



Wespath

BENEFITS | INVESTMENTS

MINISTERIAL PENSION PLAN (MPP)

Non-Spouse Beneficiary Application Guide



Table of Contents

Introduction.....	4
Part 1 – General Information	5
Part 2 – Distribution Options.....	6
Part 3 – Annuity Increases.....	7
Part 4 – Authorization for Rollover.....	7
Part 5 – Waiver of 30-Day Notice Period.....	8
Part 6 – Signature.....	8

Federal and state tax rules that may apply to your payment(s) are complex and contain many conditions and exceptions not included in this guide. You may want to consult with a professional tax advisor before you begin receiving benefits from the plan. You can find additional information in *Internal Revenue Service (IRS) Publications 575, Pension and Annuity Income, and 590, Individual Retirement Arrangements*. These publications are available through the IRS website at www.irs.gov.

You may call Wespath Benefits and Investments (Wespath) at 1-800-851-2201 if you have any questions concerning this guide or the application for benefits.

Introduction

As an Eligible Designated Beneficiary¹ or a non-spouse beneficiary participant in the Ministerial Pension Plan (MPP), you are eligible to receive benefits. The MPP account balance consists of the contributions made on behalf of the participant while under an Episcopal appointment of The United Methodist Church, plus any applicable earnings. How you want the account balance distributed to you involves making several important decisions. The decisions you make will determine the amount of the benefits you receive. The benefits you receive from this account are in addition to other retirement benefits for which you may be eligible.

In order to receive a benefit from the MPP account balance, you must complete the enclosed application for benefits. This guide has been prepared to help you complete the application. After you have submitted your completed application for benefits, Wespath Benefits and Investments (Wespath) will process your distribution.

The MPP account balance may be distributed in several ways. You may choose a lump-sum distribution, partial distribution and/or life annuity.

Wespath provides your total MPP account balance as of the date the application for benefits is created (found in Part 2 of the application). The actual amount you will receive depends on the market and can only be determined at the time of distribution. You have 180 days to return the application to Wespath before it becomes invalid. Upon receipt of a valid completed application for benefits, Wespath will process the distribution of your account balance 30 days after the date indicated on the top of page 1 of the application for benefits, unless an earlier date is noted by completion of the Waiver of 30-Day Notice Period on the application for benefits.

Wespath will determine your eligibility to receive benefits and develop other rules regarding your application for benefits, in its sole discretion, under the terms and conditions of the Clergy Retirement Security Program (CRSP).²

DEATH BEFORE THE REQUIRED BEGINNING DATE

If the participant died prior to his or her Required Beginning Date, you do not need to take any action at this time. If your total account balance in all Wespath-administered retirement plans is greater than \$5,000 at the time of the participant's death, you may elect to leave your balance on account at Wespath until your Required Beginning Date. If you prefer to request a distribution, however, the following rules apply:

Eligible Designated Beneficiaries:

- A request for a life annuity must be submitted no later than December 31 of the calendar year that is immediately following the calendar year in which the participant died. If you do not make a request for a life annuity, you will be required to take the entire account balance no later than December 31 of the fifth year (if the participant died prior to 2020) or December 31 of the tenth year (if the participant dies on or after 2020) following the death of the participant.

Non-spouse Beneficiary and Eligible Designated Beneficiaries:

- A request for a partial or lump-sum distribution must be submitted no later than December 31 of the fifth year (if the participant died prior to 2020) or December 31 of the tenth year (if the participant dies on or after 2020) following the death of the participant. Distributions taken during the first four years following death (if the participant died prior to 2020) or during the first nine years following death (if the participant dies on or after 2020) are rollover-eligible to an inherited Individual Retirement Account/Annuity (see Rollovers section on the next page). If you do not roll over these distributions, you will be subject to 20% federal tax withholding and any applicable state tax withholding. Any distributions taken in the fifth year following death are not rollover-eligible and a 10% default federal withholding and applicable taxes apply.

¹ An Eligible Designated Beneficiary is a surviving spouse, a beneficiary who is disabled as defined in Code Section 72(m)(7), a beneficiary who is chronically ill as defined in Code Section 7702B(c)(2), a beneficiary who is not more than 10 years younger than the participant, or a beneficiary who is a minor child (their 10-year limit begins when they reach the age of majority).

² CRSP is the retirement benefits program that includes Supplement One (Pre-82) and Supplement Three (the Ministerial Pension Plan (MPP)) available to eligible clergy.

- If you have not made an election by December 31 of the calendar year in which the fifth anniversary of the participant's death occurs (if the participant died prior to 2020) or by December 31 of the calendar year in which the tenth anniversary of the participant's death occurs (if the participant dies on or after 2020), any remaining account balance will be distributed as a lump-sum distribution.

DEATH ON OR AFTER THE REQUIRED BEGINNING DATE

Eligible Designated Beneficiary

If the participant died after his or her Required Beginning Date, you do not need to take any action at this time. You will continue to receive annual Required Minimum Distributions. If you prefer to request a different form of distribution, please contact Wespath.

Non-spouse Beneficiary

If the participant died prior to January 1, 2020, and after his or her Required Beginning Date, you do not need to take any action at this time. You will continue to receive annual Required Minimum Distributions. If you prefer to request a different form of distribution, please contact Wespath.

If the participant dies on or after January 1, 2020, and after his or her Required Beginning Date, you must take the entire account balance no later than December 31 of the tenth year following the participant's death. If you elect to rollover your account balance, a Required Minimum Distribution will be distributed to you before rolling over the remaining account balance.

The choices you make on this application are irrevocable. Wespath suggests that you obtain expert advice from a financial planner, tax professional or attorney before you submit your completed application for benefits.

ROLLOVERS

Non-spouse beneficiaries and Eligible Designated Beneficiaries may elect direct rollovers to inherited Individual Retirement Accounts/Annuities (IRAs). If you elect to roll over all or a portion of your account balance to an inherited IRA, you will still be required to begin receiving benefits from your inherited IRA according to the required beginning dates indicated in the preceding section.

You may also elect to roll over all or a portion of your account balance to an inherited Roth IRA. Special tax rules apply to this type of rollover. Please contact Wespath if you want to elect a rollover to an inherited Roth IRA.

Part I – General Information

Wespath has prepared your application for benefits using information on file. Please check all information provided in Part 1 and submit corrections to Wespath as soon as possible. Incorrect or missing information may change your retirement benefit amount and hinder the processing of your application for benefits.

ADDRESS CHANGE

If you are moving, please provide your new address and the effective date of the address change. If we do not have your correct address, the receipt of your distribution payment could be delayed.

Part 2 – Distribution Options

In Part 2 of the application for benefits please elect how you want to receive the MPP account distribution.

- **Option 1—Distribution of Account Balance**

- **Lump sum distribution**—You may request the entire account balance as a single lump-sum distribution. Generally, Wespath will process your distribution on the date you specify. This date, however, must be at least 30 days after the date that appears in Part 1 of the application for benefits.

The taxable portion of a lump-sum distribution is subject to mandatory federal income tax withholding of 20% unless you roll over your distribution to an inherited IRA. You may choose a rate of withholding greater than 20% by electing the different rate on IRS *Form W-4R*. You may not choose a rate less than 20%. The distribution is subject to federal income tax in the year you receive it. Your resident state may require that an amount be withheld for state income taxes. See Wespath's *State Income Tax Withholding Form* for more details.

- **35% to remain on account**—You may decide not to take a distribution from the non-annuitized 35% of your account balance at this time. You may keep the balance on account with Wespath.
- **Partial distribution**—You may request that only a part of the participant's account balance be distributed to you. You may request a partial distribution once a year. You do this by specifying a dollar amount and the date you would like the payment made to you. This date, however, must be at least 30 days after the date that appears in Part 1 of the application for benefits.

The taxable portion of a partial distribution is subject to mandatory federal income tax withholding of 20% unless you roll over your distribution to an inherited IRA. You may choose a rate of withholding greater than 20% by electing the different rate on IRS *Form W-4R*. You may not choose a rate less than 20%. The distribution is subject to federal income tax in the year you receive it. Your resident state may require that an amount be withheld for state income taxes. See Wespath's *State Income Tax Withholding Form* for more details.

The remaining account balance must be distributed by December 31 of the calendar year in which the fifth anniversary of the participant's date of death occurs (if the participant died prior to January 1, 2020) or by December 31 of the calendar year in which the tenth anniversary of the participant's date of death occurs (if the participant dies on or after January 1, 2020).

- **Option 2—For Eligible Designated Beneficiaries—Distribution of 65% of the account balance as a lifetime annuity.** You may convert 65% of the account balance to a life annuity. Or you may choose to take the entire account balance in a lump-sum distribution or partial lump-sum distributions.

There are three life annuity choices:

- **Life with 10 years certain**—This type of annuity provides a monthly payment for your lifetime. If you die within the 10-year term of the annuity, your designated beneficiary continues to receive payments until the 10-year term expires. At that point all benefits cease.
- **Life with 5 years certain**—This type of annuity provides a monthly payment for your lifetime. If you die within the five-year term of the annuity, your designated beneficiary continues to receive payments until the five-year term expires. At that point all benefits cease.
- **Life only**—This type of annuity provides a monthly payment for your lifetime. At your death, all benefits cease.

Note: Life annuities cannot be rolled over to an inherited IRA.

Unless you have specified otherwise (please see the enclosed IRS *Form W-4P*), Wespath will withhold federal income tax on all life annuities as if your filing status is single with no adjustment, in accordance with the applicable federal income tax withholding regulations. Your resident state may also require that an amount be withheld for state income taxes. See Wespath's *State Income Tax Withholding Form* for more details.

Be sure to indicate the annuity effective date (the date you want your benefits to begin). The annuity effective date must be on the first of a month.

Please see the Introduction section of this guide, page 1, for more information surrounding distribution options.

A Note Concerning Eligible Designated Beneficiaries: No further benefits are payable under the life only annuity option after you die. Life with 5- or 10- year certain annuity benefits are payable to your designated beneficiary if you die before the term of the annuity expires. Your beneficiary also receives any money remaining in your MPP account upon your death. You designate your beneficiary(ies) by completing a *Designation of Beneficiary for Retirement and Welfare Plans* form. If you have not designated a beneficiary, or if your beneficiary dies before you do and you have not designated another beneficiary, applicable benefits will be paid to your spouse (if you are married at the time of death) or to your estate (if you are single at the time of death).

Part 3 – Annuity Increases

All life annuities receive an automatic 2% increase each year on the anniversary of the annuity starting date. Other percentage increase options are available: 0%, 3%, 4% and 5%. If you choose 0%, your initial monthly benefit will be higher than what you would have received with the standard 2% increase, but you will receive no future increases in your annuity payment. If you choose 3-5%, your initial monthly benefit will be lower than what you would have received with the standard 2% increase, but will increase by 3-5% on the anniversary of the annuity starting date.

The estimates of your monthly pension payment found in Part 2 are based on the automatic 2% increase. If you select one of the other options, the actual benefit amounts will change. If you would like information on what your annuity amounts would be with an annual increase other than 2%, please call Wespeth.

Part 4 – Authorization for Rollover

Complete Part 4 if you are electing to roll over all or a portion of your distribution to an inherited IRA.

If your financial institution will establish your account number upon receipt of the rollover check, leave “Account Number” in Part 4 blank.

Information About Rollovers

As an Eligible Designated Beneficiary or a non-spouse beneficiary, you may elect a direct rollover of any portion of your payment that is an eligible rollover distribution to an inherited IRA. In a direct rollover, the eligible rollover distribution is paid directly from the plan to an eligible inherited IRA.

The inherited IRA must identify both your name and the name of the deceased on the account (for example, IRA of John Smith as the beneficiary of Tom Smith).

A direct rollover is not subject to mandatory federal income tax withholding of 20% and is not considered a taxable distribution at the time of the rollover. If you elect to roll over all or a portion of your account balance to an inherited IRA, you will still be required to receive a distribution of your entire inherited IRA by December 31 of the calendar year in which the fifth anniversary (if the participant died prior to January 1, 2020) or the tenth anniversary (if the participant dies on or after January 1, 2020) of the participant’s date of death occurs; or for an Eligible Designated Beneficiary, over a period not extending beyond your life expectancy provided your distribution begins no later than December 31 of the calendar year immediately following the calendar year in which the participant died.

Some distributions cannot be rolled over. You cannot roll over a distribution that is part of a series of substantially equal periodic payments that are paid at least once a year and last for your lifetime (or life expectancy) or a period of 10 years or more. Furthermore, you cannot roll over any Required Minimum Distribution amounts required to be paid to you.

A series of substantially equal periodic payments made over a period of fewer than 10 years that are paid at least once a year are eligible for rollover, but your choice to roll or not to roll over such payments will apply to all later payments in the series until you change your election. You are free to change your election for any later payments in the series.

It is your responsibility to confirm that the financial institution to which you are directing your rollover will accept an inherited IRA.

Part 5 – Waiver of 30-Day Notice Period

Generally, payment from the plan cannot be made until at least 30 days after your receipt of the application for benefits and the *Special Tax Notice*. You may waive the 30-day notice period by checking the appropriate box. If you do not wish to waive the 30-day notice period, please check the second box. If you do not check a box, then Wespath will not distribute your account for at least 30 days.

Part 6 – Signature

Be sure to sign and date the application for benefits and provide your phone number(s). Wespath cannot accept and will return your application for benefits if you do not sign it.

Please read the enclosed *Special Tax Notice* to understand the tax consequences of your distribution and then contact the IRS, your tax advisor or attorney for further information.



Caring For Those Who Serve

1901 Chestnut Ave.
Glenview, IL 60025-1604
wespath.org