

# Retirement Security Program for General Agencies



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

Caring For Those Who Serve

The United Methodist Church is introducing  
the Retirement Security Program  
for General Agencies (RSP)  
beginning January 1, 2007.

This brochure is an overview of RSP.

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

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# Retirement Security Program for General Agencies

The name says it all: Retirement Security Program for General Agencies (RSP). It is a retirement program providing lifetime income and account flexibility designed for those who serve The United Methodist Church as general agency employees.

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

- a defined benefit (DB) plan, providing lifetime retirement income for you and your spouse<sup>1</sup>, if you are married; and
- a defined contribution (DC) plan, providing an account balance you can access as your retirement needs require.



## Eligibility

You are eligible to participate in RSP if you are a clergyperson or lay employee working for a general agency sponsoring the plan<sup>2</sup>.

You can begin receiving your DB benefits at:

- normal retirement after the earlier of 40 years of service or age 65,
- early retirement under your general agency's elective retirement policy (but for clergy, early retirement cannot be sooner than 30 years of service or age 62, whichever comes first), or
- age 62 after termination of employment (and termination of conference membership for clergy).

Your DC benefits are available upon retirement or termination of employment (and conference membership, if you are a clergyperson).

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<sup>1</sup> "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.

<sup>2</sup> Part-time clergy and lay employees (paid for fewer than 20 hours per week) are eligible for the DC component only.

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# 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 final compensation and your years of credited service. As your years of credited service grow, so will the amount of your monthly benefit.



## DB Plan Advantage

You cannot outlive or run out of monthly DB retirement benefits<sup>1</sup>. It is not tied to how well you save, invest or grow your investments, unlike a defined contribution plan or other personal savings plans.

## Monthly DB Retirement Benefit Calculation

The following calculation shows how the monthly benefit is determined:

$$(1.25\% \times \text{Your Final Compensation}^2 \times \text{Years of Credited Service beginning 1/1/2007}) \div 12$$

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- <sup>1</sup> You may receive a lump sum payment, rather than a monthly benefit, if your accrued benefit is too small to be paid out over time.
  - <sup>2</sup> The average of the participant's 36 highest consecutive calendar months of compensation received during 120 months before retirement.

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The following benefit calculation is for a hypothetical general agency employee with these criteria:

- retires July 1, 2015, after 8½ years of full-time credited service under RSP—January 1, 2007 through July 1, 2015
- assumes final 2015 compensation is \$40,000

Here's how the General Board calculates this general agency employee's RSP monthly DB benefit:

$$1.25\% (0.0125) \times \$40,000 (\text{Final Compensation}) \times 8.5 (\text{Years of Credited Service}) = \$4,250 \text{ per year.}$$

**The monthly benefit would be  $\$4,250 \div 12 \text{ months} = \$354.16$  per month.**

This illustrates the DB component of RSP. A retiree's monthly benefit will increase annually, generally 2% per year, after benefits begin (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 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.



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# Defined Contribution Flexibility

## Defined Contribution (DC) Plan

The RSP DC plan provides flexibility with a personal account balance that's established for you. Every month your plan sponsor contributes 3% of your plan compensation to your DC retirement account. Though RSP 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.

## DC Plan Advantage

The DC plan was designed to provide an account balance that will grow and you can access, as needed, during your retirement. You will have access to 100% of your DC account balance when you retire. Expenses such as travel, an automobile, home repairs and medical needs are reasons many retirees need access to retirement savings.

## DC Money at Retirement

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

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\* *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.*

## 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** offers valuable investing and financial planning guidance. This program is available at no charge in 2009 to:

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

You don't have to enroll in this program. Just call Ernst & Young directly at **1-800-360-2539** between 9:00 a.m. and 8:00 p.m., Eastern time, Monday through Friday.

Check out the General Board's Web site at [www.gbophb.org](http://www.gbophb.org) for more information about LifeStage and Ernst & Young Financial Planning Services.

## 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. Or you 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 Staff Retirement Benefits Program (SRBP) participant, accustomed to seeing a 12% contribution to your DC retirement account, you will begin seeing a 3% contribution made by your plan sponsor to your RSP DC plan. However, in addition to the 3% DC contribution, your general agency will also be funding the DB plan. The amount of the DB contribution will equal the amount it takes to fund the plan in order to provide your lifetime retirement benefit.

## Combination of DB and DC Plans

Each plan provides distinct financial advantages, but, when combined, they form a secure and flexible retirement program. The DB plan provides a retirement benefit for general agency workers that rewards a career of service. The DC component recognizes that employees have varying 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.

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# Total Retirement Income



## Four-Part Retirement Income

Think of your retirement income as having four sources: RSP, other General Board retirement plans in which you have 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 three sources.



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**1 RSP:** RSP provides you with retirement income as long as you live and an account balance you can access as your retirement needs require. RSP benefits begin accumulating January 1, 2007.

**2 Other General Board Retirement Plans:** You will also receive any benefits you may have earned under other General Board retirement plans.

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

**4 Personal Savings:** Your personal savings and balances in other retirement plans in which you have participated may help fill the gap between your financial needs and monthly retirement income.

UMPIP may be a savings plan option for you. Participants may be eligible to contribute up to \$15,000 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 Happens to SRBP?

Beginning January 1, 2007, your general agency will stop contributing to SRBP—instead, you will begin receiving RSP contributions if you are eligible. Your SRBP account balance on December 31, 2006 will become your beginning RSP account balance on January 1, 2007.

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# Tracking RSP 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 the Online Account Services Information System (OASIS), a secure location on our Web site at [www.gbophb.org](http://www.gbophb.org). OASIS 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 1-800-851-2201.



## **At Your Service**

RSP 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 your Retirement Security Program.

Representatives are available to assist you from  
**8:00 a.m. to 6:00 p.m., Central time,  
Monday through Friday.**

**Call 1-800-851-2201**



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