2021 Fact Sheet: Required Minimum Distributions
Tax-Deferred Retirement Account (TDRA)

This fact sheet explains Pension Fund's policies and procedures for calculating and distributing required minimum distributions (RMDs) to members in the Tax-Deferred Retirement Account (TDRA). Retirement plans like the TDRA are required to comply with the RMD rules under Section 401(a)(9) of the Internal Revenue Code.

THE REQUIREMENT TO TAKE A REQUIRED MINIMUM DISTRIBUTUION WAS SUSPENDED IN 2020. THE SUSPENSION ALSO IMPACTS CERTAIN PAYMENTS THAT WOULD HAVE BEEN DUE IN 2021 RELATED TO 2020. CAREFULLY REVIEW THE FOLLOWING INFORMATION TO DETERMINE IF THESE CHANGES IMPACT YOU.

GENERAL INFORMATION

Federal law requires TDRA members who have retired or separated from service to begin receiving distributions from their account in certain minimum amounts by specified dates. If you are a TDRA member, you must begin receiving RMDs as follows:

<table>
<thead>
<tr>
<th>If you were age 70 ½ (or older) before January 1, 2020:</th>
<th>If you were NOT age 70 ½ (or older) before January 1, 2020:</th>
</tr>
</thead>
<tbody>
<tr>
<td>You must receive your first RMD by April 1 of the calendar year following the later of:</td>
<td>You must receive your first RMD by April 1 of the calendar year following the later of:</td>
</tr>
<tr>
<td>• the calendar year in which you reach age 70 ½, or</td>
<td>• the calendar year in which you reach age 72, or</td>
</tr>
<tr>
<td>• the calendar year in which you retire or separate from service with your employer (and, if your employer is a church, with all other churches eligible to participate in the TDRA).</td>
<td>• the calendar year in which you retire or separate from service with your employer (and, if your employer is a church, with all other churches eligible to participate in the TDRA).</td>
</tr>
</tbody>
</table>

After your first RMD, you must receive an RMD by the end of each year until your entire account balance has been distributed. The penalty for not doing so is severe. If you do not receive a distribution that satisfies these minimum requirements, you must pay a nondeductible 50% tax on the amount that you should have, but did not, receive. Distributions from an IRA or any other employer plan do not satisfy the RMD requirements for the TDRA. It is your responsibility to make certain that an RMD is timely distributed to you.
First RMD Payment
2021 is your first year for an RMD if it is the year you reach the applicable age set out on the prior page or, if later, retire or separate from service. If 2021 is your first year for an RMD, then you may choose to receive your RMD in either 2021 or 2022. If you elect to delay your first RMD until 2022, however, you must also receive a second RMD by December 31, 2022, to satisfy the RMD requirement for 2022.

Important: If you have reached the applicable age set out on the prior page but you are still working for your employer and have not started your Pension Plan benefits, you do not need to receive an RMD from your TDRA account. Please notify Pension Fund if this is the case for you. When you do retire or separate from service, however, you must receive your RMD by April 1 of the following calendar year.

After RMD payments have begun, you will remain subject to the minimum distribution requirements, even if you return to work in a paid position (e.g., as an interim pastor).

2020 RMDs Suspended
Due to the suspension of 2020 RMDs, the following payments were/are not required:

- If you were required to receive an RMD by December 31, 2020, that requirement was suspended.

- If you were required to receive an RMD by April 1, 2020, related to your initial RMD payment for 2019, and you did not receive the payment before January 1, 2020, that requirement was suspended.

- If you are required to receive an RMD by April 1, 2021, related to your initial RMD payment for 2020, that requirement is suspended.

If you received an RMD payment that was not required, an opportunity may be available to rollover the payment back to the TDRA or another retirement plan or IRA without penalty.

SATISFYING THE RMD REQUIREMENTS

To help you satisfy the RMD requirements for the TDRA, Pension Fund calculates the amount of your RMD from each of your TDRA accounts and mails you a personalized statement each year. The statement shows the assumptions used to calculate your RMD and provides other information.

Your RMD Calculation
The amount of your RMD is calculated by dividing your TDRA account balance as of the prior December 31 by your life expectancy. Life expectancy is the length of time the Internal Revenue Service (IRS) expects an individual to live.

Except in certain circumstances discussed below, Pension Fund uses the Uniform Lifetime Table to determine RMDs for TDRA members regardless of your marital status or whether or not you
I have designated a beneficiary. For your calculation each year, Pension Fund uses the life expectancy factor corresponding to your age on your birthday in that year.

### Uniform Lifetime Table

<table>
<thead>
<tr>
<th>Age</th>
<th>Factor</th>
<th>Age</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>70</td>
<td>27.4</td>
<td>93</td>
<td>9.6</td>
</tr>
<tr>
<td>71</td>
<td>26.5</td>
<td>94</td>
<td>9.1</td>
</tr>
<tr>
<td>72</td>
<td>25.6</td>
<td>95</td>
<td>8.6</td>
</tr>
<tr>
<td>73</td>
<td>24.7</td>
<td>96</td>
<td>8.1</td>
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<tr>
<td>74</td>
<td>23.8</td>
<td>97</td>
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<td>75</td>
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<td>7.1</td>
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<td>99</td>
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<td>77</td>
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<td>100</td>
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<td>80</td>
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<td>3.4</td>
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<tr>
<td>87</td>
<td>13.4</td>
<td>110</td>
<td>3.1</td>
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<td>89</td>
<td>12.0</td>
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<td>2.6</td>
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<tr>
<td>90</td>
<td>11.4</td>
<td>113</td>
<td>2.4</td>
</tr>
<tr>
<td>91</td>
<td>10.8</td>
<td>114</td>
<td>2.1</td>
</tr>
<tr>
<td>92</td>
<td>10.2</td>
<td>115 &amp; older</td>
<td>1.9</td>
</tr>
</tbody>
</table>

### Example 1

Assume you reached age 72 on September 1, 2020, and you retire on February 1, 2021. You must receive your first RMD by April 1, 2022, to satisfy the RMD requirement for 2021. Because you will reach age 73 in 2021, the calculation will be based on the life expectancy factor corresponding to age 73, which is 24.7. Assume you have a TDRA balance of $100,000 on December 31, 2020. Your RMD for 2021 will be:

12/31/2020 balance .................................. $100,000  
Uniform Lifetime Table factor................. / 24.7  
**2021 RMD .............................................. $4,048.58**

Assume that this amount is distributed to you in December 2021. You must receive your second RMD by December 31, 2022. Your second RMD will be calculated using the factor corresponding to your age in 2022 (age 74), which is 23.8. Assume your TDRA balance on December 31, 2021 is $97,226.26. Your RMD for 2022 will be:

12/31/2021 balance ................................. $97,226.26 
Uniform Lifetime Table factor............... / 23.8  
**2022 RMD .............................................. $4,085.14**
Note that your RMD for a year will be *reduced by* the amount of any voluntary distributions you take that year from the TDRA before the RMD is distributed.

**Beneficiary Designations**

In most cases, RMD calculations are based on the factors in the Uniform Lifetime Table. However, there is an exception if your sole designated beneficiary for the entire tax year is your spouse who is more than 10 years younger than you. In this case, your RMD will be calculated using the IRS Joint and Last Survivor Table, based on the joint life expectancy factors for both you and your spouse. This will result in a lower RMD payment. If Pension Fund does not have your spouse's date of birth on record, we will calculate your RMD using the Uniform Lifetime Table.

### EXAMPLE 2

Assume the same facts as Example 1, except that your spouse is your sole designated beneficiary and is age 55 in 2021. Your RMD for 2021 will be:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/31/2020 balance</td>
<td>$100,000</td>
</tr>
<tr>
<td>Joint and Last Survivor Table factor</td>
<td>30.6</td>
</tr>
<tr>
<td><strong>2021 RMD</strong></td>
<td><strong>$3,267.97</strong></td>
</tr>
</tbody>
</table>

If you have not designated a beneficiary and want to do so, you must complete and return a *Beneficiary Designation Form*. This form can be found at [www.pensionfund.org/forms](http://www.pensionfund.org/forms) or you may request a copy from Pension Fund.

**Multiple TDRA Accounts**

If you have more than one TDRA account, an RMD will be calculated on and distributed from each separate account. You may instead ask to have your entire RMD distributed from a specific TDRA account by completing a *TDRA Application for Required Minimum Distribution*. This form can be found at [www.pensionfund.org/forms](http://www.pensionfund.org/forms) or you may request a copy from Pension Fund.

**Default RMD Payment Schedule**

If your required beginning date for RMDs is in 2021, you are not required to receive your first RMD until April 1, 2022. However, Pension Fund will automatically make the first RMD to you in November 2021, *unless you notify Pension Fund in writing that you wish to postpone the distribution*. To postpone your first RMD, complete and return the *TDRA Application for Required Minimum Distribution* postmarked no later than September 1, 2021.

After the first year, Pension Fund will automatically make the RMD to you in November of each year, unless you make an election to receive your RMD in a different form or time.

**MEMBER PAYMENT OPTIONS**

Members may satisfy their RMDs in one of the following ways:

1. Elect to receive annual distributions from your TDRA account equal to your RMD for each year. Complete and return *TDRA Application for Required Minimum Distributions.*
2. Elect to receive installment payments from your TDRA account each year. Note that unless the installment payment is equal to or greater than your RMD for a year, Pension Fund will distribute any additional amount needed to satisfy your RMD in November of that year. Complete and return TDRA Application for Installment Payments.

3. Elect to receive the equivalent of your RMD as a lump sum payment. Complete and return TDRA Application for One-Time Distribution.

These forms can be found at www.pensionfund.org/forms or you may request a copy from Pension Fund.

**Please note:** Unless you make an affirmative election to receive your TDRA account in one of the above ways, Pension Fund will follow its default process for distributing RMDs.

**Installment Payments and Other Distributions**

If you are taking installment payments from the TDRA, or if you take a lump sum distribution from the TDRA, you may automatically satisfy or reduce your annual RMD. If Pension Fund records show that you have received prior distributions during the year, at the end of the year we will compare the total distributions during the year with your RMD, and distribute only the remaining amount you need to satisfy the RMD for that year, if any.

**SURVIVING BENEFICIARIES**

When you die, distributions to your beneficiaries must also satisfy the RMD rules. Different RMD rules apply depending on who you designate as your beneficiary. If your designated beneficiary is your surviving spouse, your minor child, or disabled or chronically ill, or if your beneficiary is not more than ten years younger than you, then Pension Fund will calculate RMDs using the life expectancy factors from the IRS Single Life Table. This may result in a different RMD amount than you received.

**FEDERAL INCOME TAX WITHHOLDING**

RMDs are not eligible for direct or indirect rollover. You will owe federal income taxes on the amount distributed. By law, Pension Fund is required to withhold 10% of the distribution for federal income tax purposes, unless you either request more or no withholding. If you requested more or no withholding for the prior year’s RMD payment, Pension Fund will continue to follow that election unless you make a new election this year.

Your options for federal tax withholding on your RMD are as follows:

1. Withhold 10%, the default withholding if you make no election (and do not have a previous election in place).
2. Elect to not withhold taxes.
3. Elect an additional dollar amount above the 10% withholding.
EXAMPLE 3

Assume you want 15% withholding on your RMD. You would calculate the additional dollar amount as follows:

RMD for 2021 = $2,432.00
10% Tax Withholding = $243.20
15% Tax Withholding = $364.80
Difference = $121.60

You would need to write the difference ($121.60) in Section III of the TDRA Application for Required Minimum Distributions as follows:

Pension Fund will withhold on required minimum distributions at 10%, unless you elect more withholding or no withholding from your distributions (check one only):

☐ Do NOT withhold federal income tax from any distribution.
✓ Additional dollar amount above 10%, if any, you want withheld from each distribution: $121.60.

STATE INCOME TAX WITHHOLDING

You may also owe state income taxes on the amount distributed. You will need to complete and return the state tax withholding certificate for your state of residence. If you do not return a completed certificate for your state, Pension Fund will apply your state's default tax withholding rules. If you reside in a state that requires mandatory withholding, Pension Fund will withhold the required amount. The following states currently mandate state income tax withholding on certain pension distributions: Arkansas, California, Connecticut, Delaware, Georgia, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Nebraska, North Carolina, Oklahoma, Oregon, Vermont, and Virginia, as well as the District of Columbia. For more information, refer to the state tax withholding form at www.pensionfund.org/forms or request a copy from Pension Fund.

Note: In some states, if federal income tax withholding is elected, state income tax must also be withheld. Pension Fund recommends that you consult a tax or financial advisor regarding the state income tax withholding rules that apply to you.

Tips for Processing Your RMD

Read all forms carefully and complete according to the instructions on the form. Forms not completed accurately may not be processed according to your instructions.

When filling out and submitting forms to Pension Fund, please do not include special instructions. Special requests must be submitted separately and in writing.
QUESTIONS?

Contact Pension Fund if:

- you have questions about your TDRA account;
- you receive a personalized RMD statement from Pension Fund, but are still working for your employer (and are not receiving Social Security or a pension from the Pension Plan); or
- you want to change your designated beneficiary.

If you have specific questions about your personal financial situation, you should consult an accountant or tax advisor. Pension Fund does not provide tax advice.