

IMPORTANT!
2021
Open enrollment
deadline is
approaching!

News & Notes

Fall 2020

Benefit Plan Open Enrollment for 2021 October 15 - December 1

The FCMM Benefit Plan provides churches the opportunity to provide Long Term Disability Insurance and Term Life/AD&D Insurance for church staff members, specifically crafted for the unique needs of ministers and staff.

Once a year, the FCMM Benefit Plan offers the opportunity for already-participating churches to revise their agreement and for ongoing staff members to enroll.

The annual open enrollment period for 2021 coverage is from October 15 to December 1, 2020. This is the only time employees at participating churches may enroll in the plan if they did not originally enroll within 30 days of their hire or eligibility date. Also, churches may update their Employer Benefit Agreement only during the open enrollment period. The agreement details eligibility, payment methods, and Life/AD&D volume.

The Benefit Plan combines Long Term Disability (LTD), Term Life, and Accidental Death and Dismemberment (AD&D) insurance that can benefit both the staff and the employer. If a disability occurs, the LTD benefit payments help the staff member with financial needs and give the church flexibility of resources to continue to fulfill ministries until the staff member is able to return to duties.

In the event of a qualifying disability, the LTD policy will pay the individual 60% of his or her qualified monthly salary up to \$8,500 per month. This income replacement can be tax-free if the premiums were paid through after-tax

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IRS 1099-R Tax Forms to be Mailed in January

The 2020 IRS Form 1099-R will be sent to applicable Members of the FCMM Retirement Plan no later than January 31, 2021. Not all individuals participating in the Plan will receive the form. The form is used to report certain transactions related to one's retirement plan account for federal tax purposes. **The Form 1099-R is only issued to those who have had one of the following account transactions: cash payments, direct rollovers, and Roth conversions.**

Cash Payments

The most common types of cash payments consist of FCMM's monthly income benefit ("annuity"),

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Form W-2 Includes Retirement Plan Information

Each year, employers are required to provide their employees an IRS Form W-2, "Wage and Tax Statement". Appropriately named, this form reports an employee's income for the previous year, as well as how much tax withholding the employee has already paid on that income.

Among other things, the W-2 is also designed to report employee activity in a retirement plan. It shows whether an employee participated in the FCMM Retirement Plan, how much he or she contributed to the Plan via voluntary salary deferrals, and whether those deferrals were on a pre-tax or Roth basis.

It is important that employers understand how to

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Benefit Plan Open Enrollment

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payroll tax deductions. See the Benefit Plan section of the FCMM website for more information on types of premium payments.

In the event of death, the Term Life policy provides either \$10,000 or \$50,000 benefit, based on volume chosen by the employer. Accidental Death and Dismemberment coverage is included with Term Life.

The annual cost for LTD coverage is \$.008 times covered compensation up to \$170,000. Annual cost for Term Life/AD&D cost is \$36 for \$10,000 coverage, or \$180 for \$50,000 coverage. The employer is billed quarterly by FCMM.

Unique LTD features of FCMM Benefit Plan

The total annual salary used in the event of an LTD claim includes minister housing allowance, which is not included in standard LTD policies.

A Spousal Disability Benefit up to \$1,500/month for up to 24 months is included. This benefit will pay if the spouse is cognitively disabled or unable to perform two or more Activities of Daily Living (ADLs).

Enrollment forms are available from the Forms & Documents section of the FCMM website. To be accepted for open enrollment with coverage beginning January 1, 2021, forms must be electronically sent to FCMM's secure portal as instructed on the forms, or mailed with a postmark, no later than December 1, 2020. (Note: The insurance carrier requires that electronic forms be followed by signed hardcopies after FCMM reviews and approves them.)

For more information, see Benefit Plan in the Products & Services section of FCMM's website, or initiate contact with us at benefits@fcmmbenefits.org.

IRS 1099-R Tax Forms

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recurring monthly withdrawals, and single lump sum withdrawals. A less common type of cash payment is one that is required in order to correct a Member's contributions in excess of the IRS annual limits. Cash payments are sent directly to the Member or a deceased Member's beneficiary.

Direct Rollovers

When funds are rolled over from FCMM directly to another retirement account, it is considered a *direct* rollover because no money is sent to the individual. Direct rollovers are not considered taxable events, but they are *reportable* events and accordingly are included on Form 1099-R.

Roth Conversions

When a Member chooses to convert all or a portion of his or her FCMM pre-tax balance to Roth (after-tax), no money leaves the Plan. However, this amount is considered taxable income in the year of conversion and must be reported on one's income taxes.

If you have one or more of the above transactions

associated with your account in 2020, a Form 1099-R will be sent to you in January of next year. The form always includes one or more codes specific to the transaction type(s).

If you have questions about where your 1099-R information is entered on your tax return, please refer to the article on our website titled, "Quick Guide to Tax Reporting for Retirement Distributions".

If you received a Coronavirus-Related Distribution, the IRS has published guidance related to its unique tax reporting in Notice 2020-50, Section 4.

Form W-2

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properly indicate applicable items on the document to ensure the information related to one's retirement account can be reported correctly at tax time. For a helpful guide to the W-2 as it relates to the FCMM Retirement Plan, please see "Completing the W-2 for Retirement Contributions" on our website.

