



# Wespath

BENEFITS | INVESTMENTS

## Benefits Access Assumptions and Methodology

Benefits Access provides a summary of your accrued benefits as well as interactive projection tools to help you stay on track to retire. If you are eligible to retire, the LifeStage Retirement Income Modelling tool helps you customize monthly retirement income payments that fit your financial situation.

Each tool works differently, and the information provided has a specific use. You may wish to contact [EY Financial Planning Services](#) for help reviewing your accrued benefits, using the tools or developing a more customized assessment.

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## What Your Retirement Details Page Tells You

The Retirement Details page displays accrued plan balances and monthly defined benefits, if any, for Wespath Benefits and Investments (Wespath)-administered retirement plans. The Retirement Projection shows your current estimated monthly income at normal retirement age (or later if applicable) and your estimated income replacement ratio compared to an 85% target. You can also view recent transactions and contribution and investment information.

### Accrued Monthly Benefit

The Accrued Monthly Benefit displays the estimated monthly benefit that would be payable at normal retirement age based on your current years of service if you were to stop working today. The monthly benefit is displayed in today's dollars.

- **Plan provisions and policies govern.** Wespath endeavors to use accurate data, plan rules and programming in producing this estimate. However, actual benefits will be paid in accordance with the data provided by your annual conference or plan sponsor, plan provisions and policies.
- **If you served The United Methodist Church as a clergyperson prior to 1982 but terminated service, you may not be vested.** If you terminate service prior to attainment of age 62 or prior to completion of 30 years of eligible service, you may not be vested for benefits in the Pre-82 Plan (Pre-82) and an accrued monthly benefit may not be calculated. See the [\*Clergy Retirement Security Program \(CRSP\) Summary Plan Description\*](#) for information about the Pre-82 vesting rules.
- **You should contact Wespath for information about your retirement benefits if:**
  - You were a terminated clergyperson who has returned to active service, as your assessment may be inaccurate.
  - You were on a leave of absence and did not return to service/employment when your leave ended, as your assessment may be overstated.
  - You are eligible for monthly defined benefits as a beneficiary of a participant or due to a Qualified Domestic Relations Order (QDRO) as an alternate payee, and an accrued monthly benefit is not calculated.

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## Retirement Benefits Projection

The Retirement Benefits Projection estimates your benefits from Wespath-administered retirement plans. When you're ready to dig even deeper, we recommend speaking to an advisor at [EY Financial Planning Services](#).

You are encouraged to rerun your benefits projection periodically, so you know where you stand and so you get a sense for how your estimated benefits can vary. Try using different growth rates to see the impact of the markets. You also may consider using different savings rates to see how increasing your contributions can increase your financial security in retirement.

### Understanding How the Tool Works

To estimate your benefits, the Retirement Benefits Projection uses data and assumptions—some that you input and some that Benefits Access provides.

- **Participant Selected Input**—As you use the Retirement Benefits Projection, you will be asked a series of questions to gather personal data, which will be used to produce Your Personalized Retirement Benefits Projection Statement. The Participant Selected Input used to estimate your retirement benefits appears on the second page of your statement. Be sure to keep the input page with the statement. Changes to the input can cause dramatically different results, so it's important to know, for example, what Benefits Commencement Date, savings rate, and growth rates you chose to produce that particular statement. See the explanation of Participant Selected Input Data for further details.
- **System Determined Input**—The Retirement Benefits Projection also uses certain data and assumptions that you cannot change to produce Your Personalized Retirement Benefits Projection Statement. The System Determined Input used to estimate your retirement benefits appears on the third page of your statement. Be sure to keep this page with your statement. The data will change over time (e.g., as your account balances change). Assumptions also will change from time to time. For example, assumptions may change if the annuity conversion interest factor used for balances in the Ministerial Pension Plan changes. The annuity conversion interest factor changes with interest rates and certain growth rates used to project account balances are subject to change as the long-term expectations for the investment markets change. Changes to the System Determined Input also may cause dramatically different results, so it's a good idea to produce projections once a year. See the explanation of System Determined Input Data for further details.

### Participant Selected Input Data

#### Important Considerations

- **Data changes are only for purposes of this projection.** The Retirement Benefits Projection pre-fills data for you as a convenience, but you may change that data to better reflect your situation, or to reflect your situation as you expect it to change in the future. Changes that you make in the projection tool will not change the data held in our recordkeeping system. If you need to change or correct your actual personal information, contact your conference, employer or Wespath.
- **Benefit elections are only for purposes of this projection.** The Retirement Benefits Projection asks you to choose distribution options. When you apply for benefits at the time of retirement, you will enter the choices that impact your actual benefits.

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## Data You Can Modify

- **Personal Information:** This information has been pre-filled for you, but you can change it to better reflect your situation. For example, if you will be marrying soon, you can change your marital status. And while the compensation shown is already assumed to increase over time, you may want to change it if you expect your compensation to decrease, or if you expect a particularly large increase in the near future. If there is no compensation displayed in the Total Current Compensation field, please fill it in for the best projection results. (Some employers do not provide compensation data to Wespath.)
- **Benefits Commencement Date:** The tool automatically selects your normal retirement date, which is generally age 65, or the earlier of age 65 or completion of 40 years of service. You can change the Benefits Commencement Date for purposes of this projection to the first of any month. If you are active, the system assumes that you will continue to serve in your current position until the Benefits Commencement Date you input. The date for clergy cannot be before attaining clergy eligibility for early retirement (at age 62 or completion of 30 years of service); the date for lay employees cannot be before your 55th birthday. The date cannot be after your 73rd birthday. Your Benefits Commencement Date can significantly impact your benefit amounts:
  - If you choose a date prior to your normal retirement date, your benefits, if any, from CRSP DB and Pre-82 will be **actuarially reduced** to reflect the longer period of time during which you will be receiving benefits. Collins Pension for Missionaries (Collins) benefit projections will not reflect an actuarial reduction; however, actual benefits will be reduced if they begin before normal retirement age.
  - The earlier you retire, the fewer years you have to accumulate contributions in CRSP DC, UMPIP or Horizon. You also extend the number of years you will be drawing down those account balances.
  - If you retire early, you also will have fewer years to invest your account balances in CRSP DC, UMPIP, MPP or Horizon. Of course, since investment returns both increase and decrease, this does not necessarily mean that retiring later will result in a larger account balance.
- **Personal Contributions:** This tool pre-fills the current contribution dollar amount or percentage that Wespath has on file for you. In some cases, we do not have this data from your conference or employer, or the data we have is not up to date. If your conference or employer offers Automatic Contribution Escalation, the tool assumes that your contribution percentage increases each year (up to the cap amount) for projection purposes. You may enter a different annual contribution increase percentage and maximum percentage for your projection. This data does not change the amount that is deducted from your paycheck or the amount that is deposited to your account. Feel free to enter the amount that you actually contribute or to try increasing the amount to see the impact larger contributions may have on your projected retirement income.
- **Growth Rates:** Growth rates or investment earnings are assumptions about the investment returns (interest and gains or losses) that your accounts may experience. However, actual investment results rarely match any growth rate you may select. Returns fluctuate with market performance, hopefully producing an average growth rate that is similar to what is reflected on your projection. However, since no one can accurately predict investment returns, you should consider running your projections using various growth rates, so you can see the potential for different results.

- **CRSP DB Distribution Options:** CRSP participants are asked to enter the distribution option they would like to model. The choices, simplified for purposes of the projection, are as follows:

CRSP DB Distribution Option	Explanation	Availability
Single-life	Monthly benefit paid to participant for life.* Upon death of the participant, no further benefits are paid.	Only unmarried participants can receive a single-life benefit (except married participants can receive a single-life benefit for service on or after January 1, 2014 with spousal consent), but married participants can select this option for purposes of the projection by changing marital status.
Life and 70%	<p><b>For service prior to January 1, 2014—</b> Monthly benefit paid to participant for life.* Upon death of the participant, his or her spouse at the time the benefit was set up will receive 70% of the participant's monthly benefit payable for his or her life.</p> <hr/> <p><b>For service on or after January 1, 2014—</b> Monthly benefit paid to participant for life but actuarially reduced to reflect the value of the surviving spouse benefit.* Upon death of the participant, his or her spouse at the time the benefit was set up will receive 70% of the participant's monthly benefit payable for his or her life.</p>	<p>The projection only allows married participants to elect to receive a benefit in this form, but unmarried participants can select this option for purposes of the projection by changing marital status.</p> <p><i><b>Note:</b> Clergy with service both before and after January 1, 2014 will receive a combined benefit, where an actuarial reduction for a spousal benefit will only be applied to the benefit earned for service after December 31, 2013.</i></p>
Life and 100%	Monthly benefit paid to participant for life but actuarially reduced to reflect the higher spousal benefit.* Upon death of the participant, his or her spouse at the time the benefit was set up will receive 100% of the participant's monthly benefit payable for his or her life.	The projections only permit married participants to elect to receive a benefit in this form, but unmarried participants can select this option for purposes of the projection by changing marital status.

*\*If you are actively serving as a clergyperson, the Retirement Benefits Projection assumes that you will continue to serve until the Benefits Commencement Date you enter. If you terminate your service prior to this time, your benefit may be considerably less than the amount shown. The benefit may be reduced in the case of a Life and 70% or Life and 100% option, to pay for the surviving spouse benefit. The benefit will also be reduced if the benefit begins before your normal retirement date.*

CRSP participants are also asked to choose a cost-of-living adjustment (COLA). If you meet the criteria for early retirement by continuing to serve until you are at least age 62 or until you have at least 30 years of credited service, you will receive an automatic 2% COLA. If you terminate your service prior to meeting the criteria, you will not receive an automatic COLA. If you retire and choose a COLA higher than 2%, or if you terminate and choose any COLA, your benefit will be actuarially reduced.

- **MPP Distribution Options:** MPP participants are asked to choose the MPP distribution options they would like to model. You must annuitize 65% of your MPP account balance. The annuity choices, simplified for the projection, are as follows:

MPP Distribution Option	Explanation	Availability
LifeStage Retirement Income	LifeStage Retirement Income manages your distributions in retirement to help make your retirement income last a lifetime.	All participants can access this feature.
Single-life	Monthly benefit paid to participant for life. Upon death of the participant, no further benefits are paid.	A single-life annuity is the normal form of benefit for an unmarried participant. A married participant can choose a single-life annuity only with written spousal consent, but married participants can select this option without spousal consent for purposes of the projection.
Life and 70%	Monthly benefit paid to participant for life, actuarially reduced to reflect the spousal benefit. Upon death of the participant, his or her spouse at the time the benefit was set up will receive 70% of the participant's monthly benefit payable for his or her life.	Only married participants can project a benefit in this form, but unmarried participants can select this option for purposes of the projection by changing marital status.
Life and 100%	Monthly benefit paid to participant for life, actuarially reduced to reflect the spousal benefit. Upon death of the participant, his or her spouse at the time the benefit was set up will receive 100% of the participant's monthly benefit payable for his or her life.	Only married participants can project a benefit in this form, but unmarried participants can select this option for purposes of the projection by changing marital status.

If a Defined Benefit Annuity is selected, MPP participants also are asked to choose a cost-of-living adjustment (COLA). Your benefit will be actuarially reduced to reflect the COLA that you choose. The higher the COLA, the larger the reduction of your benefit.

MPP participants are asked to supply information on the portion of their MPP account that is not converted to an annuity.

At retirement, you may make a one-time election for your remaining 35% account balance. Your options at retirement, simplified for purposes of the projection, are as follows:

What do you plan to do with the rest of your MPP account balance?	Choose this option if you plan to:	How it will be reported on your projection
Monthly installments until the account is exhausted	Roll the remainder over to UMPIP, an IRA or another qualified employer retirement plan and then take regular cash installments	Estimated Monthly Installments, assumed to be paid through LifeStage Retirement Income
Lump sum or partial distributions	<ul style="list-style-type: none"> <li>• Take the remainder in cash</li> <li>• Roll the remainder over to UMPIP, an IRA or another qualified employer retirement plan and then take distributions as needed</li> </ul>	Reported as Estimated Account Balance

- **DC Account Distribution Options:** The Defined Contribution Account includes any balances you may have in CRSP DC, Compass Participant Contributions, UMPIP and Horizon. At retirement or termination, you may make separate distribution elections for each of these plans, but for purposes of this projection, they are grouped together. Your projection choices are as follows:

What do you plan to do with your DC account balance?	Choose this option if you plan to:	How it will be reported on your projection
Monthly installments until the account is exhausted	<ul style="list-style-type: none"> <li>• Take regular installments</li> <li>• Combine all account balances in UMPIP and then take regular installments</li> <li>• Roll the remainder over to an IRA or another qualified employer retirement plan and then take regular installments</li> </ul>	Reported as Estimated Monthly Installments, assumed to be paid through LifeStage Retirement Income
Lump sum or partial distributions	<ul style="list-style-type: none"> <li>• Take the balance in a lump sum or partial distributions as needed</li> <li>• Combine all account balances in UMPIP and then take distributions as needed</li> <li>• Roll the balance over to an IRA or another qualified employer retirement plan and then take distributions as needed</li> </ul>	Estimated Account Balance

## System Determined Input Data

### Important Considerations

- **You cannot change System Determined Input.** If you believe there is an error in the data used, contact your conference, employer or Wespath. If you do not feel that the assumptions used are appropriate, consider contacting [EY Financial Planning Services](#) to develop a custom projection.
- **Plan provisions and policies govern.** Wespath endeavors to provide accurate data for items such as plan sponsor contribution rates, credited service and past service rates. However, if there are any differences between the System Determined Input shown on your projection and that indicated in retirement plan provisions or policies, the plans and policies will govern.
- **You are assumed to continue to serve/work in your current role until the Benefits Commencement Date you input.** If you terminate service or employment, change your appointment percentage or take a different assignment or position prior to the Benefits Commencement Date, your benefits could be considerably less than shown.

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**Assumptions change periodically.** Wespath monitors trends in investment returns and annuity conversion interest factors, and changes the assumptions as needed. Changing assumptions can significantly impact projected benefits. Repeat your projection periodically.

## Variable System Data

- **Personal Information:** The system uses the date of birth that Wespath has on file for you. Your Projected Compensation will be calculated using the Total Current Compensation and the compensation growth rate that you input.
- **Plan Sponsor Contributions:** The system shows the plan sponsor contribution rates specified in the plan document or the rates your plan sponsor has elected. Some plan sponsors elect to make Discretionary contributions to UMPIP. Because these contributions may be variable, future contributions are not projected and will not appear on your Projection Statement. If you have any questions concerning the contribution rates shown, please contact your plan sponsor.
- **CRSP DB Values:** This section will appear if you participate in CRSP.

**Annuity Conversion Interest Factor:** This rate is used to determine optional benefit forms of equal value.

**Current Credited Service:** The number of years of eligible credited service on file for you for CRSP DB. For further information on the rules for calculating credited service, see the [Clergy Retirement Security Program \(CRSP\) Summary Plan Description](#).

**Jurisdictional bishop Compensation:** If you are a Jurisdictional bishop, your “base salary” is the amount established by the General Council on Finance and Administration plus a parsonage value of 25% of your base salary. This compensation amount may be different than the compensation amount used to determine defined contributions if you receive a housing allowance from the conference:

- In lieu of living in the Episcopal residence, or
- In addition to living in the Episcopal residence.

**Projected Credited Service:** If you are still serving in an eligible capacity, the system takes your current credited service and increases it by the number of years left until you reach the Benefits Commencement Date that you input.

**Current Jurisdictional bishop Credited Service:** If you had eligible service in CRSP DB as a Jurisdictional bishop, your years of credited service will be displayed.

**Projected Jurisdictional bishop Credited Service:** If you are still serving as a Jurisdictional bishop, the system takes your current credited service as a Jurisdictional bishop and increases it by the number of years left until you reach the Benefits Commencement Date that you input.

**DAC used for calculations:** This is the Denominational Average Compensation (DAC) for the current year (if you are actively serving) or for the last year in which you actively served.

**DAC Growth Rate:** CRSP DB benefits are based on the DAC for the last year in which you served the denomination as a clergyperson. This is the rate used to estimate how the DAC for the current year may increase over time. If you are no longer actively serving the denomination as a clergyperson, the DAC used to calculate your benefits will not be projected.

**Projected DAC:** The estimated DAC for the last year in which you are assumed to serve the denomination as a clergyperson.



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- **MPP Values:** This section will appear if you have an account balance in MPP. The annuity conversion interest factor is the rate used to convert your MPP account balance to an annuity. The rate is based on market interest rates. The higher the rate, the higher your monthly annuity payments will be. Changes in this rate can dramatically increase or decrease your benefits, so you may want to rerun the projection periodically. The actual rate used to calculate your benefits is the rate in effect at your actual Benefits Commencement Date.
  - **DC Account Values:** This section will appear if you have a Defined Contribution Account. The monthly installment rate is the rate used to convert your DC account balances to installment payments for purposes of this projection. When you begin your DC benefits, you will have various distribution options. For purposes of this projection, your distributions are assumed to be made using LifeStage Retirement Income, excluding the Social Security Bridge and Longevity Income Protection features. The LifeStage Retirement Income account is required to be invested with LifeStage Investment Management. If you do not invest through LifeStage Investment Management, this projection may not accurately reflect your situation. Consequently, your account may be exhausted prematurely if you take distributions equal to the amount projected. Installment payments end when your account runs out of money.
  - **Collins Values:** This section will display if you have completed service as a missionary eligible to participate in Collins.  
**Note:** *You must be vested to receive a benefit from the plan. See the [Collins Pension Plan for Missionaries Plan Document](#) for information regarding the vesting rules.*

**Current Credited Service:** The number of months of eligible credited service on file for you in Collins. For further information on the rules for calculating credited service, see the [Collins Pension Plan for Missionaries Plan Document](#).

**Projected Credited Service:** If you are serving as an eligible missionary, the system takes your current credited service and increases it by the number of years left until you reach the Benefits Commencement Date that you input. The system assumes that you will continue to serve as an eligible missionary until your Benefits Commencement Date. If you leave eligible service prior to then, your actual credited service and benefits may be considerably less than shown.

**Note:** *Missionaries who, as of January 1, 2014, had not attained age 50 and earned at least 15 years of Collins credited service will not accrue any additional credited service.*

**Past Service Rate:** Collins bases benefits on your credited service multiplied by the current past service rate. This rate may be increased by The General Board of Global Ministries from time to time.

- **Pre-82 Plan Values:** This section will appear if you have credited service in the Pre-82 Plan (Pre-82). Your Pre-82 benefit will be the greater of your formula benefit (Pre-82 credited service times the past service rate) or your Defined Benefit Service Money (DBSM), if any, converted to an annuity. Your benefit from each annual conference for which you have Pre-82 service is calculated separately. The number that appears in parentheses after certain captions denotes the applicable annual conference. Note: If you are actively serving as a clergyperson, the system assumes that you will continue to serve as clergy until the Benefits Commencement Date you input. If you terminate service prior to age 62 or to completing 30 years of eligible service, you may not be vested, in which case you will not receive a Pre-82 benefit. See the [Clergy Retirement Security Program \(CRSP\) Summary Plan Description](#) for information regarding the Pre-82 vesting rules.

**Annuity Conversion Interest Factor:** The annuity conversion interest factor is the rate used to convert your DBSM balance to an annuity.

**DBSM Growth Rate:** The investment rate of return assumption used to project your DBSM balance.

**Past Service Growth Rate:** This is the assumption used to predict how the past service rate will increase from now until your Benefits Commencement Date. Each conference sets its own past service rate. While Pre-82 does not permit past service rates to be decreased, it does not require that they be increased, except under specific circumstances.

**DBSM Balance:** The current DBSM Balance, which is multiplied by the DBSM Growth Rate, results in your projected balance which is converted to an annuity.

**Current Past Service Rate:** The current past service rate for the applicable annual conference.

**Projected Past Service Rate:** The past service rate increased by the Past Service Rate Growth Rate up to the Benefits Commencement Date you input.

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**Credited Service:** The years of eligible Pre-82 credited service for the applicable annual conference.

**Surviving Spouse Benefit Percentage:** Upon your death, this is the benefit percentage that your spouse will receive, if still living. Your spouse is eligible to receive this benefit only if you married that spouse before you ceased serving under Episcopal appointment, and you must still be married to that spouse when you retire and commence benefits. Each annual conference chooses the applicable percentage.

**QDRO Deductions:** This is the amount, if any, that is required to be paid to an alternate payee pursuant to a Qualified Domestic Relations Order.

## Understanding Your Personalized Retirement Benefits Projection Statement

Your projection statement can include up to three sections:

- Lifetime Income
- Account Balance(s)
- Understanding the Value of the Estimated Amounts

The **Defined Benefit Annuity Lifetime Income** section appears only if you participate in one of the following plans:

- Clergy Retirement Security Program Defined Benefit (CRSP DB)
- Ministerial Pension Plan (MPP) Annuity, if elected
- Pre-82 Plan (Pre-82)
- Collins Pension Plan for Missionaries (Collins)

This section shows the estimated monthly benefits for any of the above plans in which you participate. The benefits are payable for your lifetime, and in some cases, for the lifetime of your spouse, should he or she outlive you.

The **Defined Contribution Projection Distribution** section appears only if you participate in one or more of the following plans:

- Compass
- Clergy Retirement Security Program Defined Contribution (CRSP DC)
- Ministerial Pension Plan (MPP 65%, if LifeStage Retirement Income is elected, and/or MPP 35%)
- United Methodist Personal Investment Plan (UMPIP)
- Personal Investment Plan (PIP)
- New Life Personal Investment Plan (New Life)
- Horizon 401(k) Plan (Horizon)

These plans are defined contribution plans.

- If you elected for purposes of this projection to receive a “lump sum or partial distributions”, the projected account balance at your Benefits Commencement Date is shown under “Projected Lump Sum.”
- If instead you elected “monthly installments until the account is exhausted”, the “Projected Monthly Installments” amount is determined using the LifeStage Retirement Income model, excluding the Social Security Bridge and Longevity Income Protection options. See [LifeStage Retirement Income](#) for more information.
- The Compass Plan Sponsor Balance and the MPP 65% (if elected) must be paid as LifeStage Retirement Income.

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The **Understanding the Value of the Projected Amounts** section displays your total projected lump sum and your total projected monthly income. The projected monthly income combines both your projected monthly lifetime benefits and your projected monthly installments. Remember that your projected monthly installments are not guaranteed for life.

Your projected account balances and monthly income are projected forward to your Benefits Commencement Date. They are “future dollars.” When you begin receiving your benefits in the future, products and services will cost more than they do today. That makes it difficult to determine whether those projected benefits will be enough to live on in the future. So, we calculate for you the equivalent value of your estimated monthly income in today’s dollars. Consider whether you could live on the amount shown as “Equivalent Value in Today’s Dollars” if you were to retire today.

Another way to assess the value of the projected amounts is to look at the percentage of your pre-retirement income it will replace. Most experts say that you will need retirement income of at least 85% of the income you received while working to maintain your current lifestyle in retirement. This retirement income replacement should include Wespath-administered retirement plans, any other retirement plans of prior employers, IRAs, Social Security, and your personal savings.

The percentage shown as the “Estimated Income Replacement Ratio” estimates how much will be supplied by Wespath-administered retirement plans.

Remember that you may also be eligible to receive Social Security benefits when you retire. You should review your annual Social Security benefits projection on [ssa.gov](https://ssa.gov). Note, however, that your Social Security benefits projection uses different methodology than the Retirement Benefits Projection. For more information on how Social Security estimates your benefits, visit [ssa.gov](https://ssa.gov).

### Limitations of the Retirement Benefits Projection

- **This is only an estimate.** Your actual retirement benefits will be different based on your data and balances at that time.
- **This is not a guarantee of benefits.** This does not guarantee plan eligibility, benefits or the eligibility of your spouse for surviving spouse benefits.
- **Plan provisions and policies govern.** Wespath endeavors to use reasonable assumptions and accurate data, plan rules and programming in producing this statement. However, actual benefits will be paid in accordance with plan provisions and policies.
- **You should re-run the assessment periodically.** Investment results will differ and assumptions may change.
- **You should contact Wespath to make sure the assessment is accurate if:**
  - If you were a terminated clergyperson who has returned to active service.
  - If you were on a leave of absence and did not return to service/employment when your leave ended.
  - If you are a participant who is also eligible for a benefit due to a Qualified Domestic Relations Order (QDRO) as an alternate payee.

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## LifeStage Retirement Income

LifeStage Retirement Income is a type of cash installment option that determines retirement income payments for you and updates them annually, with the goal of making your account last for your lifetime while providing payments that keep up with the cost of living. LifeStage calculates a range of monthly payment amounts based upon the portion of your defined contribution account balance(s) you elect to fund the program, your age at the time your payments will begin, and your target investment asset allocation as determined by LifeStage Investment Management.

### How LifeStage Retirement Income Works

#### Amount Selected to Fund LifeStage Retirement Income

When you enroll in LifeStage Retirement Income, your defined contribution account balances are consolidated into UMPIP. You can then choose how much to include in LifeStage Retirement Income with that account balance managed by LifeStage Investment Management. Any UMPIP account balance excluded from LifeStage Retirement Income can be invested through self-management or LifeStage Investment Management. You can also transfer money between LifeStage Retirement Income and your UMPIP account at any time. However, the MPP 65% (if elected) and the Compass Plan Sponsor balances can only be paid through LifeStage Retirement Income.

#### Optional Features

Participants may also elect optional, customizable features of LifeStage Retirement Income:

- **Social Security Bridge** – applies a larger portion of your retirement account balance as income early on. Once you begin receiving Social Security retirement benefits, the LifeStage Retirement Income will decrease. This maximizes the monthly amount of your Social Security retirement benefits. Financial experts say it can be a good idea to delay claiming Social Security until age 70, particularly if you expect to live a long life. That is because Social Security benefits increase by 8% for every year after your full retirement age up to age 70.
- **Longevity Income Protection** – a deferred annuity contract through an insurance company selected by Wespath. This annuity contract can be purchased with a portion of LifeStage Retirement Income funds upon enrollment and guarantees retirement income payments starting at age 80, regardless of how long you (and, if applicable, your spouse) live.

#### Payment Safety Zone

Wespath uses industry data as a guide to make sure the monthly payments stay in what we call the “safety zone.” This safety zone concept was created by investment professionals and actuaries who routinely analyze how best to manage assets in retirement. The payment safety zone is a range of payment amounts that a participant can receive based on the probability of running out of money.

For this purpose, “running out of money” is not defined as having completely depleted the account balance. It is defined as no longer having an account balance large enough to purchase a theoretical annuity at age 85, or 10 years from current age if older. The payment safety zone is that range of payments that fall between a one in 50 chance of “running out of money” and a one in three chance of “running out of money.” The participant’s first payment amount will be the amount in the middle of the payment safety zone.

#### Annual Review of Payments

Each November, a participant’s monthly payment is compared to an updated safety zone. Simulations of 5,000 possible future market conditions and investment returns for various asset classes are used to determine the payment safety zone. Once the zone is calculated, the participant’s balance and monthly payments are confidentially reviewed annually to determine if an adjustment to the participant’s monthly payment is necessary. Wespath and external experts perform an audit on the outcomes. Your payment amount will be increased for inflation, if applicable. Then, it will be adjusted to remain in the payment safety zone. If investment returns are low and have caused a significant decline in your account balance, your payment may be reduced. If investment returns are high and have caused a significant increase in your account balance, you may receive a payment increase that is greater than the cost-of-living increase.

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If you transfer money out of your LifeStage Retirement Income account into UMPIP while you are receiving payments, your payment amount will be recalculated, and will likely be reduced. If you transfer money from UMPIP into your LifeStage Retirement Income account, your payment amount will also be recalculated and may be increased.

## How the LifeStage Retirement Income Modelling Tool Works

When you are ready to retire or you are a terminated participant nearing retirement age, you can select LifeStage Retirement Income in Benefits Access to model your estimated retirement income payments. Follow the prompts in the model to make decisions on how much of your defined contribution balances you want to include in LifeStage Retirement Income, and whether you want to take advantage of the Social Security Bridge and/or Longevity Income Protection options. If you are eligible and ready to enroll in LifeStage Retirement Income, the model leads you through the confirmation of your selections, choosing the date for retirement income payments to begin and inputting tax withholding elections. You can save your elections in the model at any time and come back later. You can also go back to any section to change your elections. Your elections are not final until you have reviewed them and clicked on the Enroll button. You can still make changes or cancel your pending enrollment in LifeStage Retirement Income until 3:00 p.m. Central time of the day on which your retirement income payments are set to start, for example, July 1.

## Limitations of LifeStage Retirement Income

- **Payment amounts may decrease.** While payments are designed to increase annually to keep up with changes in the cost of living, payments can decrease if your account balance decreases due to lower investment returns or withdrawals.
- **Only the purchase of Longevity Income Protection will ensure lifetime income.** While the LifeStage Retirement Income safety zone seeks to make your account last for your lifetime and adjust payments for market fluctuations and/or balance withdrawals, lifetime income is only assured if the optional Longevity Income Protection is purchased.
- **You must consolidate your Defined Contribution account balances.** If you have accounts in multiple plans such as Compass Participant Contributions, CRSP DC, UMPIP, Horizon and the 35% non-annuitizable portion of MPP, these account balances will be consolidated in one UMPIP account when you enroll in LifeStage Retirement Income. If you do not already have a UMPIP account, one will be set up for you. You can then choose how much of your UMPIP balance to include in LifeStage Retirement Income.
- **You must use LifeStage Investment Management.** Your LifeStage Retirement Income account is managed by LifeStage Investment Management. Any UMPIP account balance excluded from LifeStage Retirement Income can be invested through self-management or LifeStage Investment Management.
- **Payments may be increased due to required minimum distribution rules.** When you reach your Required Minimum Distribution age as determined by the IRS, you will receive an additional payment if your annual payments are less than the required minimum distribution. This amount could be invested and saved for future years but must be paid to you for tax purposes.
- **Assumptions and methodology may change.** Wespath monitors trends in investment returns and longevity and modifies these assumptions as necessary. We may also change the method for calculating monthly retirement income. Changes to the assumptions and methodology can impact your monthly income amounts.
- **The purchase of Longevity Income Protection is final.** The option to use part of your LifeStage Retirement Income funds to purchase Longevity Income Protection is only available when you enroll in LifeStage Retirement Income. The purchase of the contract is irrevocable.

Also refer to the separate document [\*Understanding LifeStage Retirement Income\*](#) for additional information on this program.

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## How the LifeStage Retirement Income Calculator Works

If you are not yet close to retirement age, you can still use the LifeStage Retirement Income Calculator (under the “Retirement Projection Tools” section of Benefits Access) to estimate what your retirement income payments from your defined contribution accounts would be. You can also use this calculator to help you choose a monthly payment amount if you self-manage your retirement income payments. The calculator is based on the same assumptions and methodology as used for LifeStage Retirement Income, excluding the Social Security Bridge and Longevity Income Protection options.

## Limitations of the LifeStage Retirement Income Calculator

**Results may not be the same as enrolling in LifeStage Retirement Income.** If you use the LifeStage Retirement Income Calculator to model monthly retirement income amounts and then choose to self-manage your retirement income based on those calculations, it is possible that your account balance may be exhausted prematurely.

**Assumptions and methodology may change.** Wespath monitors trends in investment returns and longevity. The assumptions can be changed as needed. We may also change the way in which payments are calculated.

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## Glossary

### **Actuarially Reduced**

To actuarially reduce a benefit is to calculate the amount of the benefit reduction necessary when a benefit is paid earlier than normal or with a special option so that the expected total cost to the retirement plan is equivalent to the cost if the benefit began at the normal time and in the unadjusted form.

### **Compass**

The UMC clergy retirement plan which begins on January 1, 2026. The UMC annual conferences determine the eligibility for the program. This program is defined contribution. Both plan sponsor and participant contributions are accepted.

#### **Compass Plan Sponsor**

The investment and distribution elections must be through LifeStage Investment Management and LifeStage Retirement Income respectively.

#### **Compass Participant**

The investment and distribution elections for the participant contributions (including any prior accounts that were combined into this sub-account) are self-directed.

### **CRSP**

Clergy Retirement Security Program. CRSP includes both a defined benefit and a defined contribution plan. Most clergy serving UMC local churches and annual conferences are covered by CRSP beginning January 1, 2006 (or later) through December 31, 2025.

#### **CRSP DB**

The defined benefit component of CRSP.

#### **CRSP DC**

The defined contribution component of CRSP.

### **Defined Benefit**

A defined benefit (DB) retirement plan is one in which you receive a certain lifetime benefit upon retiring based on a formula using certain factors (e.g., a fixed rate and length of employment). Your plan sponsor must prudently plan to fund this future benefit. Your plan sponsor bears the investment risk and the risk of whether funds will be sufficient for participants to collect benefits until death.

### **Defined Contribution**

A defined contribution (DC) retirement plan is one in which an amount or percentage of your compensation is contributed to an account in your name by your plan sponsor and/or by you. Upon retiring you have access to your account balance, which consists of the accumulated contributions plus investment earnings. You bear the investment risk and the risk that you may outlive your account balance.

### **Early Retirement**

For clergy and Jurisdictional bishops, early retirement can be taken the first of the month following the date the participant reaches age 62 or completes 30 years of service toward retirement.

For lay employees, early retirement is the first of the month following the date the participant reaches age 55. However, lay employees may take a distribution from their defined contribution plans at any time following termination of employment. Internal Revenue Service (IRS) penalties may apply if the participant is younger than age 55 at termination and does not roll the distribution over to an Individual Retirement Account (IRA) or another qualified employer retirement plan.

### **EY Financial Planning Services**

Eligible participants in Wespeth-administered retirement plans can receive confidential financial planning assistance at no additional cost\* from [EY Financial Planning Services](#) (EY), a leading global financial services firm.

*\*Costs for these services are included in Wespeth's operating expenses that are paid for by the funds.*



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## Horizon

The Horizon 401(k) Plan. Horizon provides retirement benefits and savings opportunities to employees of certain United Methodist-related organizations.

## LifeStage Investment Management

LifeStage Investment Management is an optional service offered to participants at no additional cost\* for managing Wespath-administered defined contribution retirement account(s). LifeStage Investment Management is mandatory: for MPP accounts, the Compass Plan Sponsor Contribution Account and LifeStage Retirement Income accounts.

## Monthly Projected Social Security Benefits

Social Security benefits are assumed to begin at Social Security Normal Retirement Age. Future year earnings are assumed to be constant. Prior year earnings are estimated based upon current earnings and historical national average wage increases. For more information on how your benefits are calculated visit [ssa.gov](https://ssa.gov).

## MPP

Ministerial Pension Plan, a retirement plan for United Methodist clergy from 1982 through 2005.

## New Life PIP

New Life Personal Investment Plan, a defined contribution retirement plan for clergy and lay employees of the African Methodist Episcopal Church.

## Normal Retirement

For **clergy**, generally, normal retirement can begin June or July 1 (depending on the participant's member conference) on or after the date on which the participant attains age 65 or completes 40 years of service toward retirement. However, if your member conference has a June 1 retirement date, you may commence benefits on June 1 if you will reach age 65 or complete 40 years of service toward retirement on or before July 1 of the same year.

For **Jurisdictional bishops**, normal retirement can begin September 1 of the quadrennial year in which a Jurisdictional bishop has reached age 68 on or before July 1 of that same quadrennial year, or it can begin September 1 of the next quadrennial year (in four years).

For **lay employees**, normal retirement can begin on the first of the month following the date the participant reaches age 65.

For **Collins participants**, normal retirement age is the first of the month coincident with or following Social Security Normal Retirement Age.

## RMD

Required Minimum Distribution. Generally, the amount required by the Internal Revenue Service to be distributed from retirement plans each year upon attainment of a certain age. Refer to the Required Minimum Distributions brochure at [wespeth.org/r/rmd](https://wespeth.org/r/rmd) for more information.

## Social Security Normal Retirement Age (SSNRA)

SSNRA gradually increases from age 65 for people born before 1938 to age 67 for those born in 1960 or later. More information about Social Security benefits and retirement age is available at [ssa.gov](https://ssa.gov).

## UMPH Pension Plan

The United Methodist Publishing House Pension Plan, a defined benefit retirement plan for employees of UMPH.

## UMPIP

United Methodist Personal Investment Plan, a defined contribution retirement plan for clergy and lay employees of United Methodist churches, general agencies and other Church-related organizations.

*\*Costs for these services are included in Wespath's operating expenses that are paid for by the funds.*



## Clergy Plan Provisions

Plan	Plan Provision
CRSP DB annuity optional form interest factor	6.50%
CRSP DAC growth rate beginning in 2026	2.00%
<b>For Service between January 1, 2008 through December 31, 2013:</b> <ul style="list-style-type: none"> <li>• Compensation is defined as basic pay plus housing allowance or, if applicable, <b>25%</b> of basic pay to represent the value of the parsonage</li> <li>• CRSP Defined Benefit rate</li> <li>• CRSP Defined Contribution Non-matching rate as a percent of Compensation</li> <li>• CRSP Defined Contribution Matching rate as a percent of Compensation</li> </ul>	1.25% 3.00% N/A
<b>For Service between January 1, 2014 through December 31, 2025:</b> <ul style="list-style-type: none"> <li>• Compensation is defined as basic pay plus housing allowance or, if applicable, <b>25%</b> of basic pay to represent the value of the parsonage</li> <li>• CRSP Defined Benefit rate</li> <li>• CRSP Defined Contribution Non-matching rate as a percent of Compensation</li> <li>• CRSP Defined Contribution Matching rate as a percent of Compensation</li> </ul>	1.00% 2.00% 100% up to 1.00%
<b>For Service beginning January 1, 2026:</b> <ul style="list-style-type: none"> <li>• Compensation is defined as basic pay plus housing allowance or, if applicable, <b>35%</b> of basic pay to represent the value of the parsonage</li> <li>• Compass Monthly Flat-dollar contribution</li> <li>• Compass Non-matching contribution rate as a percent of Compensation</li> <li>• Compass Matching contribution rate as a percent of Compensation</li> </ul>	\$150 for 2026 (increased by 2% annually) 3.00% 100% up to 4.00%

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## Projections Assumptions

Field Name	Possible Values	Default Value
Compensation growth rate	0%, 1%, 2%, 3%, 4%	2.5%
CRSP DB cost-of-living adjustment	2%, 3%, 4%, 5%	2% (0% if terminated)
DBSM balance ("Pre-82") growth rate	4%	4%
DC account investment earnings growth rate	0% to 10%	7%