

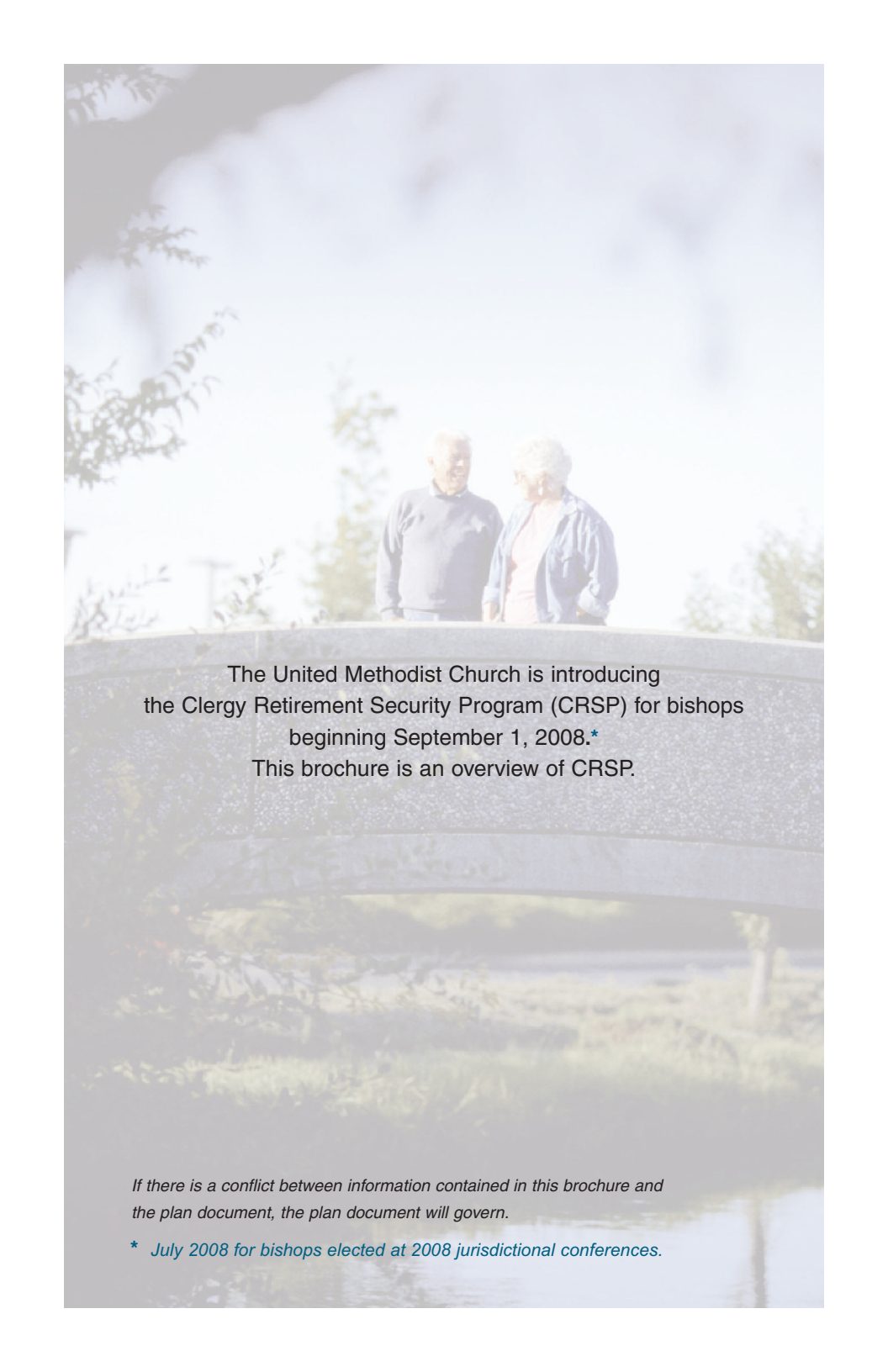
Clergy Retirement Security Program

For Bishops



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

Caring For Those Who Serve



The United Methodist Church is introducing
the Clergy Retirement Security Program (CRSP) for bishops
beginning September 1, 2008.*
This brochure is an overview of CRSP.

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

** July 2008 for bishops elected at 2008 jurisdictional conferences.*

Clergy Retirement Security Program

The Clergy Retirement Security Program (CRSP) is a retirement program providing lifetime income and account flexibility to those who serve God as clergy of The United Methodist Church.

Think of CRSP as two retirement plans for service as a bishop beginning on September 1, 2008:¹

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

Eligibility

Bishops assigned in the five jurisdictions in the United States are eligible to participate in CRSP.

You can begin receiving your DB and DC benefits at:

- retirement, or
- age 62 after termination.



UMNS—Paul Jeffrey

¹ July 2008 for bishops elected at 2008 jurisdictional conferences.

² “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.

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 your compensation 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 monthly DB retirement benefits. They are not tied to how well you save, invest or grow your investments, unlike a DC plan or other personal savings plan.

Monthly DB Retirement Benefit Calculation

The following calculation shows how the monthly benefit is determined for your years of credited service as a bishop:

$$1.25\% \times \text{Final Compensation}^1 \times \text{Years of Credited Service after 8/31/2008}^2 \div 12$$

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

- Retires August 31, 2016, after 35 years of service in the denomination
- Has eight years of full-time credited service as a bishop under CRSP—September 1, 2008 through August 31, 2016
- Assumes the 2016 compensation for bishops is \$190,000

¹ *Final compensation is your compensation in the year of your retirement or last year of credited service.*

² *Beginning July 2008 for bishops elected at 2008 jurisdictional conferences.*

Here's how the General Board calculates this bishop's CRSP monthly DB benefit for service as a bishop:

$$\begin{aligned} & 1.25\% (0.0125) \times \$190,000 \\ & \times 8 \text{ (Years of Credited Service as a bishop)} \\ & = \$19,000 \text{ per year.} \\ & \text{The monthly benefit would be} \\ & \$19,000 \div 12 \text{ months} = \$1,583.33 \text{ per month.} \end{aligned}$$

If you participated in CRSP prior to becoming a bishop, your benefit for years of service as a bishop will be calculated as explained above. Your benefit for years of service as clergy prior to becoming a bishop will be calculated using the DAC for the year in which you retire instead of final compensation. The benefit amounts for your years of service as a bishop and as clergy prior to becoming a bishop are added together to calculate your total CRSP DB benefit.

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). Remember, 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



UMNS—Mike DuBose

Defined Contribution (DC) Plan

The CRSP DC plan provides flexibility with a personal account balance that is established for you. Every month, The United Methodist Church contributes 3% of your plan compensation to your DC 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 will need—or you can leave it in your account* and continue to manage its growth.

DC Plan Advantage

Retirement may mean buying a new home 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 will continue to select investment options, including the LifeStage Investment Management Service (LifeStage).

* *Balance 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 DC 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 a 12% contribution to your DC retirement account, you will begin seeing a 3% contribution to your CRSP DC plan. However, in addition to the 3% DC contribution, The United Methodist Church 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 investment tool that selects a mix of General Board funds for your retirement account(s) based on factors unique to you. This service is available at no cost to you.

Ernst & Young Financial Planning Services is available to assist you with financial planning and investment needs. This service is available to you at no charge during 2011. Just call Ernst & Young directly at **800.360.2539**, Monday through Friday between 9:00 a.m. and 8:00 p.m., Eastern time, (except holidays).

LifeStage and Ernst & Young Financial Planning Services information is available on the General Board website at www.gbophb.org/retirement/index.asp

Total Retirement Income



Four-Part Retirement Income

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



What Happens to MPP?

Beginning September 1, 2008, contributions to MPP will stop—instead, you will begin receiving CRSP contributions if you are eligible. You will 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.

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 for bishops begin accumulating September 1, 2008.*

2 Other General Board Retirement Plans: You will also receive any benefits you have earned under other General Board-administered retirement plans, including the Pre-82 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 will 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 can 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 \$15,500—or more if eligible for catch-up contributions—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 apply).



* July 2008 for bishops elected at 2008 jurisdictional conferences.

Tracking CRSP Benefits



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

Quarterly Statements

You will 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.

Interactive Voice Response (IVR) System

Our automated telephone system keeps you in touch with your account and allows you to make transactions 24/7 by calling **800.851.2201**.





At Your Service

CRSP is 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 CRSP.

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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