

RETIREMENT SAVINGS:

UMPIP vs. IRA—Where Should You Invest for Retirement?

Thinking of saving for retirement in an Individual Retirement Account (IRA) or rolling over your retirement savings into an IRA? You should consider keeping your money in an employer plan like the United Methodist Personal Investment Plan (UMPIP) instead—you have that *ability*. A recent report by the Government Accountability Office (GAO) found that although IRA providers do a better job of marketing their products and facilitating rollovers, IRAs may not always be in your best interest.

EMPLOYER PLANS MAY BE BETTER VALUE

Aon Hewitt, a global human resources, insurance and consulting firm, offered reasons why saving in an employer defined contribution account (e.g., UMPIP, CRSP DC, the non-annuitized portion of MPP, Horizon and RPGA)* may offer advantages over saving in an IRA, including:

- 1 **Enhanced purchasing power**—Larger plans, like UMPIP, have greater assets and can offer institutional class investment products at a lower cost than would be available for most individuals to purchase in an IRA. That's *afford.ability*.
- 2 **Tax benefits**—Employer plans, like UMPIP, allow participants to make contributions with before-tax income, which, **for clergy, also**** reduces Social Security tax liability. Clergy receive additional tax benefits because contributing to UMPIP enables them to take advantage of the clergy housing allowance exclusion in retirement. That's *deduct.ability*.

- 3 **Higher contribution limits**—Employer plans, like UMPIP, allow participants to save more for retirement (up to \$17,500 if under age 50 and \$23,000 annually if age 50 or above for 2013) than IRAs (up to \$5,500 if under age 50 and \$6,500 annually if age 50 or above for 2013). That's *defer.ability*.

- 4 **Access to unbiased tools and resources**—Employer plans offer access to education, managed accounts, lifetime income solutions, modeling tools and experienced phone representatives. For instance, participants in General Board-administered retirement plans can manage their accounts 24/7 online through Benefits Access (www.benefitsaccess.org), which offers educational articles under Learn More; managed accounts through the LifeStage Investment Management Service; lifetime income through the LifeStage Retirement Income service; modeling tools like

the Retirement Readiness Tool and Retirement Benefits Projection; and access to experienced phone representatives at the General Board (1-800-851-2201) or Ernst & Young Financial Planning Services (1-800-360-2539)—all at no charge. That's *access.ability*.

- 5 **Employer expertise**—Qualified plans, like UMPIP, offer fiduciary oversight and expertise of the plan administrator (the General Board), and outside experts in areas such as managing investment options and reviewing investment management algorithms. That's *account.ability*.

EDUCATION IS KEY

According to the GAO report, participants are often unaware of the benefits of keeping their money in employer plans like UMPIP. This year, your responsible choice, the General Board, has revamped many brochures and other informational materials to feature the value-added services available to participants in General Board-administered retirement plans and programs. While participants will receive the new materials at the time of enrollment and in retirement packets, you also can access many of these resources online anytime at www.gbophb.org—click “Resources” in the toolbar at the top of the page, select “Publications & Materials,” then click “Retirement.”

* The defined contribution portion of the Clergy Retirement Security Program (CRSP DC), the Ministerial Pension Plan (MPP), the Horizon 401 (k) and the Retirement Plan for General Agencies (RPGA)

** Added for clarification on July 13, 2013



RETIREMENT PLANNING:

Annual Survey Assesses Clergy Health

No retirement plan is complete without an assessment of an individual's health and examination of how it might affect his or her plans for the future. Poor health can limit your retirement by preventing you from participating in the leisure activities you enjoy and by restricting your budget, as savings must be used for medical care and medications.

The state of our nation's collective health has received increasing attention as the provisions of health care reform are implemented. Closer to home, the Center for Health recently completed the second year of its evaluation of clergy health, finding that it continues to be a major concern for the denomination.

CLERGY HEALTH SURVEY FINDINGS

More than 1,600 clergy responded to the 100-question online clergy health survey, representing a cross-section of active United Methodist clergy by jurisdiction, gender, race/ethnicity, age and clergy type. The survey examined all five dimensions of health (physical, emotional, social, spiritual and financial), as well as asked questions about the vocational setting.

According to the *2013 Clergy Health Survey Report*, United Methodist Church (UMC) clergy suffer disproportionately from obesity, high cholesterol, borderline hypertension, diabetes and asthma compared to a group of the U.S. population with similar (matched) demographics. Clergy also suffer from depression and functional symptoms of depression (with or without diagnosis) nearly twice as often as the general population. Contributing factors may include challenges in the relationship with the congregation; stress of the appointment process; the lack of work/life balance in church work environments; and work that impacts marital and family satisfaction. Conversely, in both the 2012 and 2013 surveys, clergy reported high levels of physical activity compared to a demographically-matched sample of U.S. adults.

While the results across the clergy population were concerning, differences also exist between demographic groups. For instance, clergy at smaller churches have higher physical health risks, while those at larger churches have higher spiritual health and occupational stress risks.

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ADDRESSING THE FINDINGS

The Center for Health will use the results to continue to monitor health trends and needs, as well as to develop programs and services to support UMC clergy in leading healthier lives—for themselves, their families, their congregations and communities. While there is no panacea for denominational health, the Center for Health will support the UMC in addressing the problem from multiple angles; incorporating individual responsibility; developing programs, processes and systems at the conference level to support clergy health; and encouraging support at the local church level for clergy health and well-being.

The results are published in the *2013 Clergy Health Survey Report*, available online at www.gbophb.org/cfh/.



ACCOUNT MANAGEMENT:

LifeStage—Retirement Planning Support

The General Board is committed to providing guidance so that the decisions you make today can help you achieve the retirement you envision. We know that most of our participants are not financial professionals; however, with the LifeStage services you can plan like one. The General Board offers two LifeStage services, which are designed to manage your retirement savings during your career (LifeStage Investment Management Service) and distributions throughout your retirement (LifeStage Retirement Income).

LIFESTAGE INVESTMENT MANAGEMENT SERVICE

During your working years, you can save for retirement in a General Board-administered retirement plan and invest your retirement savings through the *LifeStage Investment Management Service*. This service develops a customized target investment mix (also called a “target fund allocation”) based on key information—including your age, risk tolerance and access to Social Security benefits—and adjusts that target over time, periodically rebalancing your investment portfolio as necessary to maintain the target investment mix or allocation.

LIFESTAGE RETIREMENT INCOME

When you move from saving to spending in retirement, it may be difficult to decide how much to take out in distributions from your retirement accounts, when to adjust those payments and by how much. That’s where *LifeStage Retirement Income* comes in. This service manages your distributions by turning your defined contribution accounts into monthly payments designed to last for your lifetime and adjusting them annually to keep pace with changes in inflation, your age and your account balance.

When you use LifeStage Retirement Income to manage your retirement income payments, the LifeStage Investment Management Service manages the investment aspect of your account, determining an investment strategy for you. This combination aims to provide regular monthly income with adjustments for inflation.

If you aren’t sure whether LifeStage Retirement Income is for you, or if you’d like to manage your distributions yourself but would like a model, the General Board offers a calculator tool—the LifeStage Retirement Income Calculator—which shows the amount your payments would be if you elected LifeStage Retirement Income.

For more information about the LifeStage services, visit www.gbophb.org/sri_funds/lifestage.asp.

Custom Support for Your Financial Decision-Making

The two LifeStage services provide valuable assistance in managing your hard-earned retirement savings to and through your retirement years. If you are undecided about whether to use LifeStage, Ernst & Young Financial Planning Services can help you determine whether the services are right for you. They can also help you develop a custom allocation mix or custom distribution plan and review it regularly to ensure it continues to meet your needs, or help you with other financial concerns. The General Board offers financial counseling services from Ernst & Young at no charge to eligible participants.* Financial planners are available Monday through Friday from 8:00 a.m. to 7:00 p.m., Central time at **1-800-360-2539**.

* Visit www.gbophb.org/sri_funds/planning.asp for details.





**Benefits Access
Mobile App**

- iPhone®
- iPad®
- iPod touch®

Benefits Access—In Touch with Retirement

Try Our Mobile App

The new Benefits Access Mobile App is designed to give you 24/7 access to view your General Board-administered retirement accounts. Through a series of easy-to-touch-and-read screens, you can see:

- Account balances and recent activity
- Contribution rates and summary
- Investments and allocations
- LifeStage Investment Management Service targeted investments
- Current rates of return
- Loan balances

For details and download instructions, go to www.gbophb.org/retirement/BAMobileApp.asp and click on the link for the *Benefits Access Mobile App User Guide*.

FINANCIAL EDUCATION:

Online Financial Education

Last year, the General Board began producing Web-based educational programs designed to teach participants about important financial topics. Three programs are now available: **“Saving for Retirement,” “Investing Retirement Assets”** and **“Clergy: Looking Ahead to Retirement.”** These interactive programs are designed to let you learn at your own pace—pause, repeat, fast forward or go back to previous slides. A second installment on investing will be available in the coming months.

To access these programs, visit the General Board’s website, www.gbophb.org, select **“Retirement”** in the toolbar at the top of the page, and click **“Online Retirement Education,”** or log on to Benefits Access at www.benefitsaccess.org.



Bringing you great tips for responsible investing

FINANCIAL PLANNING:

MPP Investment Allocations Changing January 1

As previously communicated in *Hark*, if you have an account balance in the Ministerial Pension Plan (MPP), your annuitization options will change on January 1, 2014.

Your MPP annuity provides monthly payments for your lifetime and the lifetime of your spouse, if applicable. Currently, you must annuitize *at least* 65% of your MPP account balance and you can choose to annuitize up to 100% of the balance. However, after December 1, 2013, you must annuitize *exactly* 65% of your MPP account balance.

You have options for handling the non-annuitized portion of your MPP account balance, including the ability to roll over the balance to the United Methodist Personal Investment Plan (UMPIP) and use LifeStage Retirement Income to manage your distributions for you (www.gbophb.org/sri_funds/lisri.asp). The change to MPP annuitization options affects participants who have not yet retired, as well as those who have retired, but have not begun receiving benefits from MPP.

The annuitization rule change will also affect the way the LifeStage Investment Management Service invests your MPP account balance. If you do not intend to annuitize your balance by December 1, 2013, you should update

your LifeStage Personal Investment Profile to declare how you intend to use the 35% of your MPP account balance that will not be annuitized. Indicate whether you intend to:

1 Annuitize 65% of your account and continue to invest the non-annuitized portion of your account balance.

This means that you plan to rely on the non-annuitized portion of MPP to supplement your income throughout retirement. This portion of your account will be invested with a long-term strategy and will have slightly more risk exposure (through equities) as you approach retirement.

OR

2 Annuitize 65% of your account and withdraw the non-annuitized portion at retirement.


This means that you plan to use the non-annuitized portion of MPP at or soon after retirement (e.g., to purchase a home). This portion of your account will be invested with a short-term strategy and will have slightly less risk exposure as you approach retirement.

If you have not begun receiving monthly benefits from MPP and have not specified otherwise, the LifeStage Investment Management Service will default to option 1, investing the 35% of your MPP balance (that you will not annuitize) for the long term.

If you have already taken a one-time distribution from your MPP account, the remainder of your account balance must be annuitized. Therefore, the changes to the LifeStage Personal Investment Profile will not affect your retirement investments.

Decision-Making Guidance

Updating your LifeStage Personal Investment Profile has important implications for your retirement future, so make sure you fully examine your options. Consider calling a financial planner to discuss your decision. The General Board offers financial planning assistance at no charge from Ernst & Young Financial Planning Services. Call as often as you like and stay on the phone as long as you need. Financial planners are available Monday through Friday from 8:00 a.m. to 7:00 p.m., Central time at **1-800-360-2539**.



“Save All You Can”
John Wesley’s sage advice is even more vital today. Are you saving enough to make up for reductions to CRSP?
www.gbophb.org/CRSPChanges
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General Board

Pension and Health Benefits

Caring For Those Who Serve

BALANCED INVESTING:

Saving in UMPIP Can Offset CRSP Changes

Effective January 1, 2014, the General Conference 2012-authorized changes to the Clergy Retirement Security Program (CRSP) will be implemented.

To recap, that means:

- 1 CRSP Defined Contribution (DC)**—You must contribute at least 1% of your plan compensation to the United Methodist Personal Investment Plan (UMPIP) to earn the full 3% Church contribution. If you do not contribute to UMPIP, your CRSP DC contribution will be reduced from 3% to 2%.
- 2 CRSP Defined Benefit (DB)**—Your benefits will be reduced for years of service after 2013. Your CRSP DB monthly benefit is based on your years of credited service, the DAC* and a multiplier. The multiplier will be reduced from 1.25% to 1.00% for any credited service after December 31, 2013.

PREPARE FOR THE CHANGES

Even if you are already saving 1% or more of your compensation in UMPIP, consider saving more to make up for the reduced CRSP DB benefit. How much more? That depends on your personal circumstances.

The General Board offers three great resources to help you determine how much extra you need to save to prepare for the retirement you envision: The Retirement Readiness Tool and the Retirement Benefits Projection in Benefits Access, and financial planning services at no charge** from Ernst & Young Financial Planning Services.

Benefits Access

The Retirement Readiness Tool and the Retirement Benefits Projection have already been updated to reflect the changes to CRSP. The Retirement Readiness Tool can help you estimate how much retirement income you will have (including Social Security), how much you may need, and the shortfall or surplus. It's customizable, so you can see how reducing (or increasing) costs for housing, health care and discretionary spending; or changing your retirement age and investment style can impact your retirement readiness. You can also include additional retirement assets, and learn how increasing your contributions to UMPIP can improve your overall financial picture.

Ernst & Young Financial Planning Services

Ernst & Young offers individualized assistance to guide your retirement planning. Financial planners can help walk you through your results from the Retirement Readiness Tool, they can develop personal financial reports to help you determine a retirement savings plan, and they can address other financial concerns.

SAVE MORE IN UMPIP

Once you develop a savings plan, implementing it is easy. You can begin contributing to UMPIP or increase your contributions at any time by submitting a *Before-Tax and After-Tax Contributions Agreement* to your conference or salary-paying unit.

So start saving today for a secure retirement.

Retirement Planning Resources

Retirement Readiness Tool and Retirement Benefits Projection

Log in to Benefits Access at www.benefitsaccess.org, click "Take Action," then use the "Project Future Values" drop-down menu

Ernst & Young Financial Planning Services

Call 1-800-360-2539
Monday through Friday,
8:00 a.m. to 7:00 p.m.,
Central time

Before-Tax and After-Tax Contributions Agreement

Go to www.gbophb.org and click "General Board Participant Forms" (lower left corner of page)

Video About CRSP Changes

www.gbophb.org/CRSPMatch

Update LifeStage Personal Investment Profile

Log in to Benefits Access, click "Take Action," then use the **Manage Investments** drop-down menu



* DAC=Denominational Average Compensation; final compensation will be used for years of service as a bishop.

** Available to active participants or surviving spouses with an account balance, and terminated or retired participants with a balance of \$10,000 or more.

Effective January 1, 2014, conferences may choose not to cover clergy who are appointed less than full-time under CRSP. (Note: No clergyperson who is appointed less than half-time may be covered under CRSP.) If your appointment category is no longer covered, it may be even more important that you start contributing or increase your contributions to UMPIP. Your conference or salary-paying unit may also choose to make plan sponsor contributions to UMPIP on your behalf. If you are affected by a conference coverage decision, you will receive more information in the coming months.