Pension and Health Benefits

United Methodist Personal Investment Plan – (Laity)

Eligibility: An employee of a salary paying unit of The United Methodist Church, such as local church, Annual, Provisional, or Missionary Conference, Conference Board, Agency or Commission, etc.

Provisions: The United Methodist Personal Investment Plan is a defined contribution pension plan. The contributions made to the Plan by your salary-paying unit on your behalf and your own personal contributions are the key to providing you with retirement benefits. The Plan calls for an employer contribution towards your pension benefit and an employee contribution. The Plan provides for immediate vesting. Vesting is “a participant’s non-forfeitable right to a pension or benefit which is legally enforceable against a plan arising from the participant’s service.” This employer pension benefit will be available to you even after you have terminated employment. Your personal contributions are available at age 59 ½, termination, retirement, disability, or death. Personal contributions may be taken in a lump sum or may be annualized.

Investment Options: The participant directs the investment of both the personal and employer contributions among various investment fund options.

Retirement: The normal retirement age is 65. Early retirement is age 55, as established by the Conference.

From Employer Accumulation: The United Methodist Personal Investment Plan (UMPIP) is a defined contribution or money-purchase plan. At the time an employee retires, the employer contributions contributed on his or her behalf, along with any earned interest, is combined to provide an actuarially equivalent annuity based on the employee’s age. This annuity, which is chosen by the employee, may be one of the following:

1. Single Life Annuity: Provides level monthly payments during the lifetime of the participant.
2. Single Life 10-Year Certain Annuity: Provides lifetime monthly payments. Upon death of the participant, if less than 120 monthly payments has been paid, the balance of the remaining payments will be paid to the designated beneficiary.
3. Joint and 70% Contingent Annuity: Provides lifetime monthly payments. Upon the death of the participant, the designated beneficiary would receive 70% of the pension received by the participant for the beneficiary’s lifetime.
4. Optional annuity forms are also available upon request.

From Personal Accumulations: The participant at the time of retirement may receive any personal accumulation as an annuity of the type available from the employer accumulation.
mentioned above, or choose to receive the personal accumulation as a lump sum benefit or a partial lump sum benefit with the remainder annualized. If an employee has been making personal contributions to the Plan, at the time of termination of employment the employee will have the option of either withdrawing his or her personal accumulation or leaving it in the Fund until the employee is eligible for retirement benefits.

Survivor Benefits: At the time an employee is enrolled in the Plan, he or she also designated the person or persons they wish to have as their beneficiary. If the participant were to die before being able to retire, the designated beneficiary will have the opportunity of receiving the entire accumulation contributed on behalf of the employee as a single sum payment or a single life annuity. If an employee dies after being retired, any survivor benefit which may be payable to a beneficiary will be of the type or retirement benefit chosen by the employee at the time he or she retires.

Disability Benefits: When an employee becomes totally and permanently disabled, as defined by the General Board of Pension & Health Benefits, he or she may become eligible to receive retirement benefits at his or her attained age.

Additional Contributions: The employee can contribute additional personal contributions beyond those required by the Plan up to a limit of 100% of their salary.

Salary Reduction Contributions: Employees who participate in a pension plan administered by the General Board of Pension & Health Benefits can participate in the Salary Reduction Program. Information about participation in this program can be obtained by writing the General Board of Pension & Health Benefits. Lay employees of the local church interested in additional information about participation in any of the above plans should contact the General Board of Pension & Health Benefits, 1201 Davis Street, Evanston, Illinois 60201; 1-800-851-2201.

Clergy Retirement Security Program (CRSP) - (Clergy)

Clergy Retirement Security Program (CRSP) is a retirement program providing lifetime income and account flexibility designed for those who are receiving compensation while serving God as clergy or local pastor under Episcopal appointment to the conference, church, charge district or conference controlled entity or unit. The plan is designed to provide participants with one piece of the overall retirement portfolio. CRSP replaced the Ministerial Pension Plan (MPP), effective January 1, 2007. Clergy with an MPP account will continue to have their funds invested and receive the same benefits from the account as before the CRSP effective date.

CRSP consists of both a defined benefit (DB), which provides a monthly benefit at retirement based upon years of credited service to the Church, and a defined contribution (DC) plan, which provides a retirement account balance established and funded by our annual conference.
CRSP features include:
   a. Automatic enrollment by The Eastern Pennsylvania.
   b. A monthly retirement benefit through the DB portion of the plan that is calculated using the following formula:

   \[
   1.25\% \times \text{Denominational Average Compensation (DAC) at retirement} \times \text{years of credited service (reduced for less than full-time appointments)} \text{ after 12/31/06} / 12
   \]

c. You will have various DB payment options when you retire.
   d. Every month, the Eastern Pennsylvania Annual Conference, through the local church remittances, contributes an amount equal to 3% of your compensation to your DC retirement account.
   e. Your DC account – earnings and contributions – grows tax deferred until you withdraw your money.
   f. The DC component provides convenient distribution options when you are eligible to access the money in your account balance—including a lump-sum distribution, partial distributions or a series of regular payments called “cash installments.”
   g. The DC account balance can remain in the plan until the participant’s retirement, termination, or attainment of age 70½.
   h. There are annual cost-of-living increase options for retirees.
   i. Participants receive on-demand and quarterly account statements from the General Board of Pension and Health Benefits.

   **The Comprehensive Protection Plan (Clergy)**

The Comprehensive Protection Plan (CPP) is an important part of The United Methodist Pension Plan, for which the salary-paying unit shall contribute an amount equal to 3% of plan compensation up to 200% of the Denominational Average Compensation (DAC)*.

<table>
<thead>
<tr>
<th>*Denominational Average Compensation</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Salary of all UM clergy + 25% housing</td>
<td>$62,018</td>
<td>$63,505</td>
</tr>
</tbody>
</table>

The CPP provides the following benefits:
1. Lump sum death benefits of $50,000 for active members. In addition, it provides 30% (of the DAC) to beneficiaries of retired participants; 20% upon the death of a spouse of a participant; 15% to beneficiaries or estate of a deceased surviving spouse; 10% upon the death of a child of a participant (limited to 18 years of age).
2. Disability benefits:
   a. 70% of plan compensation, but not less than 40% of the DAC, as a yearly benefit, increased by 3% annually;
   b. Payment of monthly contribution to church account of participant;
c. In addition, under certain conditions, provision for rehabilitation of the disabled.

3. Common pool from which all church accounts of participants funded by the salary-paying unit at less than the DAC will be subsidized to equal the DAC level.

4. Common pool from which all church accounts are subsidized, if necessary, to provide the minimum survivor income benefit of 20% of the DAC to all surviving spouses, 10% of DAC to all children up to age 18, and 20% of DAC to all children from 18 to 25 years to include up to four years of college.

United Methodist Personal Investment Plan (Clergy)

On January 1, 2006, the Personal Investment Plan (PIP) and the Cumulative Pension and Benefit Fund (CPBF) merged to form the United Methodist Personal Investment Plan (UMPIP), the vehicle by which clergy contribute their personal funds for retirement. Pastors who were participants in the Personal Investment Plan prior to January 1, 2006 were automatically enrolled in the UMPIP. For clergy, there is no minimum contribution required. Participants may contribute up to the maximum allowed by law. All personal contributions are recorded as either on a “before-tax” or an “after-tax” basis. By contributing on a “before-tax” basis, the participant reduces gross income on his/her federal tax return and thus defers payment to the IRS until retirement. This action, however, does not reduce the tax base on state or local income tax forms. Each participant must sign a “Before-tax and After-tax Contributions Agreement;” an agreement form may be terminated or changed at any time by calling the Conference office and asking for the Executive Director of the Conference Board of Pension and Health Benefits.

Benefits as Paid by The General Board of Pension and Health Benefits:

Death Benefit
I. Participant
   a. Active Clergy - $50,000 lump sum or 12 monthly installments for all ages
   b. 30% of DAC for retired clergy
   c. 20% of DAC for spouses
   d. 15% of DAC for surviving spouses
   e. 10% of DAC for children under 18 years

II. Survivor Income
   a. Whatever is in account, but not less than 20% of DAC = annual minimum – DAC
   b. 10% of DAC for each child to age 18 = annual minimum
   c. 20% of DAC annually for each child in college up to age 25. 4 years per child

III. Disability
   a. 70% of compensation, capped at 20% of the DAC
   b. The disability benefit is reduced by any disability benefits payable under the Social Security Act. Other reductions may apply as determined by General Board.
   c. Contributions will be credited, in monthly installments: 3% of compensation.(as defined by Clergy Retirement Security Program)
NOTE: All churches, which receive Equitable Compensation funding, shall be responsible for their full direct billing under the pension plan. Fifteen point four percent (15.4%) of the amount received from Equitable Compensation by the local church is to be considered cash partial pension payment to be used towards the church’s total pension payment.

Group Health Insurance Program

WHO IS ELIGIBLE
If you are included in the eligible classes of employees, you will be eligible for the insurance provided by the Group Insurance Program on the effective date specified below:

Eligible Classes:
1. All full-time employees, as defined. Team member is defined as a clergy member in full, student local pastor, full-time local pastor, or full-time Conference Lay person employed by the Eastern Pennsylvania Conference of The United Methodist Church. Full-time is defined as working 30 hours or more per week. Local Churches are encouraged to enroll full-time lay employees (30 hours, as defined above) into an insurance program.
2. Retired employees, as defined, of the above participating churches, agencies and institutions. Retired employee is defined as a former employee retired by a participating group who is receiving a pension financed by the Policyholder, and who was a participant for 15 aggregate years or 3 consecutive years immediately prior to retirement in the Annual Conference health/medical insurance program. For retired clergy the payment of premium will be based on the number of years of service under appointment in The United Methodist Church. A member of the Annual Conference who served less than 20 years will be required to pay a percentage of the premium cost in addition to the monthly contribution. This amount shall be equal to 5% per year less than 20 of service. To be eligible for the conference provided health/medical insurance program in retirement, all retired participants must be enrolled in Medicare Parts A and B.
3. Participation in the Conference Pre-Funding Plan is an eligibility requirement for enrollment in the post retirement medical plans. Other rules and requirements can be discussed with the Executive Director of the Board of Pension & Health Benefits.
4. Surviving spouses and dependents, as defined, of the eligible employees above. Surviving spouse is defined as the spouse of a deceased employee of a participating group included under this policy; provided the surviving spouse is receiving a pension financed by the employer and has not re-married.
5. Dependent is defined as your spouse, surviving spouse and all unmarried children less than 18 years of age. Married or unmarried dependent children with proof of inability to be covered elsewhere may be included up to age 26. Unmarried dependent children in full-time attendance at an accredited secondary school, college or university, may be included up to age 29. Upon application to and acceptance by the carrier, you may also include unmarried, dependent children 19 years of age or