



Important Information about the Tax Reporting of Your Retirement Benefits

Please KEEP THIS INFORMATION for future reference!

This notice contains important information about the taxation of retirement benefits received from the Concordia Retirement Plan (CRP), which includes the following benefits, as applicable:

- CRP Primary Benefit,
- Retirement Cash Account,
- Supplemental Retirement Account,
- Retiree Medical Supplement,
- Pension Plan for Pastors and Teachers [PPPT Account], and/or
- Concordia Retirement Saving Plan [CRSP] 403(b) amounts rolled over to CRP and annuitized.

After the close of each calendar year, Concordia Plans paying agent, Northern Trust, reports the gross amount of the retirement distributions you have received from the CRP Pension, as well as the taxes withheld from such distributions. A **Form 1099-R**, or multiple 1099-R forms in some cases, will be mailed to your most recent address no later than the last day of January of the year following the year of distribution. So if you have a change in address, it is important you contact Concordia Plans to provide updated information to ensure you receive these tax forms each year.

You will use Form 1099-R to report the gross amount and the taxable amount of your retirement distributions on your **Form 1040**. The information contained in the Form 1099-R is also reported to the Internal Revenue Service.

Form 1099-R Box 1 lists the gross (total) distribution amount and is reported on your tax return Form 1040 Line 4a "IRAs," and 5a "pensions and annuities". Form 1099-R Box 2a lists any portion of your distribution that has been determined to be taxable and should be reported on Form 1040 Line 4b and 5b "Taxable amount". If you are a rostered minister, Box 2a of your 1099-R form, may be blank and Box 2b checked to indicate "Taxable amount not determined". The reason the taxable amount has not been determined is that you must calculate your eligible housing allowance expenses and report the unused amount, if any, on Form 1040 Line 5b. See the section below titled "Retired Minister – Housing Allowance" for more detailed information.

Federal income tax may be withheld from your distribution. In addition to federal tax withholding, depending on your state of residence for tax purposes, some retirement distributions may be subject state income tax.

It is equally important to remember that, while distributions from retirement plans are reportable and taxable (*minus applicable exclusions*), as far as your federal and state income taxes are concerned, they are **not** reportable or taxable for Social Security purposes. You are not required to pay any Social Security or self-employment tax on any retirement benefit received from the CRP or CRSP 403(b).

If you are a US Citizen living abroad or a non-resident alien receiving Concordia Plan benefits, you will be required to sign and return an IRS form W-9 or W-8BEN depending on your citizenship. Benefits may be subject to Federal withholding based on the tax treaty between the United States and your country of residence. Additional information may also be required. Certain restrictions apply.

Retired Ministers – Housing Allowance

If you are a retired minister of religion and at the time of your retirement your name appeared on an LCMS official roster of ordained or commissioned ministers, you may exclude eligible housing expenses from taxable retirement distributions reported on your federal tax return if certain conditions are met. Benefits earned while a minister are eligible for housing allowance exclusion when distributed to a retired minister. To be considered “retired” for this housing allowance exclusion depends on a minister’s specific circumstances. Ministers who are uncertain whether they are “retired” for this purpose should consult with a tax advisor to discuss the facts and circumstances involved in their individual case. The relevant issues involved in determining “retired” status are beyond the scope of this brief summary and are specific to each individual. Please note that if you are receiving an “in-service” benefit from the CRP, you are not considered to be retired for purposes of claiming a housing allowance exclusion on the CRP in-service payments distributed to you.

If you are eligible to claim the housing allowance exclusion on retirement benefits and your eligible housing allowance expenses equal or exceed the amount you listed on Form 1040 Line 5a, then enter \$0 on Form 1040 Line 5b. If you did not use the entire distribution as housing allowance, then enter the unused amount on Form 1040 Line 5b. The housing allowance exclusion applies only to those retirement benefits earned while a rostered worker. It does not apply to any benefits you might receive as a result of some other member’s participation in one of these plans or survivor benefits you or your spouse may receive. While the Internal Revenue Service has granted retired ministers this exclusion on their own retirement benefits, it does **not** extend to beneficiaries of a retired minister or survivor benefits paid to a retired minister.

If both you and your spouse are considered retired ministers of religion, only one of you will be allowed to take the housing allowance exclusion unless your eligible housing expenses exceed the total retirement distribution amount received by that one person. In that case, the additional excludable amount can be applied to the retirement amounts received by the other retiree.

If you are a US Citizen living abroad or a non-resident alien receiving Concordia Plans benefits, you will be required to sign and return an IRS form W-9 or W-8BEN depending on your citizenship. Benefits may be subject to Federal withholding based on the tax treaty between the United States and your country of residence. Additional information may also be required. Certain restrictions apply.

For more information of interest to ministers, go to www.irs.gov for a copy of Publication 517. Publication 517 contains details on housing allowance, social security, taxable ministerial income and includes various worksheets that you might find helpful.

REMEMBER – You must report retirement distributions to the IRS even if you are allowed to exclude all or a portion of such distributions from your taxable income. If you should have any additional questions regarding the taxability of these benefits, please contact Concordia Plans at 888-927-7526.

Again, please keep this information in your records for the future.

If you do not prepare your own taxes, please provide a copy of this information to your tax preparer each year, but keep the original in your records!