



# PLAN SUMMARY

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Church & Clergy Alliance™ is a 501(c)(3) organization with IRS Church Status and is the plan sponsor of the ClergyAdvantage™ 403(b) Retirement Plan. This arrangement allows us to provide the same benefits and features of a denominational plan including housing allowance benefits to participating ministers for life, even if they change jobs, separate from service or leave ministry altogether. Church & Clergy Alliance™ also serves to:

- Facilitate Enrollment & Funding
- Process Disbursement Requests
- Provide on-going financial coaching with clergy specific strategies
- Offer Educational Resources and tools to all participants
- Provide church administrators support and relieve them of retirement plan compliance issues and administration responsibilities.



# What is The ClergyAdvantage 403(b)?

The ClergyAdvantage™ 403(b) Retirement Plan conforms to the requirements of a “retirement income account” within the context of Code Section 403(b) and is exempt from ERISA because it meets the requirements of a “church plan” as intended by Code Section 414(e) and ERISA Section 3(33). This Retirement Plan shall be administered consistent with this intent.

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## Who is eligible to participate in the plan?

An Eligible Employer is any church, any qualified church-controlled organization as defined in Code Section 3121(w)(3), and any other organization to the extent a Minister provides services to such other organization in connection with the exercise of his/her ministry.

### Employee

An Employee is any person who is employed by a Participating Employer. There are no minimum age requirements. Note: The plan does not allow participation by employees who are non-resident aliens or leased employees.

## Enrolling in the Plan

Online enrollment is available at: [www.ChurchandClergyAlliance.org](http://www.ChurchandClergyAlliance.org)

Information and complete instructions for easy online enrollment is available through the link above. Once you have completed the online enrollment process it takes 3-4 business days to issue. Funding instructions including the coupon or spreadsheet will be emailed after issuance.

Participants are invited and encouraged to schedule a personal consultation for allocation advice and/or personalized planning. Participating members receive periodic emails with invitations to schedule reviews and proprietary resources that will help them use and understand options, benefits and Retirement Plan features.

# Contributions

## Employer

While you are in the paid service of an eligible employer your employer may make contributions to the plan on your behalf. All such contributions shall be paid directly by the participating employer unless the participant is a self-employed minister or a chaplain. Each individual eligible employer should document their policies in their employee handbook.

## Employee

Participants are eligible to elect a salary deferral contribution via a Salary Reduction Agreement to be kept on file with the employer.

*\*Seek professional tax advice for tax efficient planning. Ministers should always work with a clergy qualified financial advisor / retirement planner to develop proper strategies and ensure tax-free distributions.*

## Participants may elect:

### Pre-Tax Deferral (Employee) \*\*

There is no federal, state taxes on money deferred into the plan. Ministers do not pay self employment (SECA) tax on money deferred into the plan.

### Roth Deferral\*\*

Income taxes are paid on the money deferred in the account.

### Age 50 Catch-up Contributions\*\*

Participants reaching age 50 before the close of the calendar year may be eligible to make catch-up contributions.

*\*\*IRS regulations impose annual limits; speak with a qualified financial advisor to learn how this will affect you and your retirement plan and strategies.*

## Rollover and Transfer Contributions (Incoming)

You may be eligible to make a tax-free rollover into the plan from another eligible retirement plan or IRA. Church & Clergy Alliance reserves the right to restrict transfers. All rollovers and transfers should be approved in advance and coordinated through the Church & Clergy Alliance office. Rollovers and transfers don't count toward employee and employer limits.

## Vesting

Vesting is the process in which the participant gains ownership or rights to the employer contributions made into the participant's account. All contributions (salary deferred, employer, rollover, Roth) and the earnings generated are 100% vested immediately.

## Investment Choices

The ClergyAdvantage™ 403(b) offers a broad range of investment choices and features. Participants have complimentary access to clergy specific retirement specialists at Clergy Planning Group and Clergy Advantage, Inc. to build a strategy customized to their unique needs.

Investment choices may be changed at any time by each participant with his/her direct online access. More information about specific investment options can be found online at [www.churchandclergyalliance.org](http://www.churchandclergyalliance.org) or by request.

## Fees

Clergy Planning Group provides retirement coaching and financial services to all participants and does not charge fees for Financial Consultations, Retirement Planning or Wealth Management Strategies for participants in the ClergyAdvantage™ 403(b).

Rather than charge a fee to the participants for service, the Clergy Planning Group accepts compensation from plan investment providers as a percentage of assets invested. This is to keep the costs as low as possible for the participants. Participants pay an indirect charge against their account from their investment return. The 403(b) platform offers multiple investment options and top performing money managers. There are no set up fees or sales charges for contributions or distributions.

The cost of operating funds varies depending on the investment category. The fees are described in detail in each fund prospectus, which can be read prior to investing.

## Distributions

The plan is designed to grow money for ministry professionals' retirement in a most tax-efficient manner. Money can be distributed from your Plan account in these events:

### Termination of Service

Upon separation of service the participant may elect to have payments from her/his account as of any date after the separation of service. The ClergyAdvantage™ 403(b) is fully portable and can follow the participant from employer to employer.

### Age Greater Than 59 1/2

The participant may elect to have payments from her/his account upon attainment of the age of 59 ½ whether or not he/she has separated from service.

### Upon Death

Upon death of the participant the participant's account shall be distributed to her/his designated beneficiary.

### Disability

The participant who has not yet attained age 59 ½ shall be entitled to make withdrawals from all or a portion of her/his account, upon providing medical proof of disability in accordance with plan document.

Distribution paperwork may requested by contacting Church & Clergy Alliance™.  
Call 970-776-1376

## Loans

You may be able to take a loan from the plan subject to Code Section 72(p). Contact Church and Clergy Alliance if you have questions about applying for a loan.

## Hardship Withdrawals

There are no provisions for hardship withdrawals in this plan and they are not permitted. We encourage and welcome a discussion to help you plan for unexpected hardship or contingencies. Our financial advisors are also available to advise and coach you through life events and financial challenges.

## Account Information

Participants will receive personalized quarterly account statements from fund/investment providers. The statement will show the account balance as well as any contributions, earnings, or distributions during the preceding statement cycle. Participants may also access account information online through the provider's website.

Plan participants should promptly notify Church & Clergy Alliance™ of changes to their name, address, phone number, email address or marital status.

## Funding The Plan

### Funding Options

TSA Consulting Group serves as the Third Party Administrator for the plan. Their function is two fold. They receive contributions from the various participating employers and transmit those contributions to the investment provider on behalf of the participant. They also monitor IRS contribution limits.

Various funding options are available - ACH push, ACH pull, Bill Pay and employer payments. Please contact the Church & Clergy Alliance office for assistance.

## Tax Information

### Housing Allowance

The Church & Clergy Alliance Board of Directors shall designate annually that all distributions are eligible to be treated as housing allowance. Only amounts paid to a participant who is or was a licensed, ordained or commissioned minister are eligible for designation. The housing allowance designation shall apply to Ministers, former Ministers, and retired Ministers to the extent that their account balance represents contributions derived from their compensation from services performed in the service of their ministry and the investment earnings on those contributions. \* *The housing allowance exclusion benefit shall not apply to funds rolled out of the plan.*

**The amount that a minister may claim as housing in a given year is the lesser of:**

- The actual housing expenses or
- The annual fair market rental value of the house, furnishings and utilities or the amount of housing allowance exclusion benefit received.



## Tax Information

### **Roth**

Participants must have a Salary Deferral Agreement in place with the participating church in order to make Roth-style elective contributions to their 403(b). Such contributions are after tax. Distributions of Roth-style contributions and contribution earnings are withdrawn tax free. Distribution rules apply.

### **Withholding**

#### **Federal**

There is a 20% mandatory Federal Tax withholding on retirement distributions that are not used for housing expenses. This mandatory withholding is sent to the IRS and credited towards your current year's tax liability. Distributions are taxable to the extent not claimed as housing allowance.

#### **State**

Depending on the participant's state of residence for tax purposes, some distributions may be required to have state income tax withheld.

#### **Form 1099R**

All retirement distributions are reported by the vendor on a Form 1099-R.

#### **Tax Service**

Church & Clergy Alliance strongly recommends that all ministers coordinate their tax and financial planning with qualified clergy tax specialists. We recommend the tax professionals at Clergy Advantage to fully maximize your unique tax advantages.

## We're Here to Help You Plan for YOUR Future

Speak with a qualified *clergy* Financial Advisor to personalize your plan and learn of unique opportunities available to ministers. Call 970-776-1376 or email [clergy@clergyadvantage.com](mailto:clergy@clergyadvantage.com) for scheduling assistance. Find "Successful Investing," "Ministers Retirement" videos and other valuable resources at [www.clergyadvantage.com](http://www.clergyadvantage.com).

Church & Clergy Alliance™

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