SOUTHERN BAPTIST CHURCHES 403(b)(9) RETIREMENT PLAN

ADMINISTRATION MANUAL

GuideStone®

Southern Baptist Churches 403(b)(9) Retirement Plan Administration Manual Table of Contents

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Introduction

The Southern Baptist Churches 403(b)(9) Retirement Plan (the "Plan") is a retirement income account program that is intended to satisfy the requirements of section 403(b)(9) of the *Internal Revenue Code* (the "Code") and any related treasury regulations. The Plan is designed as a church plan as defined within the meaning of Code section 414(e) and section 3(33) of ERISA and, as such, is exempt from certain provisions of the Code and ERISA.

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's provisions.

The 403(b) regulation states that a 403(b)(9) plan must have a written plan document. Churches that sponsor a 403(b)(9) plan must maintain written documents that describe all material Plan provisions. GuideStone provides the *Basic Plan Document*. However, since each church has flexibility related to certain Plan provisions, your church must develop and maintain additional written rules and procedures that address such items as:

- Compensation taken into account in determining contributions to the Plan
- Employees eligible to participate in the Plan for employee and employer contributions
- Employee contribution types (tax-sheltered, Roth, tax-paid) the employer/church will allow its employees to make and whether the church has an automatic enrollment program
- Contributions the employer/church will make to the Plan and, if so, the amount and contribution source type (e.g., 10 percent of compensation on a matching or non-matching basis)

Note: Any vesting schedule elected by the church must be documented with GuideStone. Contact GuideStone if your Plan will be incorporating a vesting schedule.

GuideStone makes available a *Rules and Procedures for Eligibility and Contribution* form for you to complete as part of the Plan documentation. You may call GuideStone to obtain the *Rules and Procedures for Eligibility and Contribution* form. Your Plan should also include any written policies, procedures or other documents that are incorporated by reference and would be made a part of your Plan.

Every employer should maintain current and historical copies of the Plan documents and any correspondence to or from GuideStone regarding the Plan or its 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.

Please visit our website, *GuideStone.org*, for a copy of the Plan and any updates and/or revisions of the administration manual. In addition, customer solutions specialists are available to assist with questions toll-free at **1-888-98-GUIDE** (1-888-984-8433).

General Administrative Responsibilities

Employer Responsibilities

Refer to the Plan to review the duties of the employer. Examples of Plan administration activities associated with these duties include, but are not limited to, the following:

- Enroll participants in the Plan.
- Educate employees regarding contribution opportunities available (e.g., eligibility and participation date).
- Maintain participants' *Retirement Contribution Agreements*, enrollment applications and other important papers relating to participation in the Plan.
- Notify GuideStone and state conventions of change in eligibility status (e.g., ministerial, eligible non-ministerial, non-ministerial).
- Withhold contributions from participants' compensation as requested and remit to GuideStone in a timely manner.
- Take all actions necessary to ensure overall compliance with the requirements of Code section 403(b) if the Church enters into agreements with 403(b) plan providers.
- Determine that investments under the Church's Plan are, now and in the future, suitable for the Church's employees.
- Notify GuideStone promptly in the event of a participant's death, disability, termination or retirement.
- Respond to requests for information from GuideStone about the Plan or participants.
- Provide annual 415 Notice to all participants.

GuideStone offers a free online service, Employer Access Program® (EAP), that employers can use for remitting contributions. This same service can also be used for processing enrollments, performing account maintenance and updating employment status. A GuideStone administrator will assign the church an employer number and registration code needed to register online. By registering, you are authorizing GuideStone to allow your authorized employees (security administrators) to use 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, *EAP.GuideStone.org*. The following retirement 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
- Download forms and generate reports
- View Plan administration manual and Plan documents
- Adopt GuideStone's new Volume Submitter Plan preapproved by the IRS

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

GuideStone Responsibilities

Refer to the Plan to review the duties of GuideStone. Examples of Plan administration activities associated with these duties include, but are not limited to, the following:

- Enroll churches and participants in the Plan.
- Establish and maintain participant accounts.
- Invest participant and employer contributions in Plan funds as directed by the participant.
- Develop and maintain administrative rules in accordance with the Plan.
- Prepare quarterly participant account statements.
- Calculate retirement income and communicate with participants and employers regarding retirement income amounts.
- Resolve retirement account disputes.
- Prepare and distribute written information for participants, participants' spouses, beneficiaries and their attorneys in the event of death, divorce or bankruptcy.
- Establish procedures to administer distribution of participants' accounts (including in the event of death, divorce or bankruptcy).
- Resolve or otherwise decide matters not specifically covered under the terms and conditions of the Plan.

Eligibility

Church Eligibility

Refer to Article II of the Plan for the definitions of "church," "eligible church" and "state convention".

The Plan is comprised of churches that are deemed Southern Baptist. Each church needs to meet qualifications from their specific state convention or the Southern Baptist Convention to be eligible to participate in this Plan.

Note: Consult with your state convention to determine its criteria for being an eligible church.

Churches who qualify as Southern Baptist as determined by the state convention may be eligible for certain benefits if they meet the current requirements established by their state convention.

Churches that are not affiliated with a state convention, but are affiliated with the Southern Baptist Convention, are eligible to participate in the Plan but are not eligible for any state convention-related benefits.

Periodically, the state conventions and GuideStone will communicate regarding the status of eligible churches. If a status has changed, the state convention will notify GuideStone to make the necessary adjustments to the recordkeeping system and will either apply or cease the application of the state convention benefits to the participants' accounts. Please refer to the *Basic Plan Document*.

Participant Eligibility

In order to participate in this Plan, an employee must generally be receiving taxable income from a church or association recognized by the state convention. In addition, they must meet all eligibility requirements established by the employer.

Once an employee becomes a participant, he or she may also be eligible to receive protection benefits and other benefits provided by the state convention. These benefits are provided at no additional cost when the state convention's eligibility requirements are met, and monthly contributions are made to the participant's retirement account. There are three eligibility classifications with respect to the types of state convention benefits and contributions:

- Ministerial
- Eligible non-ministerial
- Non-ministerial

Note: Please contact your state convention for the ministerial eligibility requirements.

Retirement Contributions

Your state convention may choose to make an annual discretionary contribution to your account should the church meet the respective eligibility requirements of your convention.

Protection Benefits

If the protection benefit is provided by your state convention, a monthly contribution of at least $50 is required to receive the benefit. (**Note:** This change was made effective January 1, 2018.)

Disability Income Benefit

The Disability Income Benefit may provide income up to $500 per month for up to 60 months if a participant becomes disabled while in active service with the church or, if not in active service, has an account balance in the Plan or has established an annuity with GuideStone. In addition, the state convention provides a retirement contribution up to $35 for each month the participant is receiving the Disability Income Benefit.

Note: A five-month waiting period applies before disability benefits begin.

Survivor Protection Benefit

The survivor protection benefit may provide the beneficiary of the account an additional source of income if the participant dies prior to retirement and (1) is in active service with a church, (2) is receiving or eligible to receive a Disability Income Benefit or (3) has an account balance in the Plan or has established an annuity with GuideStone. The survivor protection amount varies based on the age of the participant at death and as discussed below but can be as much as $100,000 (see chart on page 32). This benefit is in addition to any accumulations in the retirement account. 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 age.

Requirements to Receive Disability Income Benefit and/or Survivor Protection Benefit

Both of the above benefits are dependent on the months of contribution before the date of disability or death. If the participant and/or employer made 12 consecutive contributions in each month immediately prior to the date of death or disability, the full amount of the benefit will be paid. For the protection benefit, a monthly contribution of at least $50 is required to receive the benefit. If there were fewer than 12 months of consecutive contributions, a prorated benefit amount is paid.

Example 1: Joe Brown is 32 years old. He dies in January. He has made contributions in six of the 12 months prior to his death. Because of his age, he is eligible for $100,000, but because he has made contributions for only six of the 12 months prior to his death, his survivor(s) will receive 6/12 of the income amount, $50,000.

Example 2: Bob Jones becomes disabled in January. His church made contributions for four of the 12 months prior to his becoming disabled. He is eligible for a $500 monthly amount; however, since only four contributions were made to his account during the 12 months prior to becoming disabled, he will receive 4/12 of the amount, $166.67.

Enrolling Participants in the Plan

Enrollment Process

Employees wishing to participate in the Plan must complete an enrollment application. The employer should complete the contribution information on the employee's application. The employer can submit the completed enrollment application to GuideStone via mail, email or fax or enroll the employee through the Employer Access Program® (EAP). A copy of this form should be maintained in the employee's personnel file.

Important items to note:

- Employees wishing to make deferrals (tax-sheltered, Roth, tax-paid) must complete a *Retirement Contribution Agreement,* which establishes a contract between the participant and the employer. The employer should maintain this form in the employee's personnel file; this form should not be sent to GuideStone.
- The employee should designate an investment allocation at the time of enrollment. If an employee does not designate an investment allocation, GuideStone's current default fund will be chosen as the participant's investment allocation. This allocation election may be changed at any time by the participant by logging into their *My*GuideStone® account.
- An employer can download an enrollment application, *Retirement Contribution Agreement* and *Inbound Rollover* form from the GuideStone website, *GuideStone.org.*

Plan Highlights

Please make certain all employees understand the following information:

- Eligible employees can make contributions to the Plan immediately.
- Employer contributions are generally 100 percent vested immediately.
- Employees may be eligible to receive state convention protection benefits and/or state convention retirement contributions, at the discretion of the state convention.
- In-service withdrawals are allowed.
- Hardship withdrawals are allowed.
- Termination withdrawals are allowed.
- Loans are available.

Beneficiary Designation

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

- Participants can make or change a beneficiary designation by visiting *My.GuideStone.org/Beneficiary* or by accessing this online *Beneficiary Designation Form.*
- Failure to designate a beneficiary will result in their beneficiary falling under the Plan default, which is spouse and then estate.
- Failure to designate a beneficiary may result in additional legal paperwork and delay of beneficiary income for non-spouse beneficiaries.
- Alterations, whiteouts 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.

- 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.

Plan Investments and Funds

Refer to the Plan regarding Participant Direction of Investments.

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 their investment fund(s) 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.

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 Aggressive Allocation 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.

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 *My.GuideStone.org*
- **1-888-98-GUIDE** (1-888-984-8433); speak with a customer solutions specialist
- Mail written request to GuideStone, Attn: Customer Solutions, 5005 LBJ Freeway, Suite 2200, Dallas, Texas 75244

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

Requirements for Processing Exchanges and Allocations

GuideStone 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 market close.
- Requests received after the cutoff will be processed with the next business day's Net Asset Value (NAV).

Remitting 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 no later than 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 source types describe whether the employer or employee is making the contribution and the tax status (before or after-tax) of the contribution. You may limit the sources available to your Plan in your policies and procedures. It is very important when remitting contributions that you accurately identify the amount applicable to each source type. Below are examples of source types used by GuideStone to administer the Plan:

- Employer contributions
- Tax-sheltered contributions
- Tax-paid contributions
- Roth elective deferrals

Employer Contributions

Employer contributions are those that are not made under a *Retirement Contribution Agreement*. These contributions may include matching contributions or discretionary contributions made by the employer. Participants don't pay income tax on these contributions until they withdraw them from the account.

Tax-sheltered Contributions

Participants must sign a *Retirement Contribution Agreement* with their employer 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' tax-sheltered contributions made 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*.

Tax-paid Contributions

Also referred to as after-tax contributions, these contributions are made by a participant with funds on an after-tax basis and which are not a Roth elective deferral. Participants pay applicable taxes on the contribution at the time it is put into the Plan. Tax-paid contributions are not excluded from a participant's income, and they cannot deduct them on their tax return. At retirement, qualified distributions of tax-paid contributions will require taxes due on the earnings.

Roth Elective Deferrals

Participants must sign a *Retirement Contribution Agreement* with their employer 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 earlier of the first year the participant contributed to any Roth 403(b) or 401(k) option in their employer's Plan(s) or, if a Roth rollover contribution is made, the first year the participant made 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 the participant's death. If the distribution is not qualified, the distribution will require taxes on the earnings. You should review the *Instructions for Completing IRS Form W-2* for complete information about reporting.

Payment Methods

The following payment methods are available:

Check

Issue a check to GuideStone for the total contributions due for the payroll cycle. Retirement contribution checks must be mailed to: GuideStone, P.O. Box 672072, Dallas, Texas 75267-2072.

Automated Clearing House (ACH)

ACH is an Electronic Funds Transfer (EFT) GuideStone initiates at a time designated by the employer for payment of contributions. 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.

To sign up for ACH, visit the free online service EAP. For more information about EAP, please contact Customer Solutions at **1-888-98-GUIDE** (1-888-984-8433).

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, performing account maintenance and updating employment status. A GuideStone administrator will assign the church an employer number and registration code needed 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, *EAP.GuideStone.org*. The following retirement 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
- Download forms and generate reports
- View Plan administration manual and Plan documents
- Adopt GuideStone's new Volume Submitter Plan preapproved by the IRS

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

Paper Statements

In the event the employer chooses to send a check as payment for the retirement contributions, a paper statement with a detachable stub is mailed to the employer's address. The employer should detach the stub from the statement, enclose a check and mail in the provided envelope. Upon receipt of the check, the contributions will post to the participants' accounts, if the payment is in good working order. Please log into *EAP.GuideStone.org* to update any of the following information:

- Changes to contribution amounts or sources
- If terminated/inactive participants are listed on the statement
- If you have newly enrolled participants who are not on the statement

Electronic Data Transfer (EDT)

EDT enables you to extract contribution, enrollment and termination data from your payroll system and send the data electronically to GuideStone. We recommend EDT 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 for a manual.

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 current-year contributions and post them to participants' accounts no later than January 31 of the following year. This ensures that the contributions count as current-year contributions for purposes of contribution limits calculations. **(For more details on maximum contributions, see next section.)**

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. There are several requirements that employers must meet in order to provide 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.

If you have a situation where this type of contribution can meet a need, please contact GuideStone to receive the five-year, post-employment contributions information packet.

Maximum Contribution Limits

Maximum Contribution Limits

There are two contribution limits that participants may not exceed:

- Code section 415(c) (referred to as the 415 Limit) — the **lesser** of:
  - 100 percent of includable compensation as defined in Code section 403(b)(3) or
  - $61,000 (indexed amount for 2022)
- Code section 402(g) (referred to as the 402(g) Limit) — $20,500 (indexed amount for 2022)

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

Minister's Housing Allowance and Contribution Limits

The term "compensation" does not include the minister's housing allowance for contribution limits purposes. This is an important concept for ministers because the amount of compensation includible in gross income is what determines the Basic Limit discussed above. For instance, if the minister claims 100 percent of his compensation as minister's housing allowance, the minister may need to take advantage of the Special $10,000 limit discussed below.

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 at the end of the calendar year who want to maximize salary reduction contributions may make an additional salary reduction contribution up to $6,500 (indexed amount for 2022).

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. 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. If there are questions, contact GuideStone's Retirement Compliance department for assistance.

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.

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

Maintenance of Participant and/or Employer Information

Participant Indicative Data

Participants should notify GuideStone if there are changes to any of the following:

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

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

Beneficiary Designation

Refer to the Plan for more information regarding the definition and designation of beneficiary(ies).

The Plan defines a spouse as a person of the opposite sex, married in a civil or religious ceremony. The Plan does not recognize common-law or same-sex marriages for the purposes of this section (*Beneficiary Designation Form*) of the manual.

Participants can make or change a beneficiary designation by logging into their *My*GuideStone account and selecting the "Retirement & Investments" tab and then the "Beneficiaries" tab.

In the event a participant dies and does not have a valid *Beneficiary Designation Form* on file with GuideStone, the Plan states that one of the following will be the beneficiary in the order indicated:

- Surviving spouse of the deceased participant
- The estate of the deceased participant

Note: The beneficiary designation will be effective upon the receipt and approval of GuideStone. Alterations, whiteouts or strikeouts are not permitted to a beneficiary's name and will void the designation.

In addition, 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.

Employment Status

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

- Change from part-time to full-time status or vice versa if the status affects participant's participation in the Plan
- Change in status due to employee meeting eligibility requirements
- 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: It is especially important that employers with a Plan that has a vesting schedule 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 accounts.

Employer Changes

Please notify GuideStone immediately of changes, or possibilities of changes, in the following:

- Employer name
- Address change
- Change in email address
- Leaving the Southern Baptist Convention

Account Statements

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 *My.GuideStone.org* and selecting the "Statements" Quick Link. In addition, participants can view their account activity daily by accessing their *My*GuideStone account. Participants who are unable to receive electronically delivered statements and want to receive quarterly account statements may request paper statement delivery by contacting GuideStone at **1-888-98-GUIDE** (1-888-984-8433).

Instruct participants who believe their quarterly account statement contains errors to promptly call GuideStone at **1-888-98-GUIDE** (1-888-984-8433). If notified within 120 days, GuideStone will research any request or proposed discrepancy and make any correction it determines necessary or appropriate.

Employer Account Statements

Employers who have trust asset accounts or participants with non-qualified deferred compensation plans receive a quarterly account statement from GuideStone. Activities that appear on an employer's accounting statement include:

Trust Asset Account

- Contributions
- Distributions
- Investment gains/losses

Non-qualified Deferred Compensation Plans (These Are Sorted by Participant)

- Credits
- Debits
- Investment gains/losses

Distributions

In-service Withdrawal

Refer to the Plan for provisions regarding in-service withdrawals.

An in-service withdrawal is a distribution of amounts to a participant while the participant is still employed with any church affiliated with the Southern Baptist Convention. The amount available for withdrawal is limited by law and Plan provisions.

Participants interested in withdrawing funds while still in service can request a withdrawal online by visiting *My.GuideStone.org* or by contacting GuideStone to create the withdrawal on their behalf.

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 "10 Percent Additional Tax on Early Withdrawals" section for specific information, including exceptions. Depending on the participant's state of residence for tax purposes, the participant may owe state income taxes, and some distributions from the Plan may be required to have state income tax withholding.

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 be rolled over only 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.

Amounts 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.

- Participant tax-sheltered contributions, Roth elective deferrals and earnings made with a prior Southern Baptist church in the Church Retirement Plan.

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.
- Participant can request a withdrawal online by visiting *My.GuideStone.org* or by contacting GuideStone to create a withdrawal on their behalf.
- Complete the "Employer Verification" section of the application.
- Send the completed form to GuideStone.

Hardship Withdrawal

See the Plan for 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 withdrawal, prior to taking a hardship withdrawal.

Participants in need of a hardship withdrawal should request the *Hardship Withdrawal Application* from GuideStone. This form provides more information to participants regarding required documentation. In light of the recent Department of the Treasury Memorandum for the Employee Plans Examination, GuideStone will no longer need to receive substantiation documents with the *Hardship Withdrawal Application*, unless the participant has received more than two hardship withdrawals in the current year. (If urgent, advise the participant to send this material via overnight or expedited mail.) As the employer, you may want to request and retain the substantiation documents for your records, if ever audited.

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. However, participants may owe more than the amount withheld depending on their personal tax liability. Be advised there is a 10 percent penalty for amounts withdrawn prior to age 59 ½. Refer to the section in this manual entitled "10 Percent Additional 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. Depending on the participant's state of residence for tax purposes, the participant may owe state income taxes, and some distributions from the Plan may be required to have state income tax withholding. These amounts are not eligible to be rolled over to another retirement plan.

Amounts Available for a Hardship Withdrawal

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, and the participant must be able to provide evidence of one or more of the situations below.

The participant must certify to preserve required documentation which substantiates one or more of the following situations and will make it available at any time, upon request, to GuideStone or their employer:

- **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 *Hardship Withdrawal Application*.
- Retain a copy of the *Hardship Withdrawal Application* for your records.
- In light of the recent Department of the Treasury Memorandum for the Employee Plans Examination, GuideStone will no longer need to receive substantiation documents with the *Hardship Withdrawal Form*, unless the participant has received more than two hardship withdrawals in the current year. (If urgent, advise the participant to send this material via overnight or expedited mail.) As the employer, you may want to request and retain the substantiation documents for your records, if ever audited.
- 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 *Hardship Withdrawal Application*.
- If the employee also has accumulations in another 403(b) or 401(k) plan with the church, ensure that amounts distributed from all arrangements with respect to this hardship do not exceed the amount of the need.

Termination Withdrawal

Refer to the Plan for provisions regarding termination withdrawals.

A termination withdrawal is a distribution of amounts to a participant who has terminated service with the church and is no longer working for any church affiliated with the Southern Baptist Convention. Participants interested in withdrawing their funds after they have terminated service can request a withdrawal online by visiting *My.GuideStone.org* or by contacting GuideStone to create the withdrawal on their behalf.

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 "10 Percent Additional 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. Depending on the participant's state of residence for tax purposes, the participant may owe state income taxes, and some distributions from the Plan may be required to have state income tax withholding.

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. Roth accounts 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.

Amounts Available for a Termination Withdrawal

- Generally, all funds are available when a participant terminates service:
    - Participant's contributions account
    - Employer contributions account (at complete discontinuance of service with all Southern Baptist churches) that are 100 percent vested
    - State convention matching contributions account (at complete discontinuance of service with all Southern Baptist churches, at the discretion of the state convention.)

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.
- Participant can request a withdrawal online by visiting *My.GuideStone.org* or by contacting GuideStone to create the withdrawal on their behalf.
- Complete the "Employer Verification" section of the application.
- Send the completed form to GuideStone.
- Employer should delete participant's name from retirement remittance and provide GuideStone with termination date.

Approaching Retirement

Refer to the Plan for provisions regarding payment of account.

Participants approaching early retirement age (defined as age 55) or normal retirement age (age 65 or older) have additional considerations to take into account when taking distributions. Various options are available to the participant. Refer to the section entitled "Retirement Income Options" later in the manual.

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.org* 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

Refer to the Plan for provisions regarding limited retirement income.

Participants 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. Refer to the section entitled "Retirement Income Options" later in the manual.

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.org* 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

Refer to the Plan for provisions regarding 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 (age 65) in order to receive a disability retirement income.

The participant or employer should notify GuideStone as soon as possible following the date the participant becomes disabled. GuideStone will discuss the disability retirement income options available through the Plan and the Disability Income Benefit available through the Church Protection Benefit Program (if applicable).

The participant is not required to start receiving their retirement income when terminating employment due to disability. They may want to defer taking disability retirement income from the Plan until age 65 if they are receiving the Disability Income Benefit under the Church Protection Benefit Program. Upon electing to defer receiving disability retirement income, the accumulations will remain in the retirement account and the participant will continue to receive quarterly account statements as long as GuideStone has a current email and/or mailing address for the participant.

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 1 of the application indicating they are applying for disability retirement income. In addition, their physician must complete a *Proof of Total Disability: Attending Physician's 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.
- GuideStone may require a checkup on the participant's disability status at 18 months and third year of receiving the disability income.

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* and a *Retirement Income Application*.
- Assist participant in completing the *Retirement Income 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's Statement* form to GuideStone.

Note: The disability retirement income offered through the Plan is different than the Disability Income Benefit offered through the Church Protection Benefit Program. For more information on the Disability Income Benefit, please refer to that section later in this manual.

Required Minimum Distributions (RMDs)

Refer to the Plan for 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 the required age or retires, whichever is later. GuideStone uses the acronym "RMD" to refer to this type of distribution. If born June 30, 1949 or earlier, the RMD age would have been age 70 ½. If born on July 1, 1949 or later, the RMD age is age 72. The subsequent RMDs will be due by December 31 each year.

Participants who are employed with a Southern Baptist employer that participates in the Plan may be able to delay required distributions. ("Employment" generally means that a participant is receiving compensation, reported on a *Form W-2*, from the employer maintaining the Plan with GuideStone.) Participants who determine they are eligible to delay required distributions may simply sign and return a delay form each year to GuideStone. GuideStone includes this form in the notification letter it sends annually to RMD-age participants with an April 1 due date.

Participants who fail to return the delay form or a form 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. Participants may owe more or less taxes than the amount withheld depending on their personal tax liability. Depending on the participant's state of residence for tax purposes, the participant may owe state income taxes, and some distributions from the Plan may be required to have state income tax withholding.

GuideStone 403(b)(9) Retirement Plan participants may delay RMDs only 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.)

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

How to Request an RMD

- The participant may request an RMD by logging into *My.GuideStone.org* or by contacting GuideStone to create the distribution on their behalf, or you may assist participants in completing the *Required Minimum Distribution Systematic Withdrawal Application*. The participant can access this form by logging into *My.GuideStone.org*. GuideStone will also mail this form to the participant along with the notification letter, if applicable.
- 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.

Death Benefits

Refer to the Plan for information about benefits payable upon the death of the 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.
- Terminate the participant in EAP, 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 *My.GuideStone.org*.
    - 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.

Disability Protection Benefit

Refer to the Church Protection Benefit Program for more details.

Participation by the state convention in the Church Protection Benefit Program under the Southern Baptist Churches 403(b)(9) Retirement Plan can provide a Disability Income Benefit. A disabled participant may be eligible for a benefit up to $500 per month provided by your Baptist state convention and GuideStone.

State Convention Protection Contributions made on behalf of the participant to the Church Protection Benefit Program determine the participant's eligibility. A monthly contribution of at least $50 is required to receive the benefit. Protection contributions must be made during the 12 months immediately before the participant's disability date.

A participant may be eligible for a Disability Income Benefit if the disability occurred:

- While in active service with a church or
- After having left service with a church, and the participant
    - Has an account balance or
    - Elected an annuity income option with respect to all of the accumulations

The Plan bases the maximum $500 Disability Income Benefit on 12 consecutive, monthly protection contributions. Fewer months of protection contributions will reduce the benefit payment amount. For example, if there were only nine protection contributions in the 12 months immediately preceding the disability date, the Disability Income Benefit would be $375 per month. The Disability Income Benefit does not reduce retirement account accumulations.

The participant must submit medical proof of total disability.

The disability protection benefit is effective the first day of the fifth month following the date the participant becomes disabled.

The first payment will be made during the seventh month following the disability date, consistent with applicable law. This two-month delay is necessary to prevent the income from being subject to Social Security and Medicare withholding tax. In addition, while receiving this income, up to $35 each month will be credited to the participant's contributions account for retirement, and the participant remains eligible for the survivor protection benefit.

Disability is subject to periodic re-examination to determine the status of the participant's disability.

The Disability Income Benefit is taxable and reported on tax *Form 1099-MISC*.

How to Request Disability Retirement Income

- Notify GuideStone of the participant's last day worked due to disability.
- GuideStone will process a *Disability Income Benefit Estimate* and send the participant the *Disability Income Benefit Application* and the *Proof of Total Disability: Attending Physician's Statement.*
- Assist participant in completing the forms.
- The participant or employer can send the completed application to GuideStone.
- The participant or physician can send the completed *Proof of Total Disability: Attending Physician's Statement* form to GuideStone.

Survivor Protection Benefit

Refer to the Church Protection Benefit Program for more details.

State Convention Protection Contributions made on behalf of the participant to the Church Protection Benefit Program determine the participant's eligibility. A monthly contribution of at least $50 is required to receive the benefit. Protection contributions must be made during the 12 months immediately before the participant's date of death.

A beneficiary may be eligible for the protection benefit if the death occurred:

- While the participant was in active service with a church
- While the participant was receiving or eligible to receive a disability protection benefit
- After having left service with a church, and the participant
    - Has an account balance or
    - Elected an annuity income option with respect to all of the accumulations

The participant's beneficiary may elect to receive a single sum or possibly an annuity. The following table illustrates their possible benefits:

Participant's Age at Death	Benefit Payable
35 and under	$100,000
36–45	$75,000
46–55	$50,000
56–65	$25,000
66–70	$16,000
71 and over	$10,000

Note: These benefit amounts are based on protection contributions by the state convention for each of the 12 months immediately preceding the death or disability of the participant. If state convention contributions have not been received for the full 12 months, the benefit will be proportionately less.

In no event will State Convention Protection Contributions be made up after a participant's death or disability unless otherwise required by law or if the make-up contributions are due to a good-faith mistake of fact.

It is important for the participant's beneficiary to know:

- GuideStone requires a copy of the death certificate before an estimate of the benefit can be created and survivor applications can be sent.
- There is no advantage to deferral of this benefit since it is not invested and will not increase.
- If beneficiary does not have a valid beneficiary designation on file with GuideStone or wishes to update their beneficiary designation, they may visit *My.GuideStone.org/Beneficiary*.
- The survivor protection benefit is non-taxable. However, if the benefit is set up as an annuity, there are earnings that will be realized based on the funding rate of the annuity. Only the earnings amount is taxable.

Retirement Income Options

The previous section described the various distribution events that a participant may incur. Below are various types of distributions a participant may request. **Note:** Not all distribution types are applicable for the various events.

Single Sum Withdrawal

A Single Sum Withdrawal provides all or part of the participant's retirement account in one payment.

Life Income Annuity

Life Income Annuities are payable for either one (single life) or two (joint life) lives. This means that the participant will receive payments for the rest of their life or the lives of both the participant and the joint life applicant.

The income amount is determined by the following: the amount of the account balance used to establish the payment, the funding rate at the time the retirement income is established, the participant's age, whether the income type selected is a single or joint life annuity, and any specified period, cash refund or annual increase chosen. If joint life annuity, the amount will also be based on the age of the joint life applicant and the percentage of the retirement income that is payable to him/her.

There are options available to customize either a single life or joint life annuity:

- The **Cash Refund option** can ensure the participant's children or other beneficiaries receive proceeds in the event the participant and joint life applicant pass away before the original purchase price of annuity is paid out.

- With the **Specified Period option**, the participant can ensure children or other beneficiaries will receive proceeds in the event the participant and joint life applicant pass away before a specified period is over.

- The **Annual Increase option** allows the participant to receive annual increases in the payments of one percent, two percent or three percent to help offset inflation's impact on the participant's retirement income.

Note: Once an annuity is established, participants may not change to another option. This includes the joint life applicant if a joint life annuity is chosen.

Note: If a contribution is submitted after an annuity is established, that contribution will be distributed to the participant as a one-time Single Sum Withdrawal.

Example: If a participant retires and sets up income as of 11/01, but was still working up until that time, a contribution for the month of October is due. If GuideStone receives paperwork and sets up income before receiving the final contribution from the employer, the participant will receive a payment for the amount of the final contribution instead of setting up income for the additional amount.

Systematic Withdrawal Plan

A Systematic Withdrawal Plan provides monthly income along with flexibility and continuing control over the participant's investments. The income is payable for a specified period of time, until the funds are exhausted or until written notification to change or cancel this payment option is received. The monthly income is determined by the amount, percentage or period of time designated on the *Retirement Income Application*. This payment may be changed or discontinued at any time.

Participants can choose from three payment types:

- **Equal payments of a specified amount.** The participant chooses the amount they want to deduct from their balance each month. A minimum of $50 is required.

- **Percentage of total vested contributions account.** This retirement income will provide a monthly amount that varies each month. The income is calculated by taking the requested annual percentage, dividing it by 12 to get the monthly rate, then multiplying the monthly percentage by the total account balance.

- **Balance in their account paid for a specified time period.** The payment amount varies monthly and is calculated by dividing the total account value by the remaining number of payments.

Fixed Period Income Annuity

The Fixed Period Income Annuity is payable as a fixed amount for a specified period of time. The participant may choose among three ways to receive their monthly payment:

- Select a specific monthly amount to be paid over a selected number of months
- Receive entire account balance over a selected number of months
- Select a specific monthly amount until the purchase amount is exhausted

These payments stop at the end of the payment period. If the participant passes away before the fixed period ends, the beneficiary will have the option to continue receiving payments in the same amount for the remainder of the payment period or as a single sum payment.

Rollovers and Plan-to-plan Transfers

GuideStone administers rollovers and transfers, and these rules can change when the IRS issues revenue rulings, procedures and/or regulations affecting rollovers 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

Refer to the Plan for information regarding rollovers **into** the Plan and for rollovers **out** of the Plan.

Generally speaking, the Plan provides that participants may make indirect 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), 401(k) and IRA plan assets, as well as a taxable conversion to a Roth IRA. 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. (Note that the church's rules and procedures must provide for Roth elective deferrals in order for the Plan to receive a rollover of Roth elective deferrals.)

GuideStone will make the initial request for the funds to be rolled over from the other institution. However, it is the participant's responsibility to follow up with the other institution and confirm that the funds have been released.

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 consult with GuideStone before starting the rollover process.

Plan-to-plan Transfers

Generally speaking, the Plan provides that participants may transfer amounts from another 403(b)(1), 403(b)(7) or 403(b)(9) plan to the 403(b)(9) Plan with GuideStone. The Plan allows the participant to transfer money from your 403(b) Plan with GuideStone to a 403(b) plan of another employer at which the participant is or was an employee. In this instance, the money is transferred out of your Plan, and no information sharing or oversight is required. An employee may also transfer accumulations from your 403(b) Plan with GuideStone to another 403(b) plan offered by you.

Plan A

Refer to the *Past Service Supplement* to the Plan in the back of the *Basic Plan Document* for more detailed information regarding Plan A.

History

Plan A dates back to 1938 when the Defined Benefit Plan became GuideStone's basic retirement plan. Contributions were set at $400 per year or $33.34 per month and were intended to be 10 percent of a $4,000 annual salary (this was considered to be the average minister's salary at the time). The benefits paid from the participant's Plan A participation were derived from a formula that used factors such as a percentage of years of participation, years of service and the participant's age, as well as the spouse's age. In 1968 it was recognized that the benefits provided under Plan A were inadequate. A Defined Contribution Plan was added for contributions in excess of what was required for Plan A. Plan A was closed to new participants in 1978 when the Defined Contribution Plan became the primary retirement plan. Plan A was closed to all future contributions on January 1, 1988. At that point, benefits became fixed with the exception of the increases that have been granted over the years.

The Plan A annuity benefit has a funding rate of 8 percent. The benefit does not have an accumulated cash value under the participant's investment control. Instead of a cash accumulation, the individual has a defined retirement benefit that is based on the formula mentioned earlier.

Plan A Retirement Income

The following rules apply in selecting a Plan A benefit payment option:

- There are special reductions if Plan A retirement income is taken before age 65.
- The participant can choose to take a Single Sum Withdrawal or establish an annuity.
- **Partial withdrawals are not permitted.**
- The Plan A annuity has a funding rate of 8 percent.
- Participants may choose to roll over their Plan A accumulations into the 403(b)(9) Retirement Plan, which would then allow numerous payment options.

A participant may take their Plan A benefit at the following times:

- Upon termination of service or as early as age 55 while still in service.
- The law generally requires a participant to begin receiving a minimum amount by April 1 or the year following the later of the year the participant reaches age 70 ½ or retires; however, Plan A follows the historical required distribution rule MDIB, which stands for Minimum Distribution Incidental Benefit. According to this rule, the minimum amount must be distributed by December 31 of the year in which the participant reaches age 75.

Note: If the participant has Plan A accumulations in their account and they want to begin receiving retirement income from Plan A or roll it to another GuideStone retirement plan, please contact Customer Solutions at **1-888-98-GUIDE** (1-888-984-8433) for additional information.

Loans

Refer to the Plan for provisions regarding loans.

GuideStone determines the terms, conditions and limitations regarding loans that are necessary for administration and to comply with applicable law. Participant loans are available on vested balances on a plan-by-plan basis. Unless allowed by a plan, a participant may have only one outstanding loan per plan.

Note: The Church Retirement Plan is considered one Plan for the purpose of loans even though a participant may have been with several churches.

Loans are not available from Plan A.

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 and will remain fixed for the terms of the loan. GuideStone uses the prime rate published in *The Wall Street Journal's* "Money Rates" column.

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 provide documentation 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

A participant may submit loan requests in two ways:

- Via GuideStone's participant website at *My.GuideStone.org* — Participant models the loan and requests the paperwork.
- 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.

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 a loan and invalidate outstanding paperwork. It is recommended that a participant refrain from initiating further account activity until the loan is completed. GuideStone cannot process a loan until completed paperwork is received. 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. Loan paperwork is accepted for processing at GuideStone via fax, email or mail. For a faster processing timeframe, the participant can upload the document by logging into *My.GuideStone.org*.

Terminating employment does not release participants from the terms of their loan agreement. Participants who terminate and request a partial or complete withdrawal will have the option to pay off the outstanding loan balance prior to distribution of funds. If this option for the loan payoff is not selected on the distribution form, the loan balance will remain outstanding and monthly repayments will continue. A loan default may become a taxable deemed distribution if the participant fails to repay the loan in accordance with its terms and after the Cure Period has passed. The loan may also become a taxable deemed distribution if the loan exceeds the maximum term imposed by law and your Plan.

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 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 when this repayment grace period will end. 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. The 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 sets forth important information on how to handle errors. Immediately contact GuideStone for guidance:

Return of Contributions

Contributions may have been remitted to the Plan by mistake. Retirement plan problems can be corrected, but it is 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.

When an error occurs involving contributions to the Plan, notify GuideStone to request help in determining the contributions and any earnings or losses.

In order to correct an overpayment to a participant's account, a *Self-Correction Program Form* 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

Funds being corrected using the self-correction program form that were not salary-reduced from a participant's paycheck, will be adjusted for any earnings/losses and placed in a suspense account for the Employer of the Plan. This suspense account will be used to reduce future Employer contributions to the Plan, and while amounts remain in this account, the Employer is not permitted to make additional employer contributions to the Plan. Excess allocation of participant contributions that were truly salary-reduced will be adjusted for any earnings/losses and returned directly to the Participant named in the form. The Employer must also acknowledge the responsibility for notifying the Participant(s) of any tax consequences that may result from the return of these contributions.

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 types of contributions that are remitted to the Plan. On rare occasions, situations can occur when contributions are incorrectly identified.

In order to correct the account, the *Church Retirement Plan 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 written *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.

Fees

GuideStone assesses fees for various services. For information about the current fee schedule, contact GuideStone. Following are some of the special services for which fees are charged:

Overnight Delivery

GuideStone charges a fee to participants who request special handling of paperwork or expedited checks. The current fee for overnight handling will be applied, and the item will be sent by the best method as determined by GuideStone.

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 the posting dates as well as the payroll end dates, if applicable) on the participant's account for a given time frame.

A correction involving a retroactive trade date results in breakage (the difference between the current day's NAV and the prior trade date, creating either a gain or loss). Breakage incurs costs that affect all participants invested in a fund. If a request to correct an account goes beyond 120 days from the date of the *Annual Accounting Statement* on which the discrepancy appears, GuideStone will consider the correction on a case-by-case basis. If the employer or participant is willing to cover the hourly fee for the correction, GuideStone will process the correction beyond the 120-day limit.

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.

The employer can also help prevent audits by reviewing Plan transactions such as contribution postings in EAP. For information regarding EAP, please contact GuideStone. EAP has useful tools that can assist an employer in maintaining the Plan.

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 from the 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

Qualified Domestic Relations Order (QDRO)

A QDRO is a special court order issued to order the division of a retirement account between the parties. GuideStone shall provide forms and information to the participants, alternate payees and the representative of both regarding QDROs under the Plan. In addition, GuideStone will make determinations regarding the QDRO qualifications, create an account for the alternate payee and calculate the division of the participant's account.

Please advise participants who are going through a divorce to contact GuideStone as soon as possible so that GuideStone can provide them with helpful information concerning the impact of their divorce on their Plan accumulations.

Note: The participant and alternate payee will incur a fee for the account division.

Death Certificates

GuideStone will assist beneficiaries in obtaining the required documentation involving a death. There will be a cost recovery charge if GuideStone assists in ordering a death certificate.

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, plus 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 what can be excluded from income as a housing allowance, the minister 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 in regard to 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. 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 rollover 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. If the participant doesn't make up the amount withheld from their own pocket, then they are subject to taxes and penalties on the amount withheld.
- 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
- Coronavirus related distributions taken in the year 2020

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.

10 Percent Additional 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 a 10 percent additional tax equal to 10 percent of the taxable portion of the payment. The 10 percent additional 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 additional 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 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.
- Coronavirus related distributions taken in the year 2020.

The 10 percent additional 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 additional tax.

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

Tax Reporting

Form 1099-R

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

Form 1099-M

Disability Income Benefit payments and some supplemental benefits are reported on tax-reporting *Form 1099-M*.

Claims, Controversies or Disputes

GuideStone has adopted procedures, pursuant to Section 7.7 of the Basic Plan Document, with respect to resolving claims, controversies, and disputes under the Plan. A copy of the Southern Baptist Churches 403(b)(9) Retirement Plan Claims, Controversies and Dispute Resolution Procedures is available within the Southern Baptist Churches 403(b)(9) Retirement Plan Information page under the Resources section in MyGuideStone or by contacting a Customer Relations Specialist at 1-888-984-8433. Claims asserted under the Plan may not be aggregated, consolidated, or combined with the claim of another, and each claim must be separately determined.