

# RETIREMENT Income Solutions



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GuideStone®

# Congratulations for **taking control** of your future.

Choosing your retirement strategy is a crucial element in developing a plan for a secure retirement. This is an important milestone, and we want to congratulate you for taking a proactive approach toward your future. We're confident this workbook will reward your effort by helping you to start and stay on the path to your goals.

## Why You Need a Good Retirement Strategy

Without a strategy, you could end up making plans that aren't realistic, or worse, cause you to outlive your retirement income. You don't want that to happen, and neither do we. That's why we want to help you develop a solid strategy; one that will give you financial confidence as you step into retirement.

But what does a good strategy look like? Generally, it's built on a three-part foundation:

- 1. Considers longevity** — Outliving retirement income is one of the biggest concerns for most retirees. So, having a strategy that provides a dependable income stream for the remainder of your life (and your spouse's life) is crucial.
- 2. Adjusts for inflation** — Historically, inflation has risen by about 3.8% per year<sup>1</sup>. Since the average person can spend anywhere from 20 to 30 years in retirement, it's certainly a factor you should account for in your strategy.
- 3. Includes loved ones** — Your spouse. Your children. Your grandchildren. There are many people to think about when planning for your retirement income. Consider this: If you precede your spouse in death, what retirement income will he or she have to depend upon?

## How GuideStone Will Help

GuideStone® will be here for you every step of the way. Enhancing our participants' financial security has been part of our core mission for more than 100 years. If you have questions or need additional assistance, you may reach a customer solutions specialist by contacting us at [Info@GuideStone.org](mailto:Info@GuideStone.org) or calling **1-888-98-GUIDE** (1-888-984-8433), Monday through Friday, from 7 a.m. and 6 p.m. CT.

One final note we'd like you to remember. The core focus of this workbook is **you**. It's about providing the right options for your situation, and we want you to be confident about the choices you make. There is no pressure to make any hurried decisions. Simply weigh your options with care, call us with any questions and make the choices that fit your goals.

<sup>1</sup> <https://www.worlddata.info/america/usa/inflation-rates.php>

## SECTION 1:

# ADDRESS YOUR INCOME AND EXPENSES

The first step to developing a successful retirement income strategy is to estimate your income needs and expenses before and during retirement. Use the chart below to calculate your estimates and help determine the surplus or shortfall of income that you're on track to have during retirement.

### Can I roll over other investments into my GuideStone account?

**Yes.** Contact a rollover specialist at **1-888-98-GUIDE** (1-888-984-8433) to get started today.

### How long will my retirement income have to last?

Many retirees underestimate the amount of time that they will be in retirement.

**Studies show that for couples age 65, there is a 50% chance one spouse will live to age 92<sup>2</sup>.** The right strategy will help ensure you or your spouse does not outlive your retirement income.

<sup>2</sup>Society of Actuaries Longevity Calculator ([longevityillustrator.org](http://longevityillustrator.org)). Calculation assumes a man and woman born March 1, 1957, nonsmoking and with average health.



### Minister's Housing Allowance

If you are a Minister for Tax Purposes, you can ask GuideStone to designate all or part of your retirement income distribution from GuideStone as a minister's housing allowance. Simply note the request in the designated section of your *Retirement Income Application*. If you need help determining your eligibility for the minister's housing allowance, visit [GuideStone.org/HousingAllowance](https://www.guidestone.org/HousingAllowance) for more information.



# RETIREMENT BUDGET WORKSHEET

**\$** Enter your monthly expenses and projected retirement income.

| EXPENSES (MONTHLY)   | DURING RETIREMENT |
|--|-------------------|
| <b>ESSENTIAL EXPENSES</b>  |                   |
| Housing  |                   |
| Utilities  |                   |
| Food   |                   |
| Health Care  |                   |
| Family Care  |                   |
| Transportation   |                   |
| Personal   |                   |
| Tithe/Charitable   |                   |
| Savings  |                   |
| Taxes  |                   |
| Other Essential  |                   |
| <b>TOTAL ESSENTIAL EXPENSES</b>  |                   |
| <b>NON-ESSENTIAL EXPENSES</b>  |                   |
| Recreational and Entertainment   |                   |
| Eating Out   |                   |
| Travel and Vacation  |                   |
| Other Non-essential  |                   |
| <b>TOTAL NON-ESSENTIAL EXPENSES</b>  |                   |
| <b>TOTAL MONTHLY EXPENSES</b>  |                   |
| <b>INCOME (MONTHLY)</b>  |                   |
| <b>TOTAL LIFETIME INCOME</b>   |                   |
| Your Social Security   |                   |
| Your Spouse's Social Security  |                   |
| Household Annuity Income   |                   |
| Household Pension Income   |                   |
| <b>TOTAL LIFETIME INCOME (ADD ABOVE FIELDS)</b>  |                   |
| <b>OTHER INCOME (PART-TIME WORK, RENTAL PROPERTY, ETC.)</b>                                    |                   |
| <b>TOTAL MONTHLY INCOME (BEFORE TAXES)</b> (Total Lifetime Income + Other Income)              |                   |
| <b>TOTAL MONTHLY RETIREMENT INCOME NEED</b><br>(Total Monthly Income - Total Monthly Expenses) |                   |





## SECTION 2:

# UNDERSTAND YOUR OPTIONS

This section provides specific details about retirement income options you may need to know before completing your *Retirement Income Application*. Please keep in mind that if you choose a Life Income Annuity, Systematic Withdrawal or Fixed Period Income Annuity that is payable **for 10 years or more**, your income is subject to voluntary withholding rules. And if you choose a Single Sum Payment, Systematic Withdrawal or Fixed Period Income Annuity that is payable for less than 10 years, your income will be subject to the mandatory 20% withholding rules.

### How does a GuideStone Life Income Annuity work?

Life Income Annuities are payable for either one (Single Life) or two (Joint Life) lives. This means that you will receive payments **for the rest of your life or the lives of both you and your Joint Life Applicant**.

There are several options you can use to customize either a **Single Life** or **Joint Life Income Annuity**.

- ✓ **The Cash Refund option** can ensure your children or other beneficiaries receive proceeds in the event you (and your spouse if a Joint Life Income Annuity) pass away before the original purchase price of the annuity is paid out.

Example: Beverly and her husband, John, retire at age 65 and set up a Joint Life Income Annuity with a Cash Refund option. They name their daughter as the sole beneficiary. If they both pass away before the account has been fully paid out, the remainder of the account will be paid to their daughter in a lump-sum payment.

- ✓ **The Specified Period option** helps ensure that your children or other beneficiaries will receive proceeds in the event you (and your spouse if a Joint Life Income Annuity) pass away before a specified period is over.

Example: Bill retires at age 65 and chooses to set up a Joint Life Income Annuity with a 10-year Specified Period option. He and his wife (the Joint Life Applicant) name their three children as beneficiaries. The annuity will provide income over the entire lifetimes of Bill and his spouse, but should both pass away after six years, the beneficiaries will continue to receive payments for the remaining four years.

- ✓ **The Annual Increase option** allows you to receive annual increases in payments of 1%, 2% or 3% (in return for smaller initial payments) to help offset inflation's impact on your retirement income. Unless you choose this option, the payment you receive will not adjust to offset the impact of inflation during your retirement. (If you do consider this option, be sure to compare the difference in payments between this option and other options, to ensure it's the best fit for you.)

Example: John retires at age 65 and chooses to set up a Joint Life Income Annuity with a 2% annual increase option. He and his wife (the Joint Life Applicant) will initially receive lower monthly income payments, but their payments will increase by 2% each year, which will help their income keep pace with inflation.

**Please note that all annuities are irrevocable once they are established.**

## How does a GuideStone Systematic Withdrawal Plan work?

The Systematic Withdrawal Plan provides income for a specified period of time (until the funds are exhausted or until written notification to cancel the plan is received). The monthly payment is determined by the amount, percentage or period designated on the *Retirement Income Application*. This payment may be changed or discontinued at your request by completing a *Systematic Withdrawal Plan Change Form*, which you can request by calling GuideStone.

There are three basic ways to receive your systematic withdrawals:

- ✓ **Equal payments of a specified amount.** A minimum of \$50 is required, but you choose the amount you want deducted from your balance each month.
- ✓ **Percentage of total vested contribution amounts.** This option will provide income that varies from month to month (due to market fluctuations). The payment amount is calculated by taking the annual percentage, dividing it by 12 to get a monthly rate, then multiplying the monthly percentage by the total account balance. If the total account value drops below \$1,000, the entire account value may be distributed as a Single Sum.
- ✓ **Paid out over a specified period of time.** Your payment amount will vary from month to month (due to market fluctuations) and is calculated by dividing the total account value by the remaining number of payments.

**Example:** Tom is single, 65 and retiring. He doesn't want to set up an annuity at this time so he decides to set up a Systematic Withdrawal Plan for \$100,000 of his account value. The chart below shows what his monthly payments will look like for each of the three options described above.

| SYSTEMATIC PAYOUT OPTION                                      | CALCULATION METHOD               | MONTHLY INCOME                      |
|---|----------------------------------|-------------------------------------|
| Equal monthly payments<br>(Tom wants \$500/month)             | Equal payments                   | \$500 until the funds are exhausted |
| Percentage of vested contribution amounts<br>(Tom selects 4%) | $(\$100,000 \times 4\%) \div 12$ | \$333 (will vary each month)        |
| Paid out over a specified time<br>(Tom selects 15 years)      | $\$100,000 \div 180$ months      | \$555 (will vary each month)        |



**It is important to note** that your account stays invested while you take withdrawals with this option. You will need to be comfortable with the risk level of your investments, and you will be responsible for all investment decisions.



SECTION 2 CONTINUED

## UNDERSTAND **YOUR OPTIONS**



Most experts recommend starting your withdrawal rate at no more than 4% of your account balance annually to reduce the chances of running out of money. It's also important to make sure your portfolio is appropriately allocated to help you reach your retirement goals. To see if you may need to make changes to become appropriately allocated, contact our Retirement Customer Solutions team to receive investment guidance and learn more about retirement income options.

Keep in mind that if you set up multiple retirement income payment options, any annuity, Fixed Period or Single Sum options selected by you will be set up first, and the remainder of your retirement funds will be available for your Systematic Withdrawal Plan.

### **How does a GuideStone Fixed Period Income Annuity work?**

The Fixed Period Income Annuity is payable as a fixed monthly amount for a specified period. You decide the amount and/or payment period, and at the end of the fixed period, no other income will be paid. The annuity is affected by several variables:

- The amount of the account balance used to establish payments
- The length of payments
- The frequency of payments
- The funding rate at the time the payment is established



If you die before the fixed period ends, your beneficiary has the option to continue receiving payments in the same amount for the remainder of the payment period, or as a Single Sum Payment. **Your employer's plan may limit a Fixed Period Income Annuity to only a portion of your vested Employer Contributions Account.**

*Example: Jane, age 65, is single and retiring. She decided to set up a portion of her retirement account as a Fixed Period Income Annuity with equal monthly payments of \$1,000 for 60 months. Jane designates her daughter as the beneficiary. At the end of the 60-month period, Jane must complete new forms to receive any additional retirement income payments from the unused portion of her account.*

If Jane dies after receiving only five months of payments, her daughter will receive \$1,000 monthly payments for the remaining 55 months or the equivalent of the remaining payments in a lump sum.

## How does a GuideStone Single Sum Payment work?

A Single Sum Payment provides all or part of your retirement account balance to you in one payment. Your employer's plan may limit a Single Sum Payment to only a portion of your vested Employer Contributions Account. Many participants use this option to cover emergency expenses, such as major repairs or major medical expenses. Single Sum withdrawals can create adverse tax consequences (talk to your tax advisor for more details). Also, the payments can only be withdrawn from an accumulations account and not from an established annuity.

The decisions you're making now may impact the rest of your life. We don't want you to rush into any decision, and we stand ready to help you fully understand your options.



## SECTION 3:

# COMMON QUESTIONS

1.

### What if my expenses exceed my retirement income?

Do you find that you don't have enough to cover all of your expenses with your retirement income? First, don't despair. This is a common problem for many Americans, so you are hardly alone. There are several things to look at first:



#### Have you considered all sources of income?

- Social Security (including spouse's Social Security)
- Any pension plans for which you or your spouse may qualify
- Personal savings
- Other retirement accounts (IRAs, 401(k) plans, etc.)



#### Have you considered other ways to generate income during retirement?

- Turning a hobby into a money-making opportunity
- Continuing to work on a full- or part-time basis or serve as a consultant
- Retiring to an area with lower cost of living
- Reducing expenses by moving to a less expensive house
- Disposing of unused assets

You may also need to consider delaying vocational retirement. **There are several benefits to continuing your career:**



**Social Security** — Delaying social security until age 70 may be appropriate and can provide you with a higher starting benefit as well as a higher annual increase. It is also important to consider that, while some Social Security benefits can begin as early as age 62, full retirement age for the oldest baby boomers is actually age 66 and for younger baby boomers (and anyone born after 1960), full retirement age is 67.



**Savings** — Continued employment allows you more time to contribute to your retirement plan and for your investments to potentially grow. It also reduces the number of years you need to stretch your retirement investments.



**Health Care** — Many employers may continue health care benefits for you as you work. This is especially important if you are retiring before becoming Medicare-eligible.

Retirement can still very much be a part of your plans; it just may require fine-tuning your goals to make it a comfortable reality.

2.

### What about my loved ones?

It's wise to make sure your spouse as well as other loved ones will be financially provided for after your death. You can set up a Joint Life Income Annuity and name your spouse as a Joint Life Applicant, which allows him or her to receive income (option of 50%–100%) after your death. By setting up a Specified Period option, you can ensure other loved ones will receive proceeds should you and your spouse (if a Joint Life Applicant) die before a specified time period. You can also name children, grandchildren or other relatives as beneficiaries under certain plans. You can also request a Cash Refund option on your annuity, so your beneficiaries may receive any principal not paid out during your lifetime and/or Joint Life Applicant's lifetime. There are more options than you may realize, so please call us with any additional questions.



3.

### How early can I begin receiving my retirement income?

Normally, you may begin receiving your income upon termination of service. However, some employers may provide other early retirement dates.

4.

### When should I apply for a retirement income payment option?

You should return your completed application to GuideStone prior to the beginning of the month in which you plan to receive your first retirement income payment (e.g. in June for income beginning in July).

5.

### When can I expect to get my first retirement income check?

If the effective date of your retirement income option is June 1, you can expect to receive your first payment at the end of June provided your completed application is received at GuideStone in a timely manner and in good order.

6.

### Is my retirement income taxable?

Generally, benefits provided by the employer, earnings on tax-paid contributions and contributions made through a *Retirement Contribution Agreement (RCA)*, plus all earnings, are taxable. Retirement income provided by tax-paid contributions, Roth elective deferral contributions and Roth elective deferral earnings (if a qualified distribution) are not taxable.

Ministers for Tax Purposes may have additional tax savings through GuideStone by claiming all or part of their retirement income as a minister's housing allowance. **This option may not be available from other retirement plan providers since they are not a denominational pension board like GuideStone.**

7.

### Can I designate my retirement income as a housing allowance?

If you are an eligible retired "Minister for Tax Purposes," you may ask GuideStone to designate all or a portion of your retirement income as a housing allowance. A housing allowance can be used for a payment only when that payment relates to contributions made as a result of earnings from service as a minister. Ministers who receive retirement income payments but continue their service in the ministry may have to pay SECA taxes on the part of their retirement income that is designated as housing. Ministers must comply with other IRS rules regarding housing allowance. If you have any questions about these rules, please consult a tax advisor.

You can make or change a housing allowance designation at any time by contacting GuideStone. For more information about who is a Minister for Tax Purposes, GuideStone participants can access our annual *Ministers' Tax Guide* available at [GuideStone.org/TaxGuide](https://www.guidestone.org/TaxGuide) or call **1-888-98-GUIDE** (1-888-984-8433) to request a free copy. For additional information on unique tax issues for ministers, request a copy of *Ministerial Tax Issues*.

8.

### I do not plan to retire at age 65. Must I begin receiving my retirement income then?

No. The law generally requires you to start taking withdrawals from your retirement plan when you reach age 72 (70½ if you became 70½ before January 1, 2020). Additionally, you can delay receiving retirement income payments if you are still working.

9.

### What happens to the money in my contributions accounts if I die before I retire?

The accumulated balance (all contributions and earnings) is payable to your designated beneficiary.

10.

### What happens to my retirement income payments if I return to work?

Your income will continue to be paid to you. Re-employment does not cause retirement income payments to stop.

11.

### What happens to the money in my retirement accounts if my designated beneficiary and I both die before I retire?

If none of the beneficiaries (primary or secondary) you have named are living, the balance in your account is paid to the beneficiaries designated under the plan. For most plans, if no beneficiary is designated, the spouse is the primary beneficiary and the estate is the secondary beneficiary.

12.

### Can I change the Joint Life Applicant (such as a spouse) of my Joint Life Income Annuity once I begin receiving payments?

No. All annuities are irrevocable once they are established.

13.

### Can I change the beneficiary of my Fixed Period Income Annuity or my Joint Life or Single Life Income Annuity with a Specified Period option?

Yes. However, if you are married, your spouse's notarized consent may be required.

14.

### What other rules apply to a beneficiary designation?

When you die, if you have not designated a beneficiary or if no named beneficiary survives you, the plan(s) provide who your beneficiary will be:

**Divorce:** If you name your spouse as beneficiary and subsequently divorce, the divorce nullifies this designation. In some instances, the divorce decree will specify that you must maintain your former spouse as a beneficiary, so you would need to rename your former spouse as beneficiary. Regardless, we strongly encourage you to file a new beneficiary designation immediately following a divorce settlement.

**Minors:** GuideStone cannot make payments directly to a minor. Generally, a probate court would have to appoint a guardian to receive and administer the payments for the minor.

**Trusts:** Use of a trust as a beneficiary may have some unexpected consequences at your death. Unless your trust meets certain qualifications, your trust will not be considered a designated beneficiary for purposes of Required Minimum Distributions. This means that payment options available to your trust may be limited. The person creating your trust should be able to provide you with information concerning whether your trust meets the qualifications to be considered a designated beneficiary for Required Minimum Distributions. You must provide the full legal name of the trust.

**Organizations:** If you designate your employer as beneficiary, you must designate a specific fund of the employer, such as a building fund. If you designate a nonprofit organization as beneficiary, you must provide the full legal name and address of the nonprofit organization. Designation of an organization as beneficiary may limit your payment options.

**Estate:** The wording to designate your estate as beneficiary is "my estate" or "the estate of (your name)." Designation of your estate as beneficiary may limit your payment options.

15.

### Can someone other than my spouse be named as a Joint Life Applicant?

Yes, your Joint Life Applicant may be someone other than your spouse. Please contact GuideStone for specific details.

## NEXT STEPS

Fill out the [Retirement Income Application](#)

to start receiving your retirement income from GuideStone. If you still have questions, you may reach a customer solutions specialist by contacting us at [Info@GuideStone.org](mailto:Info@GuideStone.org) or **1-888-98-GUIDE** (1-888-984-8433), Monday through Friday, from 7 a.m. to 6 p.m. CT.





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# Checklist

## RETIREMENT INCOME SOLUTIONS

- Read through** Retirement Income Solutions.
- Complete a Retirement Income Estimate** in MyGuideStone®
- Complete and sign** your Retirement Income Application.
- Complete** your Beneficiary Designation Form online.
- Complete** your Rollover Application to consolidate other retirement accounts with GuideStone (if needed).

