

Understand your options

The following information provides specific details about retirement income options you may need to know before completing your *Retirement Income Application*. Please keep in mind that if you choose a Life Income Annuity, Systematic Withdrawal or Fixed Period Income Annuity that is payable for *10 years or more*, your income is subject to voluntary withholding rules. And if you choose a Single Sum Payment, Systematic Withdrawal or Fixed Period Income Annuity that is payable for *less than 10 years*, your income will be subject to the mandatory 20% withholding rules.

How does a GuideStone Life Income Annuity work?

Life Income Annuities are payable for either one (Single Life) or two (Joint Life) lives. This means that you will receive payments for the rest of your life or the lives of both you and your Joint Life Applicant.

There are several options you can use to customize either a Single Life or Joint Life Income Annuity.

- ✧ The **Cash Refund option** can ensure your children or other beneficiaries receive proceeds in the event you (and your spouse if a Joint Life Income Annuity) pass away before the original purchase price of annuity is paid out.
 - **Example:** Beverly and her husband, John, retire at age 65 and set up a Joint Life Income Annuity with a Cash Refund option. They name their daughter as the sole beneficiary. If they both pass away before the account has been fully paid out, the remainder of the account will be paid to their daughter in a lump-sum payment.
- ✧ With the **Specified Period option**, you can ensure your children or other beneficiaries will receive proceeds in the event you (and your spouse if a Joint Life Income Annuity) pass away before a specified period is over.
 - **Example:** Bill retires at age 65 and chooses to set up a Joint Life Income Annuity with a 10-year Specified Period option. He and his wife (the Joint Life Applicant) name their three children as beneficiaries. The annuity will provide income over the entire lifetimes of Bill and his spouse, but should both pass away after six years, the beneficiaries will continue to receive payments for the remaining four years.
- ✧ The **Annual Increase option** allows you to receive annual increases in payments of 1%, 2% or 3% (in return for smaller initial payments) to help offset inflation's impact on your retirement income. Unless you choose this option, the payment you receive will not adjust to offset the impact of inflation during your retirement. (If you do consider this option, be sure to compare the difference in payments between this option and other options, to ensure it's the best fit for you.)
 - **Example:** John retires at age 65 and chooses to set up a Joint Life Income Annuity with a 2% annual increase option. He and his wife (the Joint Life Applicant) will initially receive lower monthly income payments, but their payments will increase by 2% each year, which will help their income keep pace with inflation.

How does a GuideStone Systematic Withdrawal Plan work?

The Systematic Withdrawal Plan provides income for a specified period of time (until the funds are exhausted or until written notification to cancel the plan is received). The monthly payment is determined by the amount, percentage or period designated on the *Retirement Income Application*. This payment may be changed or discontinued at your request by completing a *Systematic Withdrawal Plan Change Form*, which you can request by calling GuideStone.



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There are three basic ways to receive your systematic withdrawals:

- ✧ **Equal payments of a specified amount.** A minimum of \$50 is required, but you choose the amount you want deducted from your balance each month.
- ✧ **Percentage of total vested contribution amounts.** This option will provide income that varies from month to month (due to market fluctuations). The payment amount is calculated by taking the annual percentage, dividing it by 12 to get a monthly rate, then multiplying the monthly percentage by the total account balance. If the total account value drops below \$1,000, the entire account value may be distributed as a Single Sum.
- ✧ **Paid out over a specified period of time.** Your payment amount will vary from month-to-month (due to market fluctuations) and is calculated by dividing the total account value by the remaining number of payments.

Example: Tom is single, 65 and retiring. He doesn't want to set up an annuity at this time so he decides to set up a Systematic Withdrawal Plan for \$100,000 of his account value. The chart below shows what his monthly payments will look like for each of the three options described above.

SYSTEMATIC PAYOUT OPTION	CALCULATION METHOD	MONTHLY INCOME
Equal monthly payments (Tom wants \$500/month)	Equal payments	\$500 for 200 months
% of vested contribution amounts (Tom selects 4%)	$(\$100,000 \times 4\%) \div 12$	\$333 (will vary each month)
Paid out over a specified time (Tom selects 15 years)	$(\$100,000 \div 180 \text{ months})$	\$555 (will vary each month)

It is important to note that your account stays invested while you take withdrawals with this option. You will need to be comfortable with the risk level of your investments, and you will be responsible for all investment decisions.



Most experts recommend starting your withdrawal rate at no more than 4% of your account balance annually to reduce the chances of running out of money. It's also important to make sure your portfolio is appropriately allocated to help you reach your retirement goals. To see if you may need to make changes to become appropriately allocated, use GuideStone Advisors' complimentary financial advice service by setting up a personal phone appointment with one of our advisors at **1-888-98-GUIDE** (1-888-984-8433). You can also use the online service yourself by logging in to your MyGuideStone™ account and selecting the "Guided Planning Services®" link.

Keep in mind that if you set up multiple retirement income payment options, any annuity, Fixed Period or Single Sum options selected by you will be set up first, and the remainder of your retirement funds will be available for your Systematic Withdrawal Plan.

How does a GuideStone Fixed Period Income Annuity work?

The Fixed Period Income Annuity is payable as a fixed monthly amount for a specified period. You decide the amount and/or payment period, and at the end of the fixed period, no other income will be paid. The annuity is affected by several variables:

- ✂ The amount of the account balance used to establish payments
- ✂ The length of payments
- ✂ The frequency of payments
- ✂ The funding rate at the time the payment is established

If you die before the fixed period ends, your beneficiary has the option to continue receiving payments in the same amount for the remainder of the payment period, or as a Single Sum Payment. *Your employer's plan may limit a Fixed Period Income Annuity to only a portion of your vested Employer Contributions Account.*

Example: Jane, age 65, is single and retiring. She decided to set up a portion of her retirement account as a Fixed Period Income Annuity with equal monthly payments of \$1,000 for 60 months. Jane designates her daughter as the beneficiary. At the end of the 60-month period, Jane must complete new forms to receive any additional retirement income payments from the unused portion of her account.

If Jane dies after receiving only five months of payments, her daughter will receive \$1,000 monthly payments for the remaining 55 months or the equivalent of the remaining payments in a lump sum.

How does a GuideStone Single Sum Payment work?

A Single Sum Payment provides all or part of your retirement account balance to you in one payment. Your employer's plan may limit a Single Sum Payment to only a portion of your vested Employer Contributions Account. Many participants use this option to cover emergency expenses, such as major repairs or major medical expenses. Single Sum withdrawals can create adverse tax consequences (talk to your tax adviser for more details). Also, the payments can only be withdrawn from an accumulations account and not from an established annuity.

What about inflation?

Averaging 3% annually throughout history, inflation can eat away at your income. The \$20 you spent on a certain product in 1980 would cost nearly \$57 in 2012. For this reason, it is important to have an income strategy that can adjust for inflation in future years.

GuideStone can help you contend with inflation.

*With the **Single or Joint Life Income Annuity**, you can choose the **Annual Increase option**, which will increase your annuity income by 1%, 2% or 3% each year. This results in smaller payments the first few years (compared with not choosing this option), but will result in larger payments to offset inflation in future years. (Please see your Retirement Income Estimate for examples.) Even with this option, you may want to keep a portion of your account invested so you can make additional withdrawals in later years.*

*With the **Systematic Withdrawal Plan**, you can adjust your payments yourself. Many financial planners recommend you start with a withdrawal rate of no more than 4% per year, and then adjust for inflation on an annual basis. Remember, when receiving your systematic withdrawals, it is important to keep an appropriate asset allocation and review it each year. You can log in to www.MyGuideStone.org to access resources to help you choose the funds for your asset allocation.*

*The income amount of annuities is determined by the following variables: the amount of the account balance used to establish the income, the funding rate at the time your income is established, your age, whether the payment option selected is a **Single Life** or a **Joint Life Income Annuity** and any guarantee period or refund, cash refund or annual increase option chosen. If you select a **Joint Life Income Annuity**, the amount will also be based on the age of your **Joint Life Applicant** and the percentage of your income which is payable to him/her.*

If you still have some questions, please call us at **1-888-98-GUIDE** (1-888-984-8433) between 7 a.m. and 6 p.m. CST, Monday through Friday. Additionally, you can email us at info@GuideStone.org any time, day or night.

The decisions you're making now may impact the rest of your life. We don't want you to rush into any decision, and we stand ready to help you fully understand your options.


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