

## OCTOBER

Hello! We hope our monthly emails are helpful. We would like treasurers or those handling your ministry pension contributions to also receive the WPF emails so please make sure their email addresses are placed in the TWCHub system and [wpf@wesleyan.org](mailto:wpf@wesleyan.org) is added to contact lists to avoid spam/junk folders. The TWCHub lists are downloaded for each mailing sent because of so many address changes. Consequently, unsubscribing is not possible.

*\*We are using "treasurers" to mean all personnel your ministry uses to handle WPF business.*

*\*We are using "the Plan" to mean the retirement income account program maintained and administered by Wesleyan Pension Fund. The term "Plan" does not include any other plans or arrangements WPF, or your employer may sponsor.*

*\*We are using "WPF" for Wesleyan Pension Fund.*

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### Our topic today: REQUIRED MINIMUM DISTRIBUTION (RMD)

***RMD Definition: A minimum amount of money one must withdraw from their account each calendar year after reaching a specific age. You can withdraw more than required. Withdrawals are included in taxable income (except for ministers using housing allowance).***

The CARES and SECURES Acts offered financial relief during COVID-19. And though some of the benefits of these acts are no longer in effect, some of the rules within them were enacted as permanent changes in 2021. First, following the Setting Every Community Up for Retirement Enhancement (SECURE) Act, the required age of RMDs increased from 70 and a half to 72 in 2020. If you will be turning 72 this year, in 2021, and this is your first RMD, then you will have until April 1, 2022,\* to make your minimum withdrawal instead of the standard date of December 31 of each year. Additionally, the CARES Act waiver no longer applies to 2021, meaning RMDs must be taken by the end of the year to avoid the 50 percent tax penalty. (\*First time RMD – if you delay your first RMD until April 2022, you will have two RMDs for that year because your 2022 RMD will also be due before the year-end and the distributions count as income.)

#### **Calculating the RMD:**

The amount of a required minimum distribution is calculated by dividing the following two values from one another:

- The total account balance of your account in the previous calendar year, divided by
- A value, determined by the IRS's "Uniform Lifetime Table."

#### **Previous Year-End Account Balance ÷ IRS Life Expectancy Factor = RMD**

The final amount is the minimum amount that must be withdrawn. You can withdraw more than the minimum required amount.

- Your withdrawals will be included in your taxable income except for any part that was taxed before (your basis) or that can be received tax-free (such as qualified distributions from designated Roth accounts).

#### **The minimum distribution rules apply to:**

- Traditional IRAs
- SEP IRAs
- SIMPLE IRAs
- 401(k) plans
- **403(b) plans – (your WPF account)**
- 457(b) plans
- profit-sharing plans
- other defined contribution plans

**What you will receive from WPF:**

WPF-qualified participants will receive a letter stating our records indicate you must receive a minimum distribution from your Wesleyan Pension Fund retirement plan because you are at least 72 years old and either retired or terminated employment with the ministry sponsoring your plan. The RMD has been calculated for you and is reflected in this letter. Participants who do not take the RMD in a taxable year are required to pay a nondeductible excise tax of 50% of the difference between the required amount and the amount distributed. You do not have to receive a distribution if you are still employed.

The WPF letter will include a Partial Withdrawal form to be completed and signed and a Direct Deposit form for payment to the participant's checking or savings account (if we don't already have one on file). Ordained and Licensed Ministers will receive a W4P form to waive the withholding of taxes on the distribution (again if we don't have a recent form on file).

**The forms are required to be in the WPF office by December 10 for them to be processed prior to the end of the year.**

If WPF does not receive a response, Principal Financial Group (PFG) will automatically process the RMD (to avoid penalty), and payment will be issued via check to the participant.

We are in process of preparing the RMD mailing, and it will go out soon. Let us know if you have any questions.

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**\*TREASURERS PLEASE NOTE: 2021 contributions must be in and processed BEFORE the year-end. They will not count for 2021 if received after December 31.**

**\*PLEASE NOTE YEAR-END PROCESSING DATES ON OUR WEBSITE!**

**If you missed one of our emails or need to refer to one, they are available on our website.** Scroll down to the navy-blue box under the *Online Payment System Login* and *First-Time Users Info*. Click on the **MONTHLY EMAIL** toggle and the bolded month links are documents that can be downloaded to view or print.

We encourage you to peruse our website and especially the *Summary Plan Description (SPD)*. The SPD can be found at the top of our webpage under "*Keeping You Informed*" and clicking the "*Summary Plan Description*" tab. It is also under "*Resources*" at the bottom of the webpage. The SPD is now available in Spanish.

***Serving HIM for your benefit,***

**DEBRA LEVITE**

**DIRECTOR OF OPERATIONS**

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