



## Clergy Retirement Security Program

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## Clergy Retirement Security Program (CRSP)

- New retirement benefits
- Effective January 1, 2007
- Providing a core benefit at retirement with two components



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## Benefits 2004 Task Force Guiding Principles

- Security
- Flexibility
- Shared responsibility

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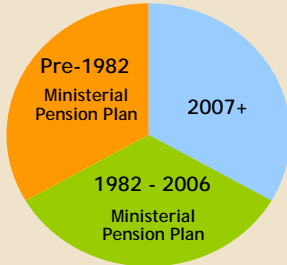
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## Clergy Retirement Security Program (CRSP)



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## Benefits Example

Reverend James retires on July 1, 2015 with 40 years of service under Episcopal appointment

Year	Benefits Type
1975 - 1981	Pre-1982
1982 - 2006	MPP
2007 - 2015	CRSP

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## Transition of Benefits

- MPP contributions cease on December 31, 2006
- MPP account balances (including accumulated earnings) remain separate until distributed at retirement
- 75% -100% MPP payable as an annuity
- 25% MPP available as a cash distribution

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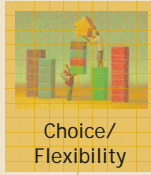
## Clergy Retirement Security Program (CRSP)



Security

Defined Benefit (DB)

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Choice/  
Flexibility

Defined Contribution (DC)

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## Defined Benefit Component

Annual benefit (pension paid monthly for life) based on:

- 1.25%
- The Denominational Average Compensation (DAC) at time of retirement
- Years of credited service starting January 1, 2007



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## Denominational Average Compensation (DAC)

- The average plan compensation of United Methodist clergy serving full-time appointments
- 2006: \$52,394
- 2007: \$54,081

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**Example:**  
**DAC = \$66,000**

Clergyperson with 8.5 years of service  
in CRSP (01/01/07 - 06/30/15)

Defined benefit:

$$\begin{array}{r} 1.25\% \\ \times \$66,000 \\ \hline x \quad 8.5 \\ \hline \$7,012.50 \end{array}$$

$$\begin{array}{r} \$7,012.50 \\ \div \quad 12 \\ \hline \$584.38 \end{array}$$

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**Defined Benefit Distribution**

Standard form of benefit: Retiree

- Married: Life and 70% to spouse
  - ❖ 2% increase
- Single: Single-life annuity
  - ❖ 2% increase \*



\* 0% increase for terminated individuals

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**Advantages of Defined Benefit**

A benefit for life

Secure regardless  
of market fluctuations

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## Clergy Retirement Security Program (CRSP)



Security

Defined Benefit (DB)

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Choice/  
Flexibility

Defined Contribution (DC)

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## Defined Contribution Component

- The plan sponsor makes an annual contribution equal to 3% of the clergyperson's compensation
- Account balance invested as directed by the participant or LifeStage
- Available as a cash distribution

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## Defined Contribution Distributions

- Lump-sum payment
- Partial payment
- Cash installments



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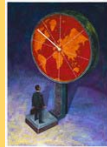
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## Advantages of Defined Contribution



Cash at retirement for housing/ other needs



Provides choice and flexibility



Potential for investment growth

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## Distributions

### DB

Retirement	Termination	Disability	Death
Monthly life-time benefit	Monthly life-time benefit age 62	N/A	May be payable to surviving spouse

### DC

Retirement	Termination	Disability	Death
Cash	Cash	Cash	Cash to beneficiary

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## Optional Defined Benefit Distribution

- Married: Life & 100% to spouse
- Single: Life & 70% or Life & 100% to survivor (any survivor)
  - ❖ Life with 5-year certain
  - ❖ Life with 10-year certain
- 3%, 4% or 5% increases

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## Service

### Retirement years

Continue to be calculated as they are currently

### CRSP credited service years

Determined by appointment percentage and participation in CRSP

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## Provisions for Retirement

*Book of Discipline ¶1359*

- Normal retirement
  - ❖ Age 65 or 40 years of service
- Early retirement
  - ❖ Age 62 or 35 years of service

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## CRSP Credited Service for the DB Component

### Calculating service with CRSP credit

- Measured in quarter-year increments (or fractions thereof)
- One-quarter year: First day of month and first day of each three month period thereafter

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### Part-Time Service for the DB Component

- Credited service based on appointment percentage (75%, 50%, 25%)
- Adjusted if only a portion of a full year served
- Default service for PLP & SLP (if not designated by conference: 50%)

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### CRSP Credited Service Example for the DB Component

CRSP credited service example:

Period	Church	Appt. %	Credit
01/01/07 - 06/30/08	First UMC	100%	1.5
07/01/08 - 09/30/08	Wesley	100%	.25
10/01/08 - 06/30/09	Pastoral Counselor	0%	0.00
07/01/09 - 06/30/10	Highland	50%	.50
07/01/10 - 12/31/10	Christ	50%	.25
<b>Total CRSP-DB credit</b>			<b>2.50</b>

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### Eligibility for CRSP

In general, clergypersons (including deacons) who are:

- Under Episcopal appointment (receiving compensation) at a local church, charge, conference or conference-responsible unit, or entity
- Receiving CPP disability benefits
- On incapacity leave, but not receiving CPP benefits (if so elected by conference)

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## Eligibility for CRSP (continued)

- Election not to participate in BOTH components of CRSP available to:
  - ❖ Student local pastors
  - ❖ Part-time local pastors
  - ❖ Clergy serving less than full time

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## Extension Ministries Eligibility

- Conference responsible extension ministries: CRSP eligible
  - ❖ Conference-responsible unit (as provided by *The Book of Discipline*, ¶344.1a1)
  - ❖ Conference-controlled entities
- Non-conference-responsible extension ministries: United Methodist Personal Investment Plan (UMPIP) available

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## Summary

- Defined benefit
- Defined contribution
- Distribution options
- Service calculations
- Eligibility

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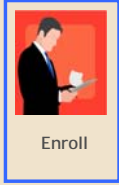
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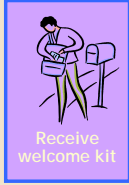
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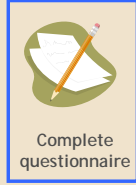
## Ernst & Young Financial Planning Four Steps



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## Ernst & Young Financial Planning Cost

Open-Enrollment Period

**\$99**

To:



Non-Enrollment Period

**\$149**

To:



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## Ernst & Young Financial Planning Benefit



Three Hours of Financial Planning Advice

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## Ernst & Young Financial Planning Center

- <http://gbophb.eyfinancialplanner.com>
- company code: **gbophb**  
company program: **gbophb2006**

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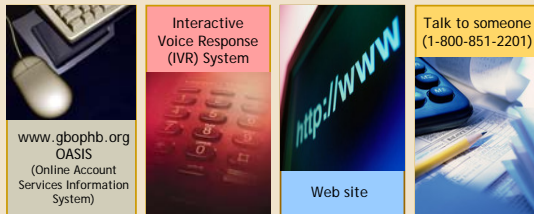
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## Tools for Planning/Resources



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## Questions?



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