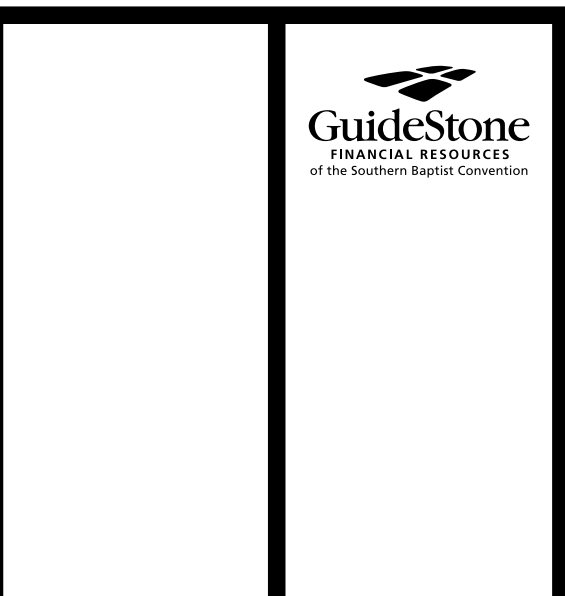
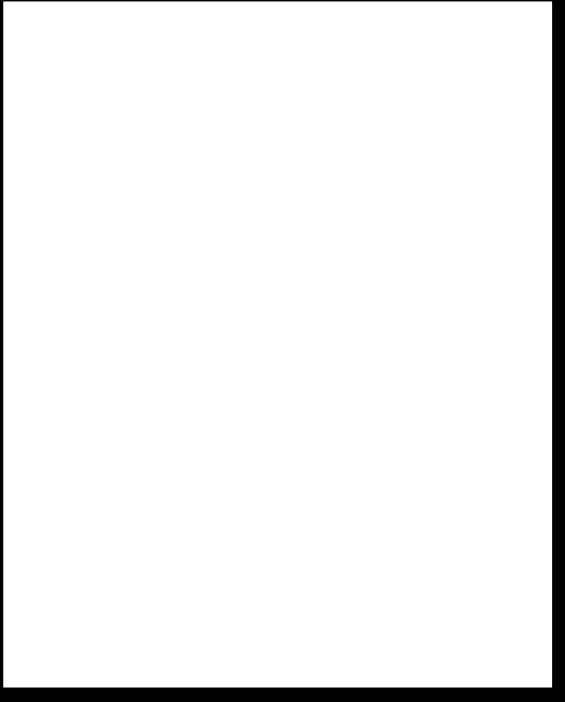


**15** Where can I get additional information about maximizing contributions to my retirement income account?

You may contact GuideStone for assistance. Call our customer service toll-free at 1-800-262-0511 or visit our Web site at [www.GuideStone.org](http://www.GuideStone.org). Also, you may want to obtain a copy of IRS Publication 571 *Tax-Sheltered Annuity Plans [403(b) Plans] For Employees of Public Schools and Certain Tax-Exempt Organizations*. This free publication may be obtained by calling 1-800-TAX-FORM (1-800-829-3676) or by visiting online at [www.irs.gov](http://www.irs.gov).



**Maximum Contribution Limits**



2401 Cedar Springs Road, Dallas, TX 75201-1498  
1.800.262.0511 • [www.GuideStone.org](http://www.GuideStone.org)

**Answers to your questions about contributions to the Church Annuity Plan, Convention Annuity Plan, Ministers' Annuity Plan, Voluntary Annuity Plan, Elective Church Annuity Plan, and 403(b)(9) Retirement Plan.**

**How much can I contribute to my retirement income account this year?**

Contribution limits applicable to Code section 403(b) plans such as the Church Annuity Plan, the Convention Annuity Plan, the Ministers' Annuity Plan, the Voluntary Annuity Plan, the Elective Church Annuity Plan and the 403(b)(9) Retirement Plan are complex. Unfortunately, there is no one simple statement which applies for all purposes. There are some general rules. However, general applications can be misleading. The following questions and answers are intended to provide broad guidance concerning the various contribution limits applicable to Code section 403(b) plans. We suggest that you discuss the specific application of these limits with your tax adviser. Throughout the brochure, the term "employer" means a church-related organization: church, association, agency, board or institution. The term "employer contribution" means a contribution made to the plan for the participant by all current year church-related employers (other than a salary reduction contribution). Employer contributions also include State Convention Contributions to the Church Annuity Plan, when applicable. References in the brochure to employer contributions and, in some instances, tax-paid contributions do not apply to the Voluntary Annuity Plan.

**1** Is there a limit on the amount that may be contributed to a participant's retirement income account with GuideStone?

Yes; there are separate limitations which apply to the maximum amount the participant and/or the employer may contribute to the participant's retirement income account each year.

**2** What are the contribution limits which apply to a Code section 403(b) plan?

There are two limits: the Basic Limit found under Code section 415(c) and the General Limit on salary reduction contributions provided under Code section 402(g). These two limits are intricately related for the purpose of determining maximum contributions. Both limits must be satisfied.

**3** How do the contribution limits apply?

The Basic Limit generally permits the participant and/or all current year church-related employers to contribute the lesser of 100% of the participant's includible compensation or \$42,000 (indexed) effective January 1, 2005. The General Limit on salary reduction contributions is specifically limited to \$14,000 (indexed) effective January 1, 2005, as discussed in Q8 and Q9.

**4** What is Includible Compensation?

Includible compensation is determined based upon your most recent one-year period of service. This period is an equivalent of one year of paid full-time service for all church-related employers. Compensation earned from all church-related employers during this period is includible compensation.

**5** What if the participant wants to contribute more than the Basic Limit? Is it possible to contribute more than the Basic Limit?

There are two other options that may provide for a larger contribution than permitted under the Basic

Limit. These options are the \$10,000 Limit and a catch-up of salary reduction contributions if you are age 50 or over called the age 50 catch-up contributions. However, there are restrictions and requirements for both of these.

## **6** When may the participant use the \$10,000 Limit?

The \$10,000 Limit is available to the participant every tax year, subject to a \$40,000 lifetime cap. Participant and/or all current year church-related employer contributions combined cannot exceed the \$10,000 Limit. GuideStone does not calculate the unused portion of the \$40,000 cap. Rather, the Maximum Contribution Results letter reflects the projected amount to be applied toward the \$40,000 cap for the tax year. This amount is based on the assumption that the \$10,000 Limit will be maximized as shown on the results letter. Participants must maintain their own records of amounts applied to the \$40,000 cap.

## **7** What are age 50 catch-up contributions?

If you will be age 50 or over during the tax year and you will maximize your salary reduction contributions under your highest limit (including under the special catch-up for participants with 15 or more full-time years of paid church-related service [or its equivalent]), then you can make additional salary reduction contributions. Beginning January 1, 2005, the additional amount is the lesser of (1) \$4,000 (indexed) or (2) your includible compensation minus salary reduction contributions to a 401(k), Simplified Employee Pension, 403(b), Simple Plan, or eligible 457 plan. This catch-up amount will increase in future years. The age 50 catch-up contributions do not count toward any of the lifetime caps or other contribution limits.

## **8** Is there a special limit on contributions made based on a salary reduction agreement?

The participant who has less than 15 full-time years of paid church-related service (or its equivalent) may contribute up to \$14,000 (indexed) in salary reduction contributions effective January 1, 2005, provided that salary reduction contributions, employer contributions and/or tax-paid contributions do not exceed the Basic Limit. The General Limit on salary reduction contributions will increase in future years.

## **9** When may the participant contribute more than the General Limit on salary reduction contributions?

Code section 402(g)(8) permits a participant to exceed the General Limit on salary reduction contributions provided that the participant has completed 15 or more full-time years of paid church-related service (or its equivalent). Under this special catch-up, the General Limit on salary reduction contributions may be increased by the lesser of:

- \$3,000; or,
- \$15,000 minus amounts contributed above the General Limit on salary reduction contributions in years since January 1, 1987; or
- \$5,000 multiplied by the participant's total years of paid church-related service, minus all prior salary reduction contributions made to plans of church-related employers.

Effective January 1, 2005, \$17,000 is the maximum permissible amount of salary reduction contributions for a taxable year under this special catch-up. The aggregate amounts contributed above the General Limit on salary reduction contributions may not exceed a lifetime cap of \$15,000. The participant must maintain his or her own records for amounts applied to the \$15,000 cap. Once the \$15,000 lifetime cap is reached, salary reduction

contributions for future years cannot exceed the General Limit on salary reduction contributions [\$14,000 (indexed) in 2005]. The amount applied to the \$15,000 cap indicated on the Maximum Contribution Results letter assumes the maximum permissible salary reduction amounts will be contributed. It is important to remember that the limit on salary reduction contributions is subject to the Basic Limit or the \$10,000 Limit.

## **10** Can the participant make salary reduction contributions to more than one retirement plan?

The limit on salary reduction contributions includes all such contributions made to certain other retirement plans (for example: 401(k), 403(b), SEP).

## **11** How important is the participant's salary reduction agreement?

Salary reduction contributions to GuideStone plans must be made under a written *Salary Reduction Agreement*. The *Salary Reduction Agreement* is effective for compensation that is made available to the participant after the agreement becomes effective, even though the compensation was previously earned. The agreement may be revoked at any time with respect to compensation not yet made available to the participant. The amount or percentage to be reduced from the participant's compensation must be set forth in the agreement between the participant and the employer, and the agreement must be legally binding and enforceable as to amounts specified in the agreement. The agreement may be terminated at any time; however, your employer may limit the frequency of changes for future contributions.

## **12** Does the amount of salary designated as minister's housing allowance affect the maximum amount of contributions which may be made to the plan?

The limits on plan contributions are generally based on compensation not including a minister's housing allowance. It is permissible to base contri-

butions on compensation including a minister's housing allowance. However, as the participant's taxable compensation decreases, so does the maximum amount that may be contributed to the plan. Basing contributions on a compensation amount that includes a minister's housing allowance may result in the contributions exceeding applicable limits, preventing any additional contributions and/or requiring corrective distributions.

## **13** If a distribution is made to correct contributions in excess of contribution limits, is the corrective distribution subject to the 10% additional tax on early distributions?

Generally, in-service distributions of Code section 403(b) salary reduction contributions made prior to the time the employee reaches age 59½ are subject to a 10% additional tax unless a specific exception to the tax is provided under the law. Corrective distributions are exempt from the 10% additional tax. If a corrective distribution is required, the participant will be provided with a special notice concerning the tax treatment applicable to the excess contributions.

## **14** Does my participation in the Ministers' Annuity Plan (MAP) have any impact on my ability to participate in another retirement plan?

If you are a self-employed minister or chaplain participating in both MAP and another retirement plan, your participation in MAP may impact your contribution limits in the other retirement plan. However, if your other retirement plan is a United States military plan then your participation in MAP might have no impact upon your contribution limits to the military plan. Please contact your legal advisor or the appropriate persons who deal with your other retirement plan to discuss how to coordinate contributions with your other retirement plan.