

Puerto Rico Administrative Summary

The Puerto Rico Clergy Retirement Security Program (PRCRSP) and the Puerto Rico Personal Investment Plan (PRPIP) are church-sponsored qualified plans under Puerto Rico Internal Revenue Code (Puerto Rico Code) section 1081.01(a) and/or (d). Below is a summary of administrative requirements relating to distributions from the PRCRSP and the PRPIP. You should refer to this summary in addition to the Summary Plan Description (SPD) for each plan. The SPD provides more detailed information.

Distributions

Rollovers—Out

You may roll only lump sum or partial distributions¹ from your PRPIP or PRCRSP account to another Puerto Rico plan or to an IRA established in Puerto Rico. If you have a balance in a U.S. plan, you may not roll monies from the PRPIP or PRCRSP into your U.S. plan.

Tax Withholding and Reporting

Puerto Rico tax withholding will apply on any PRCRSP or PRPIP distributions you receive. Distributions that you have taken from the PRCRSP and PRPIP will be reported to the Puerto Rico Department of the Treasury on Puerto Rico *Form 480.7C, Informative Return – Retirement Plans and Annuities*.

If you are also receiving a benefit from a U.S. plan, U.S. withholding will apply to those benefits. Distributions that you have taken from a U.S. plan will be reported to the U.S. Internal Revenue Service (IRS) on the applicable U.S. tax form (e.g., IRS *Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.*).

Puerto Rico Withholding Requirements Based on Distribution Type:

Cash installments and annuity distributions (as defined in Regulation Number 8049) from the PRCRSP and PRPIP are exempt from tax withholding until the aggregate of all of your cash installments and annuity payments across all Puerto Rico plans exceed \$31,000. If you are age 60 and older, the limit is \$35,000. Once these aggregate distributions exceed the applicable limit for the tax year, tax withholding is 10% of the amount of any distribution. Withholding on other kinds of distributions is applied as follows:

- Lump sum distributions (as defined in Regulation Number 8049) that are not directly rolled over are subject to 20% mandatory withholding;
- Partial lump sum distributions and required minimum distributions (as defined in Regulation Number 8049) from the PRCRSP and the PRPIP are subject to 10% mandatory withholding. These distributions do not qualify for exemption from withholding; and
- In-service withdrawals, including hardship withdrawals, partial distributions and distributions from your rollover account, from the PRCRSP and PRPIP are subject to 10% mandatory withholding. These distributions do not qualify for exemption from withholding.

U.S. Withholding Requirements: Please see Special Tax Notice

¹ When a lump sum or partial distribution is taken and the participant wishes to make a rollover, the entire distribution must be rolled over. The only exception is when a portion of the balance being rolled over is after-tax money. In that case, the after-tax money may either be rolled with the before-tax money or may be distributed to the participant while the before-tax money is rolled over.