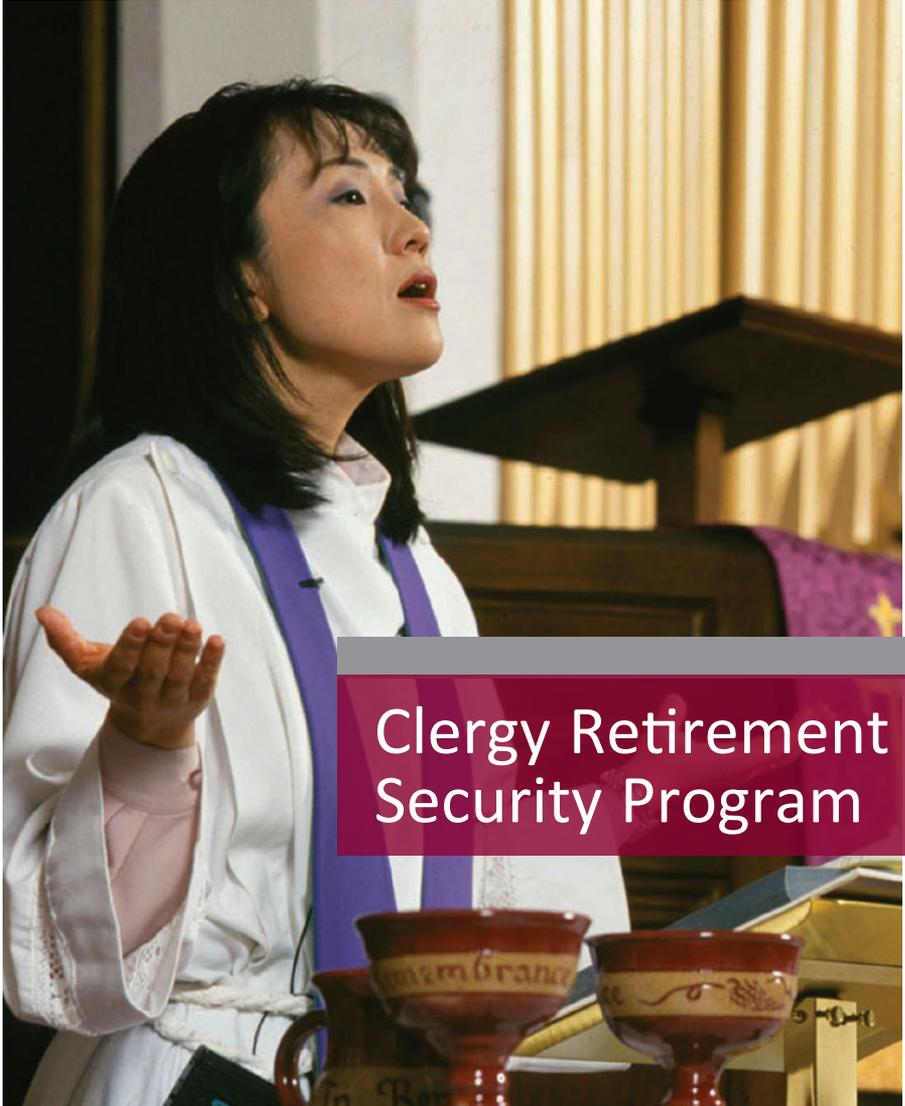




# Wespath

BENEFITS | INVESTMENTS



## Clergy Retirement Security Program

a general agency of The United Methodist Church

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.*

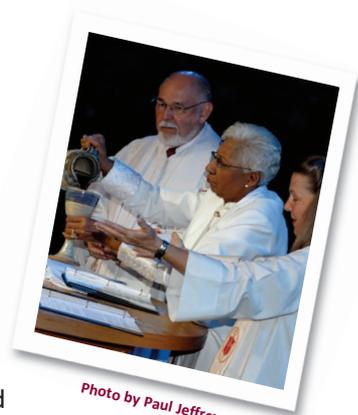
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# Clergy Retirement Security Program

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 January 1, 2007:

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



## 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 unit<sup>2</sup>, you are receiving compensation<sup>3</sup> and you are appointed full-time. Your conference may also elect to cover clergy appointed at least half-time or at least three-quarter time.

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.

You will receive reduced DB benefits if you elect to begin receiving them before normal retirement age.

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

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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> *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.*
  - <sup>3</sup> *Certain substitutes for compensation, such as Comprehensive Protection Plan (CPP) disability benefits, also qualify.*

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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 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.

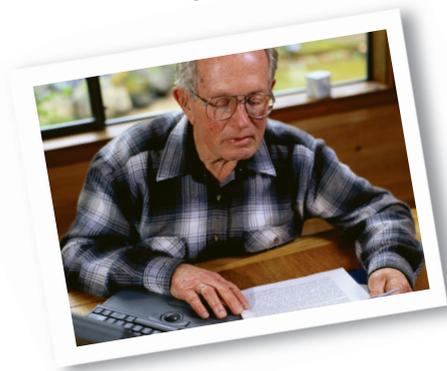


## DB Plan Advantage

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

## Monthly DB Retirement Benefit Calculation

You can estimate your monthly benefit using the Wespath Benefits and Investments (Wespath) Retirement Benefits Projection. It's easy to use and is located on the Benefits Access website at [benefitsaccess.org](http://benefitsaccess.org).



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The following calculation shows how the monthly benefit is determined:

$$\begin{aligned} & 1.25\% \times \text{Denominational Average Compensation (DAC)}^2 \\ & \times \text{Years of Credited Service}^3 \text{ from 1/1/2007 through 12/31/2013} \div 12 \\ & \text{Plus } 1\% \times \text{DAC}^2 \times \text{Years of Credited Service}^3 \text{ after 12/31/2013} \div 12 \end{aligned}$$

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

- Retires July 1, 2020, after 40 years of service in the denomination
- Is not married
- Has 13½ years of full-time credited service under CRSP—January 1, 2007 through July 1, 2020
- Assumes the 2020 DAC is \$73,000

Here's how Wespath calculates this clergy member's CRSP monthly DB benefit:

$$\begin{aligned} & 1.25\% (0.0125) \times \$73,000 \text{ (DAC)} \times 7 \text{ (Years of Credited Service)} \\ & \div 12 = \$532.29 \\ & \text{Plus } 1\% (0.01) \times \$73,000 \times 6.5 \div 12 = \$395.42 \\ & \text{The monthly benefit would be } \$927.71 \end{aligned}$$

A retiree's monthly benefit will increase annually, generally 2% per year, after benefits start (terminated participants do not receive an automatic annual increase). DB benefits are reduced 0.5% for each month that you begin your benefit before normal retirement age.

Keep in mind that this benefit is in addition to other Wespath and Social Security retirement benefits you may be eligible to receive, as well as your own personal savings and investments.

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- <sup>1</sup> Wespath may convert your payments into one lump sum rather than paying monthly benefits if your accrued benefit is small when you start your benefits.*
  - <sup>2</sup> 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. For periods of service as a bishop, final bishop compensation substitutes for the DAC.*
  - <sup>3</sup> Reduced for less than full-time appointments.*

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## Defined Benefit Security (continued)



### 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 Wespath detailing your options several months before your retirement.

If you are unmarried, the normal form of benefit is life-only benefit payments. Benefits cease when you die.

If you are married, the normal form of benefit is life & 70% survivor benefit payments.<sup>1</sup> When you die, 70% of the benefit amount will continue to your spouse for his or her remaining lifetime. The initial dollar amount of your benefit is reduced to offset the value of the surviving spouse benefit.<sup>2</sup>

You can also designate a disabled child as a secondary contingent annuitant. After both you and your spouse die,<sup>3</sup> your disabled child will receive a reduced benefit. As with spousal coverage, your initial benefits will be reduced to pay for this extra benefit.

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<sup>1</sup> *The normal form of benefit for a married, terminated participant for service prior to 1/1/2014 is life-only benefit payments.*

<sup>2</sup> *Benefits for married, retired participants that are calculated based on credited service completed prior to 1/1/2014 are not reduced to offset the value of the surviving spouse benefit. This unreduced amount is added to the reduced benefit based on credited service completed on or after 1/1/2014.*

<sup>3</sup> *Benefits for disabled children may only be paid to a special trust that must be established by the participant.*



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# 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 will contribute 2% of your plan compensation to your DC retirement account. In addition, your annual conference will match your personal contributions to the United Methodist Personal Investment Plan (UMPIP) up to 1% of your plan compensation. 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 to withdraw—or you can leave it in your account<sup>1</sup> and continue to manage its growth.

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<sup>1</sup> *The total of your benefits administered by Wespeth 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 (age 72 if you reach age 70½ after December 31, 2019), or*
- *the year you retire, whichever is later.*

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## Monthly DC Matching Contribution Calculation

The following contribution calculation is for a hypothetical clergy member with plan compensation of \$60,000 contributing 3% (\$150 per month) to UMPIP.

Here's how Wespath calculates this clergy member's CRSP DC matching contribution for January:

The lesser of \$150 (3% personal contribution) or  
 $1\% (0.01) \times \$5,000$  (compensation) = \$50

Because the matching contribution is calculated on a year-to-date basis, a clergy member who contributes more than 1% in a certain month may receive a matching contribution in a subsequent month, even if he or she stops contributing. Here's how we would calculate this clergy member's matching contribution for February, assuming no personal contributions are made for that month.

The lesser of \$150 (YTD personal contributions)  
or  $1\% (0.01) \times \$10,000$  (YTD compensation)  
= \$100 (YTD match) - \$50 (match earned for January)  
= \$50 (February match)

## DC Plan Advantage

Retirement may mean a new house if you've been living in parsonages throughout your service. 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 Wespath until you need it.<sup>1</sup> You'll have continued access to investment options, including LifeStage Investment Management.

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## Defined Contribution Flexibility (continued)



### 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 Wespath until you need to access it again. You also have the option to take it in a series of regular payments, called retirement income (also known as cash installments).



### Retirement Contributions

In addition to the DC contribution that you will see on your quarterly statements of account, your conference also funds 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 defined retirement benefit that rewards 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?

Wespath offers two services for selecting investments:

**LifeStage Investment Management** automates the management of your Wespath retirement plan investments based on your LifeStage Personal Investment Profile. This service is available at no cost\* to all Wespath participants.

**EY Financial Planning Services** can provide you with confidential, unbiased, expert advice on investing and many other financial matters. This program is available at no cost\* to the following participants in Wespath-administered plans:

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

Visit  
**[wespath.org/retirement](https://wespath.org/retirement)**  
for more information  
about LifeStage Investment  
Management and  
EY Financial  
Planning Services.

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

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# Total Retirement Income



## Four-Part Retirement Income

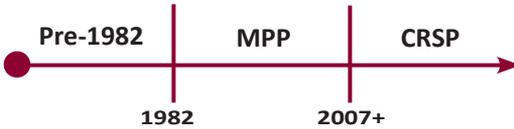
Think of your retirement income as having four sources: CRSP, other Wespath retirement plans in which you've participated, Social Security and your personal savings. How much you'll need to rely on your personal savings depends on the value of the other sources.



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**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 Wespath Retirement Plans:** You will also receive any benefits you have earned under other Wespath retirement plans, including the Pre-1982 Plan, the Ministerial Pension Plan (MPP) and UMPIP.



**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. In fact, you must contribute at least 1% of your annual compensation to UMPIP to receive the full CRSP DC matching contribution. But you can contribute more, up to IRS contribution limits. If an emergency arises, you have access to your money through hardship loans and withdrawals (rules and restrictions may apply). Ask your conference or salary-paying unit about contributing to UMPIP.

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## Tracking CRSP Benefits



Wespath has several tools designed to help you track and manage your retirement plans.

### Quarterly Statements

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

### Website

You can access detailed account information and make transactions through Benefits Access (a secure website) at **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 using the Retirement Benefits Projection.



### Benefits Access Mobile App

This on-the-go tool is designed for Apple iPhone®, iPad®, iPod touch® and Android™ smartphone users. Through a series of easy-to-touch-and-read screens, you can view:

- Account balances and recent activity
- Contribution rates and summary
- Investments and allocations
- Targeted investments (LifeStage Investment Management)
- Current rates of return
- Loan balances (if any)

### Automated Telephone System

Receive information about your accounts 24/7 by calling **1-800-851-2201**.

### **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 1-800-851-2201.**

Representatives are available to assist you  
**Business Days** from  
**8:00 a.m. to 6:00 p.m., Central time.**



# Wespath

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*Caring For Those Who Serve*

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