

Clergy Retirement Security Program



GENERAL BOARD OF PENSION AND HEALTH BENEFITS
OF THE UNITED METHODIST CHURCH

Caring For Those Who Serve

The United Methodist Church introduced
the Clergy Retirement Security Program (CRSP)
on January 1, 2007.*

This brochure is an overview of CRSP.

* September 1, 2008 for bishops.

*If there is a conflict between information contained in this brochure and
the Plan Document, the Plan Document will govern.*

Clergy Retirement Security Program

The name says it all: Clergy Retirement Security Program (CRSP). It is a retirement program providing lifetime income and account flexibility designed for those who serve God as clergy of The United Methodist Church.

Think of CRSP as two retirement plans for service beginning on January 1, 2007:

- 1 a defined benefit (DB) plan, providing retirement income as long as you and, if you are married, your spouse¹ live; and
- 2 a defined contribution (DC) plan, providing an account balance you can access as your retirement needs require.



Photo by Paul Jeffrey

Eligibility

You are eligible to participate in CRSP if you are a clergy member or local pastor under Episcopal appointment to a conference, church, charge, district or conference-controlled entity or unit² and are receiving compensation.³

You can begin receiving your DB benefits at:

- normal retirement after 40 years of service or at age 65,
- early retirement after 30 years of service or at age 62, or
- age 62 after termination of conference membership.

Your DC benefits are available upon termination of conference membership or retirement.

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- 1 *"Spouse" is defined as the person to whom you are legally married under applicable state law when you begin receiving benefits. Common-law spouses are not recognized as "spouses" under the plan.*
 - 2 *Extension ministries for which a conference has elected to be responsible for benefits (but not under conference control) are eligible for CRSP during the years in which the conference elects to be responsible for benefits.*
 - 3 *Certain substitutes for compensation, such as Comprehensive Protection Plan (CPP) disability benefits, also qualify.*

Defined Benefit Security



Defined Benefit (DB) Plan

A DB plan helps provide financial security with monthly retirement income for life. It's called a "defined benefit" plan because the amount of your benefit is defined in advance by a formula that includes the Denominational Average Compensation (DAC) and your years of credited service. As your years of credited service to the Church grow, so will the amount of your monthly benefit.

DB Plan Advantage

You cannot outlive or run out of monthly DB retirement benefits.¹ They are not tied to how well you save, invest or grow your investments, unlike a defined contribution plan or other personal savings plan.

Monthly DB Retirement Benefit Calculation

You can estimate your monthly benefit using the General Board's Retirement Benefits Projection. It's easy to use and is located on the Benefits Access website at www.benefitsaccess.org. The following calculation shows how the monthly benefit is determined:

$$1.25\% \times \text{Denominational Average Compensation (DAC)}^2 \\ \times \text{Years of Credited Service}^3 \text{ After 12/31/2006} \div 12$$

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- ¹ *The General Board may pay you one lump sum rather than monthly benefits if your accrued benefit is small when you start your benefits.*
 - ² *The DAC used for the calculation is the DAC in the year of your retirement. However, if your eligible service is interrupted by a break in service, your benefit for the period before the break is calculated using the DAC in the year the break began. A break may be caused by a period for which there is no record of appointment. For periods of service as a bishop, final bishop compensation substitutes for the DAC.*
 - ³ *Reduced for less than full-time appointments.*

The following benefit calculation is for a hypothetical clergy member with these criteria:

- Retires July 1, 2015, after 25 years of service in the denomination
- Has 8 ½ years of full-time credited service under CRSP—January 1, 2007 through July 1, 2015
- Assumes the 2015 DAC is \$69,000

Here’s how the General Board calculates this clergy member’s CRSP monthly DB benefit:

$$1.25\% (0.0125) \times \$69,000 \text{ (DAC)} \times 8.5 \text{ (Years of Credited Service)} \\ = \$7,331.25 \text{ per year.}$$

The monthly benefit would be $\$7,331.25 \div 12 \text{ months} = \610.94 per month.

This illustrates the DB component of CRSP. A retiree’s monthly benefit will increase annually, generally 2% per year, after benefits start (terminated participants do not receive an automatic annual increase). Keep in mind that this benefit is in addition to other General Board and Social Security retirement benefits you may be eligible to receive, as well as your own personal savings and investments.

Receiving DB Payments

There are various monthly retirement benefit payment options available, depending on whether you are married, single, terminated or retired. You will receive information from the General Board detailing your options several months before your retirement.



Defined Contribution Flexibility



Photo by Mike DuBose



Defined Contribution (DC) Plan

The CRSP DC plan provides flexibility with a personal account balance that's established for you. Every month, your annual conference contributes 3% of your plan compensation to your DC retirement account. Though CRSP does not accept participant contributions, you can grow your account balance by choosing from a variety of investment funds. Account contributions and investment earnings grow tax-deferred until you withdraw them. Unlike DB plans, your DC account balance increases or decreases depending on the performance of the investments you choose.

When you're ready to retire, you will have access to 100% of your DC account balance. You determine when and how much of your money you need—or you can leave it in your account* and continue to manage its growth.

DC Plan Advantage

Retirement may mean a new house if you've been living in parsonages throughout your career. Other retirement expenses, such as travel, an automobile, home repairs and medical needs, are reasons many retirees need access to retirement savings. The DC plan was designed to provide an account balance you can grow and access, as needed, after you retire.

DC Money at Retirement

You can leave your money invested at the General Board until you need it.* You'll continue to select investment options, including the LifeStage Investment Management Service (LifeStage).

* *The total of your benefits administered by the General Board must be over \$5,000. The IRS requires that you begin distributions by April 1 of the calendar year following:*

- *the year you reach age 70½, or*
- *the year you retire, whichever is later.*

Distribution Options

You have several convenient distribution options when you need to access the money in your account. If you need all of your money, you can take a lump-sum distribution. You also can take a partial distribution, and your remaining account balance will stay invested at the General Board until you need to access it again. You also have the option to take a series of regular payments called “cash installments.”

Retirement Contributions

If you are a Ministerial Pension Plan (MPP) participant accustomed to seeing an 11% or 12% contribution to your DC retirement account, you will begin seeing a 3% contribution made by your annual conference to your CRSP DC plan. However, in addition to the 3% DC contribution, your conference will also be funding the DB plan. The amount of the DB contribution will equal the amount it takes to fund your lifetime retirement benefit.

Combination of DB and DC Plans

Each plan provides financial advantages, but, when combined, they form a secure and flexible clergy retirement program. The DB plan provides a retirement benefit that rewards a career of service—a consideration that embraces the values of the Church and the years clergy have devoted to serving God. The DC component recognizes that clergy have varying income levels, retirement needs and investment preferences.

Your DB plan provides the security of a lifetime retirement income. The DC plan gives you flexibility and choice in managing and growing your savings and investments.

Need Help Selecting Investments?

The General Board offers two services for selecting investments:

LifeStage is an automated tool that manages your General Board retirement plan investments based on your individual needs and circumstances. This service is available at no cost to all General Board participants.

Ernst & Young Financial Planning Services can provide you with confidential, unbiased, expert advice on investing and many other financial matters. This program is available at no charge to the following participants in General Board-administered plans:

- active participants,
- surviving spouses, and
- terminated and retired participants with an account balance of at least \$10,000.

Visit

www.gbophb.org/retirement/index.asp

for more information about LifeStage and Ernst and Young Financial Planning Services.

Total Retirement Income



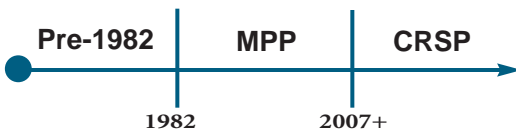
Four-Part Retirement Income

Think of your retirement income as having four sources: CRSP, other General Board retirement plans in which you've participated, Social Security and your personal savings. How much you'll need to rely on your personal savings depends on the value of the other sources.



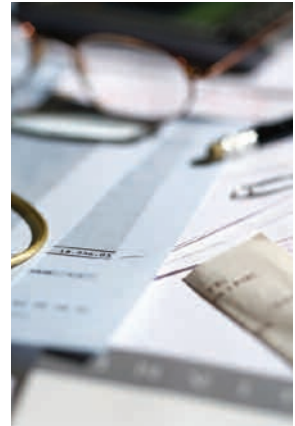
1 CRSP: CRSP provides you with retirement income as long as you live and an account balance you can access as your retirement needs require. CRSP benefits are based on eligible service beginning on or after January 1, 2007.

2 Other General Board Retirement Plans: You will also receive any benefits you have earned under other General Board retirement plans, including the Pre-1982 Plan, the Ministerial Pension Plan (MPP) and the United Methodist Personal Investment Plan (UMPIP)—formerly the Personal Investment Plan.



3 Social Security: If you are eligible to receive Social Security, you'll receive a monthly income for life, but not enough to replace your pre-retirement income.

4 Personal Savings: Your personal savings and balances in other retirement plans in which you have participated will fill the gap between your financial needs and monthly retirement income. UMPIP may be a savings plan option for you. Clergy may be eligible to contribute up to \$16,500 or more annually, which is not taxed until it is withdrawn. If an emergency arises, you have access to your money through hardship loans and withdrawals (rules and restrictions may apply). Ask your salary-paying unit about contributing to UMPIP.



What Happened to MPP?

On January 1, 2007, your conference or church stopped contributing to MPP and began making contributions to CRSP for eligible participants. You remain the vested owner of your MPP account balance. The same MPP distribution rules will apply that were in effect before the introduction of CRSP.

Tracking CRSP Benefits



The General Board has several tools designed to help you track and manage your retirement plans.

Quarterly Statements

You'll receive a quarterly account statement summarizing your General Board retirement benefits.

Web

You can access detailed account information and make transactions through Benefits Access, a secure system at www.benefitsaccess.org. Benefits Access provides you with 24/7 account access. You can view your projected DB benefit by logging in to Benefits Access and accessing your Retirement Benefits Projection.

Interactive Voice Response (IVR) System

Our automated telephone system keeps you in touch with your account(s) 24/7 by calling 800.851.2201.



At Your Service

CRSP was designed to provide an income you cannot outlive and access to an account balance as your retirement needs require.

It is our desire that you feel secure with the Clergy Retirement Security Program.

Call 800.851.2201.

Representatives are available to assist you

**Monday through Friday from
8:00 a.m. to 6:00 p.m., Central time.**



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