checks
- Participant's name
- Participant's address
- Participant's phone number
- Participant's Social Security number

- Other documentation relevant to the request (e.g., *Retirement Contribution Agreement*)

The following types of corrections may incur fees:

- Contributions posted to wrong source
- Contributions posted to wrong investment
- Computation of earnings for missed contributions
- Contributions posted to wrong employer
- Contributions posted to wrong participant
- Redesignations and backdated contributions
- Self-Correction Program or Mistake-of-Fact corrections
- Makeup contributions

Account statements

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

Participant quarterly account statements

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

- Contributions/credits
- Distributions/debits
- Exchanges
- Loans
- Investment gains/losses

Quarterly account 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 Statements" Quick Link. Participants who are unable to receive electronically delivered statements and want to continue receiving quarterly account statements may request paper statement delivery by contacting GuideStone Customer Solutions 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. In addition, participants can view their account activity daily by accessing their account online at *MyGuideStone.org*.

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 solutions 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 account statement from GuideStone. Activities that appear on an employer's accounting statement include:

Trust asset account

- Forfeitures
- Contribution payments
- Exchanges
- Adjustments

Deferred compensation plans (these are sorted by participant)

- Contributions
- Earnings
- Withdrawals

Tax information

Housing allowance

Eligible ministers may have the church or other qualifying organization designate all or a portion of their income as housing allowance. It is the minister's and the 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 housing allowance designated by their church or other qualifying organization; or
- Actual housing expenses (including mortgage payments, utilities, property taxes, insurance, furnishings, repairs and improvements); or
- The fair rental value of the home (furnished, including utilities).

At retirement, eligible, retired Ministers for Tax Purposes may ask GuideStone to designate all or a portion of their retirement income as a housing allowance. A housing allowance can be designated for income only when that payment relates to contributions made as a result of the participant's own earnings from service as a minister. Ministers must decide if they are a Minister for Tax Purposes, understand the limits and follow the rules.

GuideStone reports the total distribution on the minister's *Form 1099-R,* but the portion of the retirement income claimed as a 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 income 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 receiving retirement income 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 *Ministers' Tax Guide* from GuideStone's website, *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, for federal income tax, 20 percent 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 account as either a direct rollover or indirect rollover. Below is helpful information to those participants who are considering the differences between these options:

Direct rollover (check made payable to appropriate plan or IRA):

- 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 conversion (check made payable to appropriate plan):

- Before-tax dollars converted to Roth.
- Reportable as taxable income at the time of the conversion.
- Qualified distributions are tax-free at retirement.

Indirect rollover (check made payable to the participant):

- **GuideStone must withhold 20 percent 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 59 ½ may be subject to an additional 10 percent early distribution tax. Participants pay this when they file their federal income tax.

Exceptions to the 20 percent mandatory income tax withholding

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

- Payments that will last for a period of 10 years or more
- RMDs
- 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 tax the participant must ultimately pay. After-tax contributions and qualified Roth distributions are non-taxable distributions; therefore, these funds are not subject to the mandatory withholding.

Penalty tax on early withdrawals

If a participant receives a payment before reaching age 59 ½ 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 percent of the taxable portion of the payment. The additional 10 percent tax does not apply to the payment if it is:

- Paid to the participant because the participant separates from service with the 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 participant and participant's beneficiaries' 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 percent 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.
- Corrective distribution paid to the participant as a result of exceeding the annual contribution limits.
- Certain distributions to qualified military reservists called to active duty.

The 10 percent early distribution tax only applies to taxable distributions. Distributions of after-tax contributions, qualified Roth distributions or distributions taken as minister's housing allowance will be excluded from the 10 percent penalty.

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

Note: Before-tax contributions and earnings and tax-paid earnings rolled over to a Roth IRA will result in a taxable rollover.

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 income tax.

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 as deemed distributable events.

NDT

What is NDT?

If you have determined that your organization is an 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 whom the law determines are HCEs. NDT requirements may vary depending on the types of contributions provided for under the Plan.

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. You can find detailed information about the NDT requirements on GuideStone's website.

How to get help

Listed below are some common areas of questions, along with the divisions or departments at GuideStone to which you can direct any 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 answer your question or 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**
	Benefits Administrator
Contribution statements …………………………..	**Retirement Operations**
	Pre-retirement Administrator
Contribution limits calculations……………………..	**Compliance**
	Compliance Specialist
Death benefits..………………………..........................	**Benefits**
	Survivor Specialist
Disability retirement income………………………..	**Benefits**
	Benefits Administrator
Divorce, pre-retirement………………………………...	**Retirement Operations**
	Pre-retirement Administrator
Divorce, post-retirement…………………………….	**Benefits**
	Supervisor

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

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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 a vested 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. Subsequent eligibility periods will be measured on the plan year, with monthly entry dates. 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 4, 2009, John has completed 1,000 hours of work.

Conclusion: He has met the eligibility service requirements of the Plan and will enter the Plan on the entry date of December 1.

Example 2:

- John Doe is hired on November 5, 2008.
- On November 4, 2009, John has completed 999 hours of work.

Conclusion: He has **not** met the eligibility service requirements to enter the Plan.

Note: The first Plan year "beginning after his employment commencement date" is 2009.

- If John has not completed at least 1,000 hours in his initial 12 months of service, the employer will look back at the end of the Plan year December 31, 2009, to see if he completed 1,000 hours. If so, he would have met the Plan's eligibility requirements for the next Plan year.
- If John again has not completed at least 1,000 hours on December 31, 2009, the employer will check on December 31, 2010, for the upcoming Plan year 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 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.

Conclusion: When he is rehired on December 10, 2009, John is eligible to participate in the Plan immediately, as he has met eligibility requirements and passed his entry date.

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 4, 2009. He had already completed 1,000 hours of work, and if he had been employed on his first anniversary date, he would have met the eligibility requirements of the Plan and entered the Plan on December 1, 2009.

If John had not worked 1,000 hours, he would not have met the eligibility requirements of the Plan and would not have been eligible immediately upon rehire. Next, the employer would need to look back at the end of the Plan year (December 31, 2009) to determine if John had met eligibility to determine if he can enter the Plan on the next entry date of January 1, 2010.

Example 4:

- John Doe is hired on November 5, 2003.
- On November 4, 2004, John has completed 1,000 hours of work and has met eligibility service requirements of the Plan. John enters the Plan on the Plan's next entry date of December 1, 2004.
- On December 6, 2006, John quits. He does not withdraw his vested employer contributions account from the Plan but leaves 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 his eligibility service has been reinstated. John is immediately eligible to enter the Plan (and does not wait for the next entry date).

Example 5:

- John Doe is hired on June 7, 2001, as an employee who is classified as support personnel. 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 to enter the Plan (and does not wait for the next entry date).

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 an eligible employee group.

Example 6:

- John Doe is hired on November 5, 2003.
- On November 4, 2004, John has completed 1,000 hours of work and has met the eligibility service requirements of the Plan and enters the Plan on December 1, 2004.
- On December 6, 2005, John accepts 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 does not withdraw his vested employer contributions account from the Plan but leaves 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. 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.

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 where eligibility requirements have been met

Regardless of how long such an employee has been gone, when rehired, if the employee has a vested 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.