Pension Fund
of the Christian Church
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ROTH IRA OWNER RESOURCE BOOK

A benefit under the Defined Contribution Retirement Accounts of the Pension Fund of the Christian Church (Disciples of Christ) ("DCRA")

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Issued January 2021

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INTRODUCTION

A. Our Common Mission: Caring and Support.

Pension Fund of the Christian Church (Disciples of Christ) was established by the Christian Church to provide retirement, disability, death, and other benefits to ministers, missionaries, and lay persons in service of the church. As part of this mission, Pension Fund maintains the Defined Contribution Retirement Accounts of the Pension Fund of the Christian Church (Disciples of Christ) ("DCRA").

Pension Fund adopted a deemed Roth IRA program as part of the DCRA, in accordance with Section 408(q) of the Internal Revenue Code ("Code"). The Roth IRA program meets the requirements of Code Section 408A.

Under the Roth IRA program, you can establish and contribute part of your Compensation to a Roth IRA on an after-tax basis. Earnings on your Contributions grow tax-deferred while in the Roth IRA. Moreover, earnings on your Contributions will *never* be taxed if at the time of distribution, certain requirements have been satisfied. Your Regular Contributions and any Rollover Contributions to your Roth IRA, and the earnings on these Contributions, determine your retirement benefits under your Roth IRA.

B. Caution.

The purpose of this Roth IRA Owner Resource Book is to help you understand the Roth IRA program offered to you under the DCRA. The DCRA is the document that legally governs the terms and operations of the plan and creates any rights for you or your beneficiary(ies). If there are any differences between this summary and the DCRA, the DCRA will control. Further details about the DCRA are on file at Pension Fund.

If you have any questions that are not answered by this summary, you may contact Pension Fund toll free at 866-495-7322 or by email at pfcc1@pensionfund.org.

Pension Fund of the Christian Church (Disciples of Christ), Inc. is a not-for-profit corporation organized under the laws of Indiana. The Roth IRA program is a benefit under the DCRA, which was most recently restated on January 1, 2017, and amended four times.

C. Traditional IRA vs Roth IRA: What's the Difference?

Pension Fund maintains both a deemed Traditional IRA program and a deemed Roth IRA program under the DCRA. Both IRA programs provide eligible Employees and former Employees, and the Spouses of eligible Employees and former Employees, a tax favored vehicle to save for retirement. This Roth IRA Owner Resource Book describes the benefits of participating in the Roth IRA program. Please refer to the Traditional IRA Owner Resource Book for more detailed information on the benefits of participating in the Traditional IRA program. The chart on the following page highlights the major differences between eligibility for and benefits under a Traditional IRA versus a Roth IRA.

	TRADITIONAL IRA	ROTH IRA
Maximum Annual Contribution	For 2021, **$6,000** (**$7,000** if you reach age 50 or older during the year).	For 2021, **$6,000** (**$7,000** if you reach age 50 or older during the year).
Is the Contribution Limit Reduced Based on My Income?	**No.**	**Yes.** The ability to contribute to a Roth IRA phases out (is reduced) for higher income earners. For 2021, you are not eligible to contribute to a Roth IRA if your modified adjusted gross income equals or exceeds $140,000 (filing single) or $208,000 (married filing jointly).
Are My Contributions Tax Deductible?	**Yes.** However, if you or your Spouse are covered by an employer retirement plan (such as the Pension Plan or TDRA), the amount you may deduct phases out (is reduced) based on your modified adjusted gross income and tax filing status. For 2021, if you are covered by an employer retirement plan, you may not deduct your Traditional IRA Contributions if your modified adjusted gross income equals or exceeds $76,000 (filing single) or $125,000 (married filing jointly).	**No.** Contributions are taxed when made to the Roth IRA.
By When Must I Make Contributions?	Contributions are due by the tax filing deadline for the year, without extensions (usually April 15).	Contributions are due by the tax filing deadline for the year, without extensions (usually April 15).
What Funds Can I Rollover Into My IRA?	• Traditional IRA • Pre-tax 403(b) account • Pre-tax 401(k) account • Pre-tax 457(b) account	• Traditional or Roth IRA • Pre-tax or Roth 403(b) account • Pre-tax or Roth 401(k) account • Pre-tax or Roth 457(b) account
How Are My IRA Distributions Taxed?	Deductible Contributions and earnings are included in your taxable income upon distribution. Nondeductible Contributions are not taxed at distribution. A 10% early distribution tax may apply if you take a distribution before age 59½ unless an exception applies.	Contributions are not taxed upon distribution. Earnings on your Contributions are not taxed upon distribution if certain holding requirements have been met. A 10% early distribution tax may apply to earnings if you take a distribution before age 59½ unless an exception applies.
Is There an Age Limitation for Making Contributions?	**No**. Contributions may be made at any age so long as you have taxable compensation.	**No**. Contributions may be made at any age so long as you have taxable compensation.
When Do I Have to Begin Taking Distributions?	By April 1 of the calendar year following the year in which you reach age 72 (age 70½ if you reached age 70½ before January 1, 2020).	You do not have to begin taking distributions during your lifetime if you are the original owner of the Roth IRA.

WHAT KEY DEFINITIONS DO I NEED TO KNOW?

Certain defined words and phrases are used in this summary. When the first letter of a word or phrase is capitalized, please refer to this section for its meaning.

Administrator means Pension Fund.

Board means the Board of Directors of Pension Fund.

Code means the Internal Revenue Code of 1986, as amended.

Compensation means your wages, salaries, professional fees, tips, bonuses, and other amounts received for providing personal services, as well as self-employment income, nontaxable combat pay, military differential pay, taxable alimony, and separate maintenance payments. Compensation also includes taxable fellowships and stipend payments made to you to aid in your pursuit of graduate or postdoctoral study. Compensation does not include earnings and profits from property (rental, interest or dividend income), income from partnerships, any amounts not included in income (other than combat pay), or retirement plan payments (distributions from 403(b), 401(a), or 457 plans or from IRAs) or any other type of deferred compensation payments.

Contributions means your Regular Contributions and your Rollover Contributions.

DCRA means the Defined Contribution Retirement Accounts of the Pension Fund of the Christian Church (Disciples of Christ).

Disabled means (i) if you are also a member in the Pension Plan, the meaning of disabled under the Pension Plan, or (ii) for any other Roth IRA Owner, an inability to perform the material duties of any occupation, job or work for which the Roth IRA Owner is, or could reasonably become, suited by education, training or experience.

Employee means any Minister or any common law employee of an Employer.

Employer means all of the entities which directly or indirectly serve the Christian Church (Disciples of Christ), any other church or affiliated entity that is part of the Stone-Campbell Movement, and any other organization which has been designated by Pension Fund as eligible to participate in the DCRA for its Employees. An Employer also includes any other organization if a Minister provides services to the organization in connection with the exercise of his or her ministry, and self-employed Ministers who contribute to the DCRA.

Good Experience Credit means the additional interest that may be credited to a Roth IRA by the Board in its sole discretion, from time to time and when investment experience and actuarial results allow, to increase the base interest rate credited to the Roth IRAs.

Minister means a credentialed minister of the Christian Church (Disciples of Christ) with standing or a credentialed minister of any church that is part of the Stone-Campbell movement.

Pension Fund means Pension Fund of the Christian Church (Disciples of Christ).

Pension Plan means the Pension Plan of the Pension Fund of the Christian Church (Disciples of Christ).

Plan Year means the calendar year.

Qualified Distribution means a distribution that is made after the end of the five-year period beginning with the first day of the year in which you made your initial contribution to a Roth IRA, and that meets one of the following requirements:

- The distribution is made after you reach age 59½,
- The distribution is made after you become Disabled,
- You are the beneficiary of the deceased Roth IRA Owner, or
- The distribution is for a first time home purchase (up to a $10,000 lifetime limit).

Regular Contributions mean the amount of your after-tax contributions that you voluntarily choose to contribute to your Roth IRA Account.

Rollover Contribution means an amount you rollover into your Roth IRA from another eligible retirement plan.

Roth IRA means the separate account maintained for you to reflect your Roth IRA benefit in the DCRA.

Roth IRA Account Balance means the balance in all Roth IRA Accounts maintained for you under the DCRA which reflects the aggregate amount credited or debited from your Roth IRAs, including the interest credited and any transfers and/or distributions.

Roth IRA Owner means an Employee or former Employee who is eligible or may become eligible to receive a benefit of any type under a Roth IRA.

Spouse means the person to whom an Employee or former Employee is married where the marriage is legally recognized under the law of any State, including the law of Puerto Rico.

TDRA means the Tax-Deferred Retirement Account of the Pension Fund of the Christian Church (Disciples of Christ), which is a benefit under the DCRA.

Trust means the trust created by the Trust Agreement for the Deemed IRAs under the Defined Contribution Retirement Accounts of the Pension Fund of the Christian Church (Disciples of Christ).

Vested or ***Vesting*** means that your interest in your Roth IRA is unconditional, legally enforceable, and nonforfeitable.

PARTICIPATION

A. Becoming a Roth IRA Owner.

Eligibility. You are eligible to establish a Roth IRA if you are an Employee, a former Employee, or a Spouse who files a joint tax return with the Employee or former Employee.

- If you are an Employee or a Spouse of an Employee who is receiving Compensation, you may establish a Roth IRA and make both Regular Contributions and Rollover Contributions to that Roth IRA.
- If you are a former Employee or a Spouse of a former Employee, you may establish a Roth IRA and make Rollover Contributions (but not Regular Contributions) to that Roth IRA.

In addition, if you are a surviving Spouse of an Employee or former Employee, you may establish a Roth IRA after the death of the Employee or former Employee in order to receive Rollover Contributions to which you are entitled as a beneficiary under the TDRA. You may also elect to treat a Pension Fund inherited IRA as your own and make Rollover Contributions (but not Regular Contributions) to that Roth IRA.

Establishing a Roth IRA. To begin making Contributions to a Roth IRA, you must complete and return an Enrollment Form to Pension Fund. Your Roth IRA is considered to be established as of the date that your Enrollment Form is received by Pension Fund. You may establish a Roth IRA for a year any time from January 1 of that year through your tax filing deadline for that year, without extensions (this is generally the following April 15 if you file on a calendar year basis).

IMPORTANT: You may establish and make Regular Contributions to a Roth IRA for the prior year even if you are no longer an Employee, if you were eligible to establish and make Regular Contributions to the Roth IRA in the prior year.

Forms. Participation in the Roth IRA program is voluntary. You must complete all forms required by Pension Fund to establish a Roth IRA. You will be provided a Roth IRA Disclosure Statement and Financial Disclosure Statement with your Enrollment Form.

B. Revocation of Your Roth IRA.

You have the right to revoke your Roth IRA within seven days after the IRA has been established. Upon receipt of a timely revocation, Pension Fund will refund any contributions to the Roth IRA you have made, without adjustment for earnings or fees.

C. End of Participation.

You will cease to be a Roth IRA Owner when your entire Roth IRA Account Balance is distributed.

CONTRIBUTIONS

A. Regular Contributions.

You may make Regular Contributions by making direct after-tax cash contributions to your Roth IRA. Pension Fund may require a minimum initial Regular Contribution to establish a Roth IRA. Regular Contributions must be made in U.S. dollars.

You may make Regular Contributions to your Roth IRA for a year any time from January 1 of that year through your tax filing deadline for that year, without extensions (this is generally the following April 15 if you file on a calendar year basis). You may irrevocably designate the year to which a Regular Contribution relates.

B. Contribution Limits.

General Limit. Federal law limits the total amount of Regular Contributions that you may make to a Roth IRA in a year. You cannot contribute more than the lesser of a specified dollar limit or your Compensation for the year (or, if you are married and filing jointly, the sum of your Compensation and your Spouse's taxable compensation).

For 2021, the dollar limit is $6,000. However, if you are age 50 or older (or will reach age 50 by the end of the calendar year), the dollar limit is $7,000 for 2021. The IRS adjusts the dollar limit periodically for increases in the cost-of-living. You can contact Pension Fund for information on limit increases after 2021.

	Under Age 50 Contribution Limit	**Age 50 or Older Contribution Limit**
2021	$6,000	$7,000

Your Regular Contributions cannot exceed 100% of your Compensation, except as discussed below under Special Rule for Spousal Compensation.

WARNING: Contributions you make to all your IRAs, whether traditional or Roth, are aggregated for purposes of this dollar limit. Therefore, any contribution you make to a traditional IRA or to another Roth IRA will reduce the contribution that you can make to a Roth IRA under the DCRA. Your

contributions are not limited by participation in a retirement plan other than a traditional or Roth IRA.

Income Limitations. Your maximum contribution may be further reduced depending on your modified adjusted gross income (AGI) and your tax filing status.

If your filing status is	And your modified AGI is	Then you can make
Single, head of household, or married filing separately and you did not live with your spouse at any time during the year	Less than $125,000	A full contribution
	At least $125,000 but less than $140,000	A partial contribution
	$140,000 or more	No contribution
Married filing jointly or qualified widower	Less than $198,000	A full contribution
	At least $198,000 but less than $208,000	A partial contribution
	$208,000 or more	No contribution
Married filing separately and you lived with your spouse at any time during the year	$0	A full contribution
	More than $0 but less than $10,000	A partial contribution
	$10,000 or more	No contribution

This table is applicable to contributions made during 2021 only. These limits may be increased by the Internal Revenue Service after 2021 for any cost of living adjustment.

For more information on these contribution limits, please see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

Special Rule for Spousal Compensation. If you file a joint return and your Compensation is less than that of your Spouse, the amount you can contribute to the Roth IRA is the lesser of the specified dollar limit or the total Compensation for both you and your Spouse for the year, reduced by your Spouse's contribution for the year to a traditional or Roth IRA.

EXAMPLE: Susan is a student in seminary and has Compensation equal to $1,000 from an Employer. Her husband Bill, who is not employed by an Employer, has Compensation equal to $30,000. Both Susan and Bill are less than age 50. If Susan and Bill file a joint return, Susan can contribute up to $6,000 to a Roth IRA, and Bill can also contribute up to $6,000 to an IRA.

Qualified Reservist Repayments. If you were a member of the reserve component and were called to active duty after September 11, 2001, you can repay to a Roth IRA an amount equal to any qualified reservist distributions you received from an IRA or a retirement plan. These repayments may be in excess of the general limit on Regular Contributions to a Roth IRA, but must be made within two years after your active duty period ends.

C. Excess Contributions.

It is your responsibility to ensure that your Regular Contributions do not exceed the applicable contribution limits. If your Regular Contributions to your Roth IRA exceed the applicable contribution limits, a 6% excise tax may apply to the portion of the contribution that is an excess contribution. This excise tax will apply each year that the excess contribution remains in your Roth IRA. If you withdraw an excess contribution along with any applicable earnings prior to your deadline for making Roth IRA contributions for the year (generally, by April 15 following the end of the tax year), the excise tax will not apply.

You may also apply the excess contribution in one year to a later year if your Regular Contributions for the later year are less than the general limit for that year, but you will pay a penalty tax on the excess contribution until fully applied.

D. Rollovers and Transfers.

You may consolidate your other qualified retirement plan accounts and IRAs into a Roth IRA under the DCRA through a rollover or transfer.

You must include in your gross income distributions from a qualified retirement plan or traditional IRA that you would have had to include in income if you had not rolled them over into a Roth IRA.

Rollovers From Retirement Plans. You may request to make a Rollover Contribution to your Roth IRA of an eligible rollover distribution you receive from an employer-sponsored qualified retirement plan. These include rollovers from any of the following types of plans:

- 401(a) or 403(a) qualified plan,
- 403(b) plan, or
- 457(b) plan of a governmental entity.

The distribution may be from a Roth account or a pre-tax account under an employer-sponsored qualified retirement plan. However, amounts rolled over from pre-tax accounts are normally included in income on your return for the year of the rollover. For example, you can rollover your pre-tax 403(b) account under the TDRA to your Roth IRA, if you are otherwise eligible for a distribution, and that amount would be taxable in the year made. This type of rollover is often called a "conversion."

A Rollover Contribution from a qualified retirement plan can be made directly from the trustee or custodian of the qualified retirement plan to Pension Fund. You may also roll over a distribution you already received from a qualified retirement plan as long as the Rollover Contribution is made within 60 days after the date you received the distribution. You may be eligible to roll over a distribution from a qualified retirement plan *after* the 60-day deadline if you submit a Certification for Late Rollover Contribution Form to Pension Fund certifying that the reason for the late Contribution qualifies you for a waiver of the 60-day deadline.

There is no limit on the amount of funds you can rollover to a Roth IRA.

Rollovers From IRAs. You may request to make a Rollover Contribution to your Roth IRA of a distribution you receive from a traditional IRA or another Roth IRA as long as the Rollover Contribution is made within 60 days after the date you receive the distribution. You may be eligible to roll over a distribution from a qualified retirement plan *after* the 60-day deadline if you submit a Certification for Late Rollover Contribution Form to Pension Fund that the reason for the late Contribution qualifies you for a waiver of the 60-day deadline.

A Rollover Contribution from a traditional IRA may consist of both deductible and nondeductible amounts. However, you must include in your gross income distributions from a traditional IRA that you would have had to include in income if you had not converted them into a Roth IRA. Deductible amounts rolled over from traditional IRAs are normally included in income on your return for the year of the rollover.

You can only make one rollover from an IRA to another IRA in a 12-month period. This restriction applies to all of your IRAs in aggregate.

This restriction does not apply to a conversion of a traditional IRA to a Roth IRA, or to a trustee-to-trustee transfer from one IRA trustee to another IRA trustee.

Trustee-to-Trustee Transfers. You may consolidate your other Roth IRAs and traditional IRAs into a Roth IRA through a trustee-to-trustee transfer. You may transfer funds tax-free from another Roth IRA to the Roth IRA by requesting a transfer from the other IRA trustee to Pension Fund. If you transfer funds from a traditional IRA to the Roth IRA (a "conversion"), you must include in your gross income distributions from the traditional IRA that you would have had to include in income if you had not converted them into a Roth IRA. Deductible amounts transferred from traditional IRAs are normally included in income on your return for the year of the transfer. There is no limit on the number of trustee-to-trustee transfers you can make to a Roth IRA.

If you want to move funds from another IRA to a Roth IRA, a trustee-to-trustee transfer may be more advantageous to you than an IRA rollover. See the table on page 13 for a comparison of these transactions.

Recharacterizations. You may request a trustee-to-trustee transfer of a contribution made to a traditional IRA, adjusted by earnings or losses, to your Roth IRA prior to your tax filing deadline plus extensions. The transferred contribution will be treated as if it had always been made to your Roth IRA. This is often called a "recharacterization" of the IRA contribution.

Compliance. Pension Fund must determine that the rollover or transfer satisfies all applicable requirements of the Code.

E. No Age Restrictions.

You can make Contributions to a Roth IRA at any age, provided that you must be an Employee or a Spouse of an Employee who is receiving Compensation in order to make Regular Contributions to a Roth IRA.

F. Deductibility.

Your Contributions to a Roth IRA are not tax deductible. Pension Fund will report any Contributions made to your Roth IRA each year to both you and the IRS.

VESTING

You are always 100% Vested in your Roth IRA under the DCRA.

INVESTMENTS

A. Exclusive Benefit.

It will be impossible, prior to the satisfaction of all liabilities with respect to the Roth IRA Owners and their beneficiaries, for any part of the assets and income of a Roth IRA to be used for, or diverted to, purposes other than for the exclusive benefit of the Roth IRA Owners and their beneficiaries.

B. Earnings Rate.

Each Roth IRA Account Balance will be credited with a base interest rate determined by Pension Fund and a Good Experience Credit, if any, designated from time to time by the Board.

The base interest rate is determined by Pension Fund for each quarter prior to the start of that quarter. The base interest rate is credited at the end of each calendar quarter, and is compounded daily. Pension Fund has adopted policies which utilize indices based upon average short and intermediate term fixed income investment rates to guide decisions in establishing the base interest rate. By policy, the base interest rate may not be lower than 3.0% nor greater than 6.0%.

Because the DCRA is subject to market risk, the Board has enacted policies governing the maintenance of reserves which it deems adequate to protect against periodic market fluctuations. Funds in excess of the established reserve policy are available for Good Experience Credit allocation at the discretion of the Board.

If a Good Experience Credit is declared by the Board, the Good Experience Credit is calculated on the average daily balance of the Roth IRA for the period October 1 through September 30 and credited before the end of that year.

Roth IRAs closed on or before September 30 of the year are not eligible for a Good Experience Credit.

ACCOUNTING

A. Roth IRA Owner Accounts.

For accounting purposes, Pension Fund maintains records to reflect the Roth IRA Account Balance of each Roth IRA Owner.

B. Statements.

You will receive quarterly statements from Pension Fund. The statement will show the activity and balance of your Roth IRA for that quarter. You should review these statements and contact Pension Fund if you have questions.

BENEFITS

A. Distributions.

You may request a distribution of your Roth IRA at any time. However, you are not required to take a distribution during your lifetime. Distributions will be made in U.S. dollars.

Your Contributions to the Roth IRA can generally be withdrawn at any time tax-free and penalty-free. If your distribution is a Qualified Distribution, then both your Contributions <u>and</u> the earnings on those Contributions will be distributed to you tax-free. A Qualified Distribution is a distribution that is made after the end of the five-year period beginning with the first day of the year in which you made your initial contribution to a Roth IRA, and that meets one of the following requirements:

- the distribution is made after you reach age 59½;
- the distribution is made after you become Disabled;
- you are the beneficiary of the deceased Roth IRA Owner; or
- the distribution is for a first time home purchase (up to a $10,000 lifetime limit).

If your distribution is <u>not</u> a Qualified Distribution, the earnings that are distributed will be included in your taxable income. However, if you request a partial distribution of your Roth IRA, your Regular Contributions will be treated as distributed first, then your Rollover Contributions, and then your earnings. Therefore, your non-Qualified Distribution will not be taxable to you unless your distribution exceeds your Contributions.

Unless you rollover your distribution to another Roth IRA, you must generally pay a

10% penalty tax on your Roth IRA earnings if the distribution is not a Qualified Distribution. This penalty tax is not applicable, however, if the distribution is:

- made after you reach age 59½;
- made after you become Disabled;
- made to you as the beneficiary of the deceased Roth IRA Owner;
- for a first time home purchase (up to a $10,000 lifetime limit);
- for medical expenses in excess of 10% of your adjusted gross income;
- for medical insurance premiums while you are unemployed;
- for qualified higher education expenses;
- a qualified reservist distribution;
- a qualified birth or adoption distribution (up to $5,000 per birth or adoption); or
- a distribution that is excepted by federal legislation relating to certain emergencies and disasters.

If you take a distribution from your Roth IRA before the end of the five year period beginning with the first day of the year in which you converted an amount from a traditional IRA or qualified retirement plan to the Roth IRA, you must generally pay a 10% penalty tax on any portion of the conversion contribution that you had to include in income because of the conversion. A separate five-year period applies to each conversion. This penalty tax is not applicable if the distribution meets one of the exceptions to the penalty tax set forth in the previous paragraph.

B. Payment Options.

You may elect to receive distributions from your Roth IRA in either form of payment option listed below.

Forms of Payment Options
Lump sum: A distribution of a portion or all of your Roth IRA Account Balance.
Installments: A series of payments to you in a fixed amount designated by you, paid over a fixed amount of time. The sum of the payments to you equal your Roth IRA Account Balance.

C. Beneficiaries.

You may designate on the form provided by Pension Fund one or more primary and contingent beneficiaries to receive any portion of your Roth IRA payable upon your death. Your beneficiary may be a person, institution, trustee, trust, tax-exempt charitable religious organization, or estate.

IMPORTANT: You should keep a current beneficiary designation form on file with Pension Fund.

You may revoke or change your beneficiary designation by completing a new beneficiary designation form and giving your completed form to Pension Fund.

If you do not elect a beneficiary, or if your named beneficiary dies before you die, benefits will be paid to your estate.

Your beneficiary may name his or her own beneficiary to receive any benefits remaining after your beneficiary's death. If your beneficiary does not elect a beneficiary, or if the named beneficiary dies before your beneficiary, any benefits remaining after your beneficiary's death will be paid to the beneficiary's estate.

D. Inheriting an IRA.

General Rules. When you die, your beneficiary will receive the balance in your account (this is called an "inherited IRA").

If you die before receiving a complete distribution of your Roth IRA, your beneficiary will receive any remaining amounts of your Account Balance. The timing and form of payment options available to your beneficiary will be determined based on the form of payment you elected prior to your death, if applicable, and the type of beneficiary entitled to your Account Balance (*e.g.*, a Spouse, other individual, or non-individual such as a trust or charity).

Federal law places limits on the maximum time period when benefits must be paid and on the minimum amount that must be paid after your death. Pension Fund will notify your beneficiary(ies) if any of these limits apply.

Non-Spouse Beneficiaries. A non-Spouse beneficiary cannot make Contributions to an inherited IRA and cannot rollover distributions from an inherited IRA.

Spouse Beneficiaries. If your sole beneficiary is your Spouse, your Spouse may elect to either treat himself or herself as the beneficiary of the inherited IRA (similar to the rules that apply to non-Spouse beneficiaries), to treat the inherited IRA as his or her own Roth IRA, or to rollover the inherited IRA into another Roth IRA. If your Spouse elects to treat the Roth IRA as his or her own, your Spouse will not be required to begin distributions from the Roth IRA during his or her lifetime.

A beneficiary of an inherited IRA is not treated the same as an IRA owner, except in the case of a Spouse beneficiary who elects to be treated as the IRA owner. The distinctions can be important for the beneficiary's own financial and retirement planning. For example, an inherited IRA is not excluded from a beneficiary's estate in bankruptcy proceedings. Beneficiaries should consult with a financial or tax advisor to fully understand their rights with respect to an inherited IRA.

Distributions That Are Not Qualified. If a distribution to your beneficiary is not a Qualified Distribution, it is includible in the beneficiary's gross income in the same manner it would have been included in your income had it been distributed to you while living. Specifically, if you die before the end of:

- the five-year period beginning with the first year for which a Regular Contribution was made to a Roth IRA you own, or
- the five-year period starting with the year of a Rollover Contribution that was a conversion from a traditional IRA or qualified retirement plan,

each type of contribution is divided among the beneficiaries according to a pro-rata share of each.

EXAMPLE: When Carol died in 2020, her Roth IRA contained Regular Contributions of $4,000, a Rollover Contribution of $10,000 representing a conversion that was made in 2018, and earnings of $2,000. No distributions had been made from her IRA. She had no basis in the Rollover Contribution in 2018. When she established this Roth IRA (her first) in 2018, she named each of her four children as equal beneficiaries. Each child will receive one-fourth of each type of contribution and one-fourth of the earnings. An immediate distribution of $4,000 to each child will be treated as $1,000 from regular contributions, $2,500 from conversion contributions, and $500 from earnings. In this case, because the distributions are made before the end of the applicable five-year period for a Qualified Distribution, each beneficiary includes $500 in income for 2020. The 10% additional tax on early distributions does not apply because the distribution was made to the beneficiaries as a result of the death of the IRA owner.

E. Withholding.

Unless you transfer your distribution directly to another Roth IRA, Pension Fund is required to withhold from distributed earnings for federal income tax purposes if a distribution is not a Qualified Distribution. The required withholding amount is 10%. You may instead elect for no withholding or for additional withholding to apply.

State income tax withholding may also apply to distributions from your Roth IRA. If you live in a state that mandates state income tax withholding, Pension Fund will withhold the required amount.

F. Qualified Charitable Distributions.

You may direct that all or part of your Roth IRA be contributed to a charitable cause by taking a qualified charitable distribution ("QCD") from your Roth IRA. A QCD is generally a nontaxable distribution made directly by Pension Fund to an organization eligible to receive tax-deductible contributions. You must be at least age 70½ when the distribution is made, and you must have the same type of acknowledgment of your contribution that you would need to claim a deduction for a charitable contribution.

You may exclude from tax QCDs made up to $100,000. Any QCD in excess of the $100,000 exclusion limit is included in income as any other taxable distribution. There are also reductions applied to the extent you make deductible IRA contributions to a traditional IRA after age 70½. The amount of the QCD is limited to the amount of the distribution that would otherwise be included in income. If the amount of the QCD exceeds the taxable portion of your Roth IRA (the portion that is not a Qualified Distribution), the distribution is first considered to be paid out of otherwise taxable income.

PAYMENTS THAT CAN BE ROLLED OVER OR TRANSFERRED

A. Eligible Rollover Distributions.

Distributions from your Roth IRA can be rolled over to a Roth IRA only. A rollover from a Roth IRA to a traditional IRA or to an employer-sponsored qualified retirement plan is not allowed.

If you rollover an amount from the Roth IRA to another Roth IRA, the five-year period used to determine Qualified Distributions does not change. In other words, the five-year period begins with the first taxable year for which the contribution was made to the initial Roth IRA. If the distribution is not a Qualified Distribution, by electing to roll over a distribution of all or part of your Roth IRA to another Roth IRA, you will defer paying income taxes on the distributed earnings (and avoid any early withdrawal tax).

To roll over a distribution from your Roth IRA, you must elect to receive a direct cash payment of the distribution. You must then make the Rollover Contribution to the new Roth IRA by the 60th day after the day you receive the distribution from Pension Fund. A failure to complete the rollover within the 60-day period will result in the distributed earnings being taxable in the year received, if the distribution is not a Qualified Distribution, and you may be subject to an early withdrawal tax. You may be eligible to roll over a distribution from your

Traditional IRA *after* the 60-day deadline if you submit a certification to the new IRA or qualified retirement plan trustee and the reason for the late rollover qualifies you for a waiver of the 60-day deadline.

B. Trustee-to-Trustee Transfers.

You may elect to transfer all or a portion of the balance in your Roth IRA to another Roth IRA through a trustee-to-trustee transfer. A trustee-to-trustee transfer is generally not treated as a distribution to you (unless it is a conversion from a traditional IRA to a Roth IRA) and is not subject to the one year waiting period required between IRA-to-IRA rollovers.

The following table summarizes some of the key differences between an IRA rollover and an IRA transfer.

	IRA Rollover	IRA Transfer
Who receives payment?	Made directly to you and you must make contribution by 60th day after receipt of distribution (unless a waiver is available)	Made directly to receiving IRA by Pension Fund on your behalf
Is there withholding?	Yes, *unless* you elect no withholding or additional withholding	No, *except for* a conversion from a traditional IRA to a Roth IRA unless you elect no withholding or additional withholding
Is any amount included in income?	No, *unless* rollover is not completed within 60-day time period (and a waiver is not available), in which case taxable portion of distribution is reported in income	No, *except for* a conversion from a traditional IRA to a Roth IRA, in which case taxable portion of distribution is reported in income
Do tax penalties apply?	No, *unless* rollover is not completed within 60-day time period (and a waiver is not available), in which case 10% tax penalty applies if you are not age 59 ½ (unless an exception to penalty applies)	No
Will Member receive a Form 1099-R?	Yes	No, *except for* a conversion from a traditional IRA to a Roth IRA
Do limitations apply?	Yes, only one rollover is permitted every 12 months, *unless* the rollover is a conversion from a	No, transfers are unlimited

	IRA Rollover	IRA Transfer
	traditional IRA to a Roth IRA	

The rules governing the taxation of distributions from a Roth IRA and tax-free rollovers and transfers can be complicated. Pension Fund suggests that you consult with a financial or tax advisor before requesting a distribution from your Roth IRA. You can find more information about the tax treatment of Roth IRA distributions in IRS Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs). This publication is available from your local IRS office, on the IRS website at www.irs.gov or by calling 1-800-TAX-FORMS.

ADMINISTRATION OF THE DCRA

A. Administrator.

Pension Fund has the authority to control and manage the operation and administration of the Roth IRA program. Benefits under the Roth IRA program will be paid only if Pension Fund, in its sole discretion, decides that the applicant is entitled to them.

Pension Fund has the power and authority to determine all questions of law or fact that may arise as to eligibility, benefits, status and rights of any person claiming benefits or rights under the Roth IRA program, to construe and interpret the terms of the Roth IRA program consistent with the Code, and to correct any defect, supply any omissions, or reconcile any inconsistencies in the Roth IRA program.

B. Claims Procedure.

You or your beneficiary may file a claim for benefits with Pension Fund.

Denial of Claims. If the claim is denied, in whole or in part, then Pension Fund may give you or your beneficiary a written notice, within a reasonable period of time, explaining the specific reasons for the denial; identifying the DCRA document sections on which the denial is based; describing additional material necessary to perfect the claim; explaining why the material or information is necessary; and explaining the review procedure. If Pension Fund does not provide a written explanation, the claim will be deemed denied.

Appeal of Denial of Claim. If Pension Fund's determination to deny the claim is not acceptable to you or your beneficiary, an appeal for benefits may be filed with Pension Fund. This appeal must be in writing and filed within a reasonable period of time from the date of the determination by Pension Fund. If you do not file an appeal within a reasonable period of time, the decision of Pension Fund will be final. When reviewing an appeal, all information submitted by you will be considered, regardless of whether it was submitted in the initial determination.

Pension Fund will make a determination as to any claim for benefits within a reasonable period of time of receiving the appeal without regard to whether all information needed to make a determination is included with the appeal.

If Pension Fund denies your appeal as to any claim, you will receive a statement explaining the specific reason for the denial. The decision will be in writing and will be final and binding on you and all other parties involved and afforded the maximum deference under the law.

For more details on the claims procedures, contact Pension Fund.

NONALIENATION OF BENEFITS AND DOMESTIC RELATIONS ORDERS

A. Nonalienation of Benefits.

Except as discussed below, your Roth IRA, prior to your actual receipt, will not be subject to any debt, liability, contract, engagement, or tort, nor subject to anticipation, sale, assignment, transfer, encumbrance, pledge, charge, attachment, garnishment, execution, alienation, or other legal or equitable process.

B. Tax Levy.

Your benefits may be reduced to the extent permitted under federal law to satisfy your liability under a levy issued by the Internal Revenue Service or that is sought to be collected by the United States government under a judgment resulting from an unpaid tax assessment against you.

C. Transfer of Roth IRA Pursuant to Divorce.

Pension Fund may approve a direct transfer of all or a portion of a Roth IRA Owner's interest in his or her Roth IRA to a separate IRA owned by a Spouse or former Spouse, pursuant to a divorce decree or written instrument incident to such a decree. You may request written procedures from Pension Fund for more information regarding transfers pursuant to divorce.

PLAN EXPENSES

Plan expenses will generally be paid from the Trust, but expenses specific to a Member, such as wire transfer charges, multiple withdrawal fees, or fees for transfers incident to a divorce, may be charged to the Member in the discretion of Pension Fund.

AMENDMENT OR TERMINATION OF ROTH IRA PROGRAM OR DCRA

It is expected that the Roth IRA program and the DCRA will continue indefinitely, but the Board has reserved the right to change, modify, or discontinue the Roth IRA program and the DCRA. However, no change may decrease the benefits already earned by you or violate any provisions of the Code.

WHAT GENERAL INFORMATION ABOUT THE DCRA SHOULD I KNOW?

A. Name of Plan.

The legal name of the plan is the "Defined Contribution Retirement Accounts of the Pension Fund of the Christian Church (Disciples of Christ)".

B. Type of Plan.

The DCRA is a defined contribution plan designed to satisfy the requirements of and have tax favored status under Code Section 403(b)(9) which includes both a Traditional IRA component and a Roth IRA component. The DCRA is a church plan within the meaning of Code Section 414(e) and Section 3(33) of the Employee Retirement Income Security Act of 1974 ("ERISA") and is, therefore, exempt from ERISA.

C. Effective Date.

The DCRA was most recently amended and restated in its entirety effective January 1, 2017, and has been amended four times.

D. Administrator.

The Administrator for the DCRA is:

Pension Fund of the Christian Church
(Disciples of Christ)
1099 North Meridian Street

Suite 700
Indianapolis, IN 46204

Service of legal process may be made on Pension Fund at the above address.

E. Plan Year.

Records of the DCRA generally are maintained on the 12-month period from January 1 to December 31.

F. Source of Financing.

The DCRA is funded through Contributions made by you in accordance with the DCRA. Contributions earn a base interest rate plus a Good Experience Credit, if any.

RISKS

1. Roth IRAs are unsecured obligations of Pension Fund and reserve funds that are held by Pension Fund in Trust for the Traditional IRA and Roth IRA programs. Reserves created for other programs of Pension Fund, including but not limited to reserves of the Pension Plan, the TDRA, and the Christian Church Health Care Benefit Trust, are held in separate trusts and are independent of the financial structure of the Roth IRA program.

2. Although Pension Fund strives to maintain reserves in the Trust believed to be adequate to pay all Roth IRAs at any time, market fluctuations and investment decisions could impact the Trust's ability to pay all Roth IRAs. Further, market fluctuations could negatively impact the level of Good Experience Credits, or cause the Board to forego declaring a Good Experience Credit for any given year.

3. Changes in federal laws, rules or regulations regarding deemed Roth IRAs may affect the availability to participate in such accounts, their expected returns, and distribution provisions, which could make it more difficult or costly to offer such investments to Roth IRA Owners.

4. Roth IRA assets are commingled for investment purposes with Pension Plan assets, TDRA assets, and Traditional IRA assets. Funds from these programs are invested based upon established investment policies and asset allocation decisions of the Board. Currently, funds are invested in an asset mix of approximately 50% equities, 35% fixed income, and 15% alternative investments, utilizing a number of independent investment managers. Administrative expenses, expected to be in the range of 50 to 100 basis points, are charged to the earnings of the Trust prior to consideration of any Good Experience Credit.

The accounts maintained to manage and hold the assets of the DCRA and interests of the DCRA are not subject to registration, regulation, or reporting under the Investment Company Act of 1940, the Investment Advisers Act of 1940, the Securities Act of 1933, the Securities Exchange Act of 1934, Title 15 of the United States Code, or States' Securities Laws. Participants and beneficiaries in the Roth IRA, therefore, will not be afforded the protections of those provisions.

Unlike federally insured bank deposits, contributions to the DCRA are not insured or guaranteed by an agency of the United States Government (including FDIC), or any state of the United States.