

## ACCESSING RETIREMENT FUNDS

### CONSIDERING WITHDRAWING YOUR RETIREMENT MONEY TO MEET A CURRENT FINANCIAL NEED?

The United Methodist Personal Investment Plan (UMPIP) is designed to provide retirement income. During difficult economic times, however, participants may feel forced to access these funds to relieve immediate obligations. Two ways to withdraw funds from your UMPIP account are through hardship loans and hardship withdrawals. By comparing the features of each path, we hope you will find the best solution to your personal situation. Remember that tapping into your retirement account while you are still actively working may negatively impact the income you'll have available in retirement. It may be in your best interest to resolve your financial emergency through other resources.

















#### FINANCIAL PLANNERS AVAILABLE TO HELP

When considering using retirement savings to meet current financial needs, it's important to evaluate all your options. Ernst & Young Financial Planners are available to participants free-of-charge to help you with this decision. They can explain the tax implications of withdrawals and maybe even find other sources for meeting your needs. Planners are available at 1-800-360-2539 between 9:00 a.m. and 8:00 p.m., Eastern time, Monday through Friday.

### REASONS FOR TAKING A HARDSHIP LOAN OR WITHDRAWAL

Reasons for accessing your UMPIP funds are shown in the chart below. Hardship loans and withdrawals share many of the same reasons. But one major difference between using a loan versus using a withdrawal is the requirement of proof. When applying for a hardship withdrawal, you must provide documentation as evidence of the financial hardship. You must also prove that your need cannot be met by other resources such as a UMPIP hardship loan, a commercial loan, sale of personal assets, or insurance. Hardship loans do not have these requirements.

For more details about these reasons, refer to the Hardship Loan Terms and Conditions and the Hardship Withdrawal Application at the end of this article. The Hardship Withdrawal Application also provides a list of the required documentation for each reason.

	Loans	Withdrawals
Medical expenses for you, your spouse, your dependents or your UMPIP primary beneficiary		
Purchase primary residence (excluding mortgage payments)		
Purchase secondary residence		
Post-secondary education for you, your spouse, your dependents or your UMPIP primary beneficiary		
Prevention of eviction/foreclosure		
Catastrophic damage		
Funeral and burial expenses for your deceased parent, spouse, child, dependent, or your UMPIP primary beneficiary		
Expenses due to declared disasters		
Other severe financial hardships		

## ACCESSING RETIREMENT FUNDS

### HARDSHIP LOANS Q & A

**Q: How much of my UMPIP account can I withdraw through a hardship loan?**

A: The loan amount may be up to 50% of your vested account balance, not to exceed your before-tax, after-tax and rollover account balances, or \$50,000. To see a specific dollar range based upon your UMPIP balance, log into the Benefits Access online system ([www.benefitsaccess.org](http://www.benefitsaccess.org)) and choose Model/Request a Loan under the Take Action menu.

**Q: What is the loan's interest rate?**

A: The interest rate is the prime interest rate plus 2%. The rate at the time you establish the loan will remain in effect over the full term of the loan.

**Q: What other cost is associated with a loan?**

A: A \$50 non-refundable processing fee will be deducted from your UMPIP account when the loan is disbursed.

**Q: How long do I have to repay the loan?**

A: General purpose loans are repaid over 1 to 5 years. Principal residence loans are repaid over 1 to 15 years.

**Q: How do I repay my loan?**

A: Payments are made by Electronic Funds Transfer (EFT) from your checking or savings account. Your bank account will be drafted on the 20th day each month and deposited to your UMPIP account after the draft has cleared. Your first loan payment will be due on the 20th of the month after the month in which the loan was issued. Any banking fees for non-sufficient funds will be recovered at your own expense. There is no penalty for pre-payment of a loan. Contact the General Board of Pension and Health Benefits (GBOPHB) to obtain the payoff amount and to make payment arrangements.

**Q: Can I continue to contribute to UMPIP while I'm paying back the loan?**

A: Yes, or you can choose to suspend contributions.

**Q: How do I apply for a loan?**

A: You may apply online by logging into the Benefits Access system and choosing Model/Request a Loan under the Take Action menu. Or you may request a loan packet from the GBOPHB participant service center at 1-800-851-2201.

**Q: What else do I need to know about hardship loans before I apply?**

A: Read closely the Hardship Loan Terms and Conditions at the end of this article. It's always good to understand the fine print when borrowing money—even when you're borrowing from yourself! For questions, contact the GBOPHB participant service center at 1-800-851-2201.

### HARDSHIP WITHDRAWALS Q & A

**Q: How does a withdrawal differ from a loan?**

A: Loans are repaid while withdrawals are not. Withdrawals are also taxable as a lump-sum distribution and are subject to 10% federal income tax withholding and any applicable state income tax withholding. An additional 10% federal excise tax may apply to participants receiving a withdrawal prior to age 59 1/2.

**Q: How much of my UMPIP account can I withdraw?**

A: IRS regulations limit the amount you can receive. The withdrawal can be taken from your after-tax and rollover accounts and before-tax contributions. To obtain your specific limit, contact the GBOPHB participant services center at 1-800-851-2201.

**Q: Can I continue to contribute to UMPIP while I'm paying back the loan?**

A: No, there is a six-month suspension from contributing to your UMPIP account. This suspension also applies to employer contributions.

**Q: How do I apply for a hardship withdrawal?**

A: Complete the Hardship Withdrawal Application following this article and send it along with the required supporting hardship documentation to the GBOPHB at the address or fax number on the application.

**Q: What else do I need to know about hardship withdrawals before I apply?**

A: Read closely the Hardship Withdrawal Terms and Conditions at the end of this article. Withdrawals have tax implications which should be considered.



## Hardship Loan Terms and Conditions

### United Methodist Personal Investment Plan (UMPIP)

1. Loans are available to all active participants in UMPIP.
2. Loans from UMPIP are available only for the following reasons:
  - Unreimbursed medical expenses which are discussed in Internal Revenue Code (Code) section 213(d) for yourself, your spouse, your dependents or your UMPIP primary beneficiary
  - Purchase of a residence for yourself (excluding mortgage payments)
  - Tuition or educational fees (including room and board) for up to the next 12 months of post-secondary education for you, your spouse, your dependents or your UMPIP primary beneficiary
  - Prevention of foreclosure on a mortgage and/or eviction from your principal residence
  - Repair of damage to your principal residence that would qualify as an income tax casualty deduction
  - Funeral and burial expenses for your deceased parent, spouse, child, dependent or UMPIP primary beneficiary
  - Expenses due to declared disasters
  - Other severe financial hardship
3. Loans must be repaid over one to five years or one to fifteen years for primary residential loans.
4. The interest rate will be the prime rate plus 2%. The interest rate in effect at the time the loan is established will be in effect over the full term of the loan.
5. Clergy appointed to conference responsible entities may have only one outstanding loan at a time. Other clergy and lay employees may have only one outstanding loan at a time from each UMPIP plan sponsor.
6. The minimum loan amount is \$1,000.
7. The maximum loan amount is based on the participant's vested account balance excluding any Qualified Voluntary Employee Contribution (QVEC) account balance. The maximum loan amount is the lesser of: 1) 50% of the eligible vested account balance, 2) the total amount in the participant's personal accounts (before-tax, after-tax and rollover) or 3) \$50,000 less the participant's highest outstanding UMPIP loan balance during the preceding 12 months. The final loan amount will be rounded down to the nearest \$100. If the result is less than \$1,000, you are not eligible for a loan.
8. If you experience an investment loss on your UMPIP account, the full loan amount you are requesting may not be available when your loan is processed due to the minimum account balance loan rules outlined in #7 above. If the value of your UMPIP account declines so that the amount available for a loan is less than the amount you have requested, the General Board of Pension and Health Benefits (General Board) will reduce your loan amount to the maximum available under the plan.
9. The loan package provided to you by the General Board will be valid for 30 days from the date of the loan application. If you have not returned the loan application within the 30 days, the application and documentation are invalid, and the loan process must begin again. Participants may not alter loan applications or other documentation provided by the General Board. Alteration of the application or documents invalidates those documents, and the loan application process must begin again.
10. A non-refundable \$50.00 processing fee will be deducted from your UMPIP account balance when your loan is disbursed.
11. All loans will originate (i.e., be subtracted) pro rata from your UMPIP personal accounts (excluding QVEC accounts) and the investment funds in which your accounts are invested.
12. By accepting the loan amount, you are agreeing to repay the loan principal and interest according to the terms of the loan.

13. Loan repayments will be made by Electronic Funds Transfer (EFT) from your account with a financial institution. Establishment of an account capable of such transactions is a condition of loan approval. Loan repayments will be debited from your bank account on the 20<sup>th</sup> day of each month and deposited to your UMPIP account after the General Board verifies that your debit has cleared. Repayment must continue via EFT for the duration of the loan. The first loan repayment will be due on the 20<sup>th</sup> of the month after the month in which the loan was issued. In the event of non-sufficient funds, two subsequent attempts to debit your account will occur prior to the next monthly scheduled payment. Any banking fees incurred from your financial institution for non-sufficient funds will be recovered at your own expense. Loan repayments will be invested in the Stable Value Fund until:
  - a. the LifeStage Investment Management Service (LifeStage) reallocates your funds, if you have elected LifeStage, or
  - b. you choose to transfer the funds, if you invest your account yourself.
14. There is no penalty for pre-payment of a loan; however, the entire outstanding loan balance including any accrued interest must be paid in full by check. Contact the General Board at 1-800-851-2201 to obtain the loan payoff amount.
15. You are eligible to continue to make contributions to UMPIP while repaying a loan.
16. If you take a leave of absence while you have an outstanding loan balance, you may request that loan repayments be suspended for up to 12 months from the date of the leave of absence, provided you will not earn enough compensation to make the payment. However, during this suspension period, interest will continue to accrue. You may elect to continue repayments:
  - by maintaining the original loan amortization schedule with a balloon payment at the end of the loan's term, or
  - by re-amortizing the loan when payments resume over the remaining term of the loan.

**Note:** For participants on a military leave of absence, the interest rate for existing loans cannot exceed 6% for the time period while on the military leave of absence. To qualify for the adjusted 6% interest rate, participants must provide the General Board with the *Military Leave Notification Form* (signed by your plan sponsor), a copy of the military orders and any orders further extending military service, not later than 180 days after the date of the participant's termination or release from military service. The participant can request to suspend loan repayments during the period of the military leave of absence.

Upon return from the military leave, loan repayments must resume. The interest rate of the loan will be readjusted to the original interest rate of the loan before the military leave. The participant will be given a choice of repayment; the remaining balance can be paid in the same monthly amounts as the repayment amounts before the military leave with a balloon payment at the end of the original loan term *or* the monthly payments can be increased so that the loan is repaid in equal monthly repayments by the end of the new loan term. The loan must be repaid by the end of this readjusted term.
17. If you are an active participant and you retire or terminate employment, loan repayments may continue, provided the EFT capability remains in effect and you do not take a full distribution of your UMPIP account. However, if your UMPIP account balance is subject to automatic distribution or automatic rollover upon termination or retirement, or you take a full distribution of your UMPIP account, the outstanding loan including accrued interest becomes immediately due and payable.
18. In the event of an active or retired participant's death during the repayment term of a loan, the outstanding loan becomes immediately due and payable. However, if a spouse survives the participant, the spouse may elect to continue to repay the loan, provided he or she continues to make EFT available to repay the loan.
19. Your loan will be defaulted if you fail to remit payments under the terms of the loan when due. A loan default will occur if a payment is not received by the end of the quarter following the quarter in which the payment was due. In the event of default, the outstanding loan balance plus any overdue interest will be reported to the IRS as a distribution. A *Form 1099-R* will be issued to you, and you will be responsible for paying applicable taxes, including any penalties that may apply.

**Note:** Missed or late payments should be made by check. Upon request, the General Board will also process a special EFT debit. Keep in mind that loan repayments are always applied to the oldest outstanding payment due. Therefore, your account will continue to be at risk for default until all payments are made—including all missed or late payments.
20. In the event of a loan default resulting in a taxable event, you will be ineligible to receive future loans from UMPIP at that plan sponsor.
21. If you take action to eliminate the EFT capability, the outstanding loan including accrued interest becomes immediately due and payable.



## Hardship Withdrawal Application

### United Methodist Personal Investment Plan (UMPIP), Puerto Rico Personal Investment Plan (PRPIP)

#### Part I – Participant Information

Application date \_\_\_\_\_

Name \_\_\_\_\_ Social Security # \_\_\_\_\_

Mailing address \_\_\_\_\_ Primary phone # (\_\_\_\_) \_\_\_\_\_

\_\_\_\_\_ E-mail \_\_\_\_\_

Country of citizenship \_\_\_\_\_

#### Part 2 – Hardship Withdrawal Need

1. Check one of the boxes below to indicate the reason for your application. Proof of your financial hardship reason must be submitted with this application. See the attached *Hardship Withdrawal Checklist* for examples of documents you may provide for proof of different hardship reasons. *Hardship Withdrawal Applications* submitted without the required documentation will be returned to you as invalid.

##### If United Methodist Personal Investment Plan (UMPIP) Hardship Withdrawal:

- Unreimbursed medical expenses described in Internal Revenue Code (Code) section 213(d) for yourself, your spouse, your dependents or your UMPIP primary beneficiary (as stated on your retirement plan beneficiary form on file with the General Board)
- Purchase of your principal residence (excluding mortgage payments)
- Tuition or educational fees (including room and board) for up to the next 12 months of post-secondary education for you, your spouse, your dependents or your UMPIP primary beneficiary (as stated on your retirement plan beneficiary form on file with the General Board)
- Prevention of foreclosure of a mortgage on and/or eviction from your principal residence
- Repair of damage to your principal residence that would qualify as a casualty deduction
- Funeral or burial expenses for your deceased parent, spouse, child, dependent or UMPIP primary beneficiary (as stated on your retirement plan beneficiary form on file with the General Board)
- Expenses due to federal, state or General Board-declared disasters

##### If Puerto Rico Personal Investment Plan (PRPIP) Hardship Withdrawal:

- Medical expenses described in Puerto Rico Internal Revenue Code of 2011 (PR Code) section 1033.15(a)(4) (or other applicable PR Code sections) incurred by yourself, your spouse or your dependents
- Purchase of your principal residence (excluding mortgage payments)
- Tuition or educational fees (including room and board) for up to the next 12 months of post-secondary education for you, your spouse or your dependents
- Prevention of foreclosure of a mortgage on and/or eviction from your principal residence
- Funeral or burial expenses for your deceased parent, child or dependent

2. Have you obtained or do you expect to receive reimbursement for this financial hardship through insurance?  
 Yes     No
3. Have you provided documentation with this application to support your immediate and significant need for the hardship withdrawal? (The amount of the hardship withdrawal may not exceed the amount necessary to satisfy the financial need, plus taxes on the withdrawal.)  Yes     No
4. Have you liquidated all of your non-essential assets, as well as the assets of your spouse and your minor children, that are reasonably available to you?  Yes     No
5. Are you able to obtain other available distributions (other than hardship withdrawals) or non-taxable loans from other plans (such as UMPIP/PRPIP) maintained by your employer?  Yes     No
6. Are you able to borrow funds from a commercial lending institution on reasonable commercial terms?  
 Yes     No
7. If you answered *yes* to question 5 or 6, will this action place you in an untenable position by unreasonably increasing your overall financial need?  Yes     No

### Part 3 – Hardship Withdrawal Amount

Please indicate the specific dollar amount needed to satisfy your financial hardship, which can include any federal or state tax liability on the base hardship amount.

Amount of financial hardship: \$ \_\_\_\_\_

Plus amount of expected taxes and penalties (optional): \$ \_\_\_\_\_

Total amount of hardship withdrawal requested: \$ \_\_\_\_\_

The IRS regulations (or Hacienda regulations in the case of PRPIP) limit the amount you can receive as a hardship withdrawal. *By checking the box below*, you are indicating that if the amount you requested is greater than the limit available, you are directing the General Board of Pension and Health Benefits (General Board) to distribute to you the maximum amount available.

- If the hardship withdrawal amount indicated above is greater than the limit, please process the hardship withdrawal for the maximum amount that is available.
- Check this box if you are requesting a hardship withdrawal from the Puerto Rico Personal Investment Plan (PRPIP).

### Part 4 – Signature

By signing this application, you certify that all statements contained herein are true and complete to the best of your knowledge and that you have read and agree to the attached document, *UMPIP/PRPIP Hardship Withdrawal Terms and Conditions*.

Participant signature \_\_\_\_\_ Date \_\_\_\_\_

Mail this completed application and supporting hardship documentation to the General Board at the address printed on the first page of this form. Or you may fax the paperwork to **1-847-866-2736**. Be sure to keep a copy for your records.



## UMPIP/PRPIP Hardship Withdrawal Terms and Conditions

1. Under the terms and conditions of UMPIP and PRPIP, you may receive a hardship withdrawal for certain immediate and significant financial needs, provided the need cannot be reasonably relieved by:
  - insurance,
  - reasonable liquidation of your, your spouse's or your minor children's assets,
  - cessation of your employee contributions, and/or
  - other distributions/loans (including a UMPIP/PRPIP hardship loan) from your employer's plan or a commercial loan.

The requirement to obtain a loan may be excused if no loan is available on reasonable commercial terms, such as if the only available loan is at an excessively high interest rate or if you are not credit-worthy enough to qualify for a loan or could not afford to repay according to the repayment schedule.

2. Hardship withdrawals are available in lump-sum form only.
3. Hardship withdrawals are non-rollover eligible, non-periodic distributions and are therefore subject to 10% federal tax withholding (unless you specify more or less) and any applicable state income tax withholding.\* Complete and return the enclosed form W-4P if you want to elect a different percentage or no federal tax withholding. Complete and return the enclosed *State Income Tax Withholding* form to make an election other than your state's default withholding. An additional 10% federal excise tax may apply to you if you receive a hardship withdrawal before attaining age 59½.
4. Hardship withdrawals are available if you have exhausted all other reasonably available financial resources (including but not limited to UMPIP/PRPIP loans, selling non-essential personal assets or loans from commercial resources), and if you qualify for any of the hardship reasons listed under Part 2, question #1 of this application.
5. You may not make contributions to UMPIP/PRPIP or any other plan maintained by your employer for six months immediately following the date of the hardship withdrawal. The six-month suspension period will apply to plan sponsor contributions that would otherwise be payable when your plan sponsor requires employee contributions as a condition of receiving plan sponsor contributions (such as matching or conditional contributions).
6. When applying for hardship withdrawals, you must attest to the need for a hardship withdrawal and the exhaustion of financial resources based on the criteria cited in #4 above. Supporting documentation is required to be provided with the hardship withdrawal application as specified in the attached *Hardship Withdrawal Checklist*. You should retain copies of the documentation in your files in case of an audit by the Internal Revenue Service.
7. You must state the amount that will satisfy the financial hardship. No more than that amount can be distributed. You may include in the amount requested any penalties or taxes due on the withdrawal, assuming that the increase due to taxes is reasonable based on existing applicable tax rates.
8. Hardship withdrawal applications are irrevocable once the check is issued, and cannot be reversed in the event the h-ip is satisfied with resources outside of UMPIP or PRPIP.
9. The hierarchy of accounts from which hardship withdrawals will be taken (for plan accounting purposes) is:
  - Pre-1987 after-tax contributions
  - Post-1986 after-tax contributions (including earnings on post-1986 and pre-1987 after-tax contributions) plus after-tax rollover account amounts, prorated between contributions and earnings
  - Before-tax contributions (excluding any income attributable to such balances)
  - Qualified Voluntary Employee Contribution (QVEC) balances
  - Rollover balances (excluding after-tax amounts, but including any income attributable to such balances)
10. Hardship withdrawals are pro-rated from among all the investment funds within each account listed in #9.
11. This information is based on the General Board's current analysis of the Code and PR Code and should not be construed as legal or tax advice. The General Board advises that you consult a tax advisor or legal counsel regarding the tax effect of a withdrawal.

\* Hardship withdrawals from PRPIP are subject to 10% mandatory withholding.

## Hardship Withdrawal Checklist

Please use this checklist to determine the documentation that must be submitted as evidence of a financial hardship. All documentation that you submit will be reviewed and additional information may be requested. Please understand that submission of this documentation does not guarantee that your hardship withdrawal request will be approved.

Reason	Required Documentation
Unreimbursed medical and dental expenses for you, your spouse, your dependents or, for UMPIP, your primary beneficiary	<input type="checkbox"/> Copies of medical bills (no more than one year old) showing the uninsured portion (you may also submit if you do not have health insurance; please black-out any personal health information you do not wish to submit); and/or <input type="checkbox"/> Explanation of benefits from insurance carrier.
Costs directly related to the purchase of your principal residence (excluding mortgage payments) Note: <ul style="list-style-type: none"> <li>• Hardship withdrawals may only be distributed for purchase of a principal residence at a future date.</li> <li>• The amount required at closing (i.e. closing costs) is the maximum that may be eligible for withdrawal.</li> </ul>	<input type="checkbox"/> Purchase Agreement signed by the buyer and seller, indicating the purchase price, any deposit amount made, and date of transfer of title; or <input type="checkbox"/> Contract Agreement signed by the buyer and seller, indicating the purchase price, any deposit amount made, and date of transfer of title.
Tuition or educational fees (including room and board) for up to the next 12 months of post-secondary education for you, your spouse, your dependents or, for UMPIP, your primary beneficiary <ul style="list-style-type: none"> <li>• Hardship withdrawals may only be distributed for the amount of eligible tuition expenses currently outstanding.</li> </ul>	<input type="checkbox"/> Tuition statement or bill on letterhead from the institution reflecting the student's name, the amount owed and the time period the tuition covers.
Payments necessary to prevent a future foreclosure on and/or eviction from your principal residence	<input type="checkbox"/> Eviction notice; or <input type="checkbox"/> Intent to foreclose notice; or <input type="checkbox"/> Letter from the bank or mortgage holder on official letterhead.
Repair of damage to your principal residence that would qualify as a casualty deduction (as defined by the IRS) and is not covered by insurance (this hardship reason does not apply to PRPIP)	<input type="checkbox"/> Copies of insurance company benefits; and <input type="checkbox"/> Copy of denial letter from the insurance company; and <input type="checkbox"/> Copy of estimate less than one year old.
Funeral or burial expenses for your deceased parent, spouse, child, dependent, or, for UMPIP, your primary beneficiary <ul style="list-style-type: none"> <li>• Hardship withdrawals may only be distributed for the amount of funeral expenses currently outstanding.</li> </ul>	<input type="checkbox"/> Copies of invoices (no more than one year old) in your name; and <input type="checkbox"/> Copy of the death certificate.
Expenses due to federal, state or General Board-declared disasters (this hardship reason does not apply to PRPIP) <ul style="list-style-type: none"> <li>• Hardship withdrawals may only be distributed for the amount of expenses currently outstanding.</li> </ul>	<input type="checkbox"/> Copies of invoices (no more than one year old); and <input type="checkbox"/> Insurance company payments.