



2024 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.

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 by April 1 of the calendar year following the later of -

- the calendar year in which you reach **age 73**,¹ or
- the calendar year in which you retire or separate from service with all participating employers in the TDRA.

After your first RMD, you must receive an RMD by the end of each year until your entire account balance has been distributed. If you do not receive a distribution that satisfies these minimum requirements, you must pay a nondeductible 25% penalty tax on the amount that you should have, but did not, receive (a reduced penalty tax of 10% applies for late RMDs that are made within two years of the due date). 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

If 2024 is your first year for an RMD, then you may choose to receive your RMD in either 2024 or 2025. If you elect to delay your first RMD until 2025, however, you must also receive a second RMD by December 31, 2025, to satisfy the RMD requirement for 2025.

IMPORTANT: If you have reached age 73 but you are still working for an employer that participates in the TDRA, 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 with all participating employers, however, you must receive your RMD by April 1 of the following calendar year.

¹ If you were born before July 1, 1949, your applicable age for RMD purposes is 70 ½, and if you were born on or after July 1, 1949 and before January 1, 1951, your applicable age for RMD purposes is 72. If you have not begun RMDs because you are still working for a TDRA employer, you must receive your first RMD by April 1 of the calendar year after the calendar year in which you retire or separate from service. However, if you have already retired or separated from service, you should currently be receiving annual RMDs.

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).*

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.

IMPORTANT: Due to recent changes in the law, your Roth accounts under the TDRA **are not included** in the determination of your RMDs that are due to you for calendar years 2024 or later. This includes your Roth Contributions, Roth Rollover Contributions, and In-Plan Roth Rollovers, plus all interest and good experience credits on those amounts.

Note that if 2023 is your first year for an RMD, and you elected to delay your first RMD to April 1, 2024, that RMD is determined with your Roth accounts. However, your 2024 RMD, which is due by December 31, 2024, will be determined without your Roth accounts.

Your RMD Calculation

The amount of your RMD is calculated by dividing your TDRA account balance (excluding your Roth accounts for RMDs calculated for 2024 and later years) 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 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			
Age	Factor	Age	Factor
73	26.5	97	7.8
74	25.5	98	7.3
75	24.6	99	6.8
76	23.7	100	6.4
77	22.9	101	6
78	22	102	5.6
79	21.1	103	5.2
80	20.2	104	4.9
81	19.4	105	4.6
82	18.5	106	4.3
83	17.7	107	4.1
84	16.8	108	3.9
85	16	109	3.7
86	15.2	110	3.5
87	14.4	111	3.4
88	13.7	112	3.3
89	12.9	113	3.1

90	12.2	114	3
91	11.5	115	2.9
92	10.8	116	2.8
93	10.1	117	2.7
94	9.5	118	2.5
95	8.9	119	2.3
96	8.4	120 & older	2

EXAMPLE 1

Assume you retire at the end of 2021, and you turn age 73 on February 1, 2024. Calendar year 2024 is the later of the year that you reach age 73 or retire. Therefore, you must receive your first RMD by April 1, 2025, to satisfy the RMD requirement for 2024. Because you are age 73 in 2024, the calculation will be based on the life expectancy factor corresponding to age 73, which is 26.5. Assume you have a TDRA balance of \$100,000 on December 31, 2023, and none of it is held in a Roth account. Your RMD for 2024 will be:

12/31/2023 <i>non-Roth</i> balance	\$100,000
Uniform Lifetime Table factor.....	/ 26.5
2024 RMD	\$3,773.58

Assume that this amount is distributed to you in December 2024. You must receive your second RMD by December 31, 2025. Your second RMD will be calculated using the factor corresponding to your age in 2025 (age 74), which is 25.5. Assume your TDRA balance on December 31, 2024 is \$97,226.26. Your RMD for 2025 will be:

12/31/2024 <i>non-Roth</i> balance	\$97,226.26
Uniform Lifetime Table factor.....	/ 25.5
2025 RMD	\$3,812.79

FOR COMPARISON, assume that during 2024, you decide to convert \$10,000 of your TDRA balance to Roth through an In-Plan Roth Rollover (a taxable event). As a result, your *non-Roth* TDRA balance on December 31, 2024 is \$86,780.19. In that case, your RMD for 2025 will be:

12/31/2024 <i>non-Roth</i> balance	\$86,780.19
Uniform Lifetime Table factor.....	/ 25.5
2025 RMD	\$3,403.14

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 2024. Your RMD for 2024 will be:

12/31/2023 <i>non-Roth</i> balance	\$100,000
Joint and Last Survivor Table factor	/ 32.6
2024 RMD.....	\$3,067.48

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 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 Distributions*. This form can be found at 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 2024, you are not required to receive your first RMD until April 1, 2025. However, Pension Fund will automatically make the first RMD to you in November 2024, *unless you make an election to postpone the distribution*.

Your distribution will be made pro rata from all your contributions, except that pre-tax elective deferrals will be distributed before Roth elective deferrals, *unless you notify Pension Fund in writing of an alternative ordering rule*. Note that although RMDs for 2024 and later will be determined without regard to the amount in held in your Roth accounts, you may still select the TDRA accounts (including Roth) from which you want your distribution to be made.

To make changes to the payment of your 2024 RMD, including to postpone your first RMD or to change the ordering rules for distributing Roth elective deferrals, complete and return the *TDRA Application for Required Minimum Distributions* postmarked no later than **October 1, 2024**.

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 at a different 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. These rules are not addressed in detail here, but generally –

- If your designated beneficiary is (i) your surviving spouse, (ii) your child who has not attained age 21, (iii) disabled or chronically ill, or (iv) not more than ten years younger than you, your beneficiary will receive annual RMDs.
- If your designated beneficiary is an individual who does not fit into one of the above categories, your entire account must be distributed to your beneficiary by no later than the last day of the tenth calendar year after the year of your death. This deadline applies in addition to any annual RMDs that may also be required.
- Pension Fund will calculate annual RMDs due to your beneficiary 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 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 a different withholding rate or no withholding. If you received an RMD payment prior to 2024, Pension Fund will continue to follow your current withholding election unless you choose to make a new election. You may elect to change the default withholding rate (or your current withholding election) by completing a Form W-4R, *Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions*. To access this form, see www.pensionfund.org.

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, Minnesota, 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.



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