



Greater New Jersey Annual Conference



Wespath

BENEFITS | INVESTMENTS

Pre-Retirement Webinar

March 4, 2021

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Overview

- Preparing for Retirement
- Wespath Retirement Plans
 - Clergy Retirement Security Program (CRSP)
 - Ministerial Pension Plan (MPP)
 - Pre-82
 - United Methodist Personal Investment Plan (UMPIP)
- Housing Allowance Exclusion
- Wespath Participant Services



Provisions for Retirement—*Book of Discipline* ¶357

- **Normal Retirement:**
Age 65 or 40 years of service
- **Early Retirement:**
Age 62 or 30 years of service
- **Mandatory Retirement:**
Age 72
- **20-year retirement**



The Retirement Process

What do I need to do if
I am retiring?

Verify all your personal
information on
Benefits Access

What else?

Verify your spouse's
information is correct

Verify your service
record is correct

Why is this important?

Review and update your
LifeStage Profile?

Project Your
Retirement Income!

How do I do that?

Benefit Projection
tool....

On Benefits Access

What about retiree health
benefits?

Check in with your
Annual Conference.
This is important.

Make a call to EY!

Notify your Bishop,
Cabinet

Board of Ordained
Ministry
within 120 days...

Now we can talk
about

Retirement Income

And where it will come
from....

Let's start with the
Wespath
Retirement Plans

Wespath Retirement Plans

CRSP

2014+ CRSP

2007-2013 CRSP



Monthly benefit
DB



Account balance
DC

Wespath Retirement Plans

**1982-2006
Ministerial Pension Plan (MPP)**

65%



35%



Wespath Retirement Plans



Monthly Benefit

Survivor Benefit Set by Annual Conference

Let's put them all
together now....

Wespath Retirement Plans

CRSP

2014+ CRSP

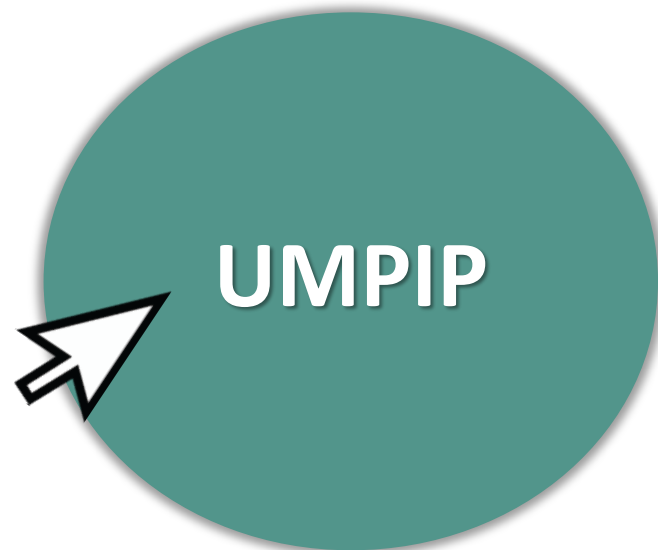
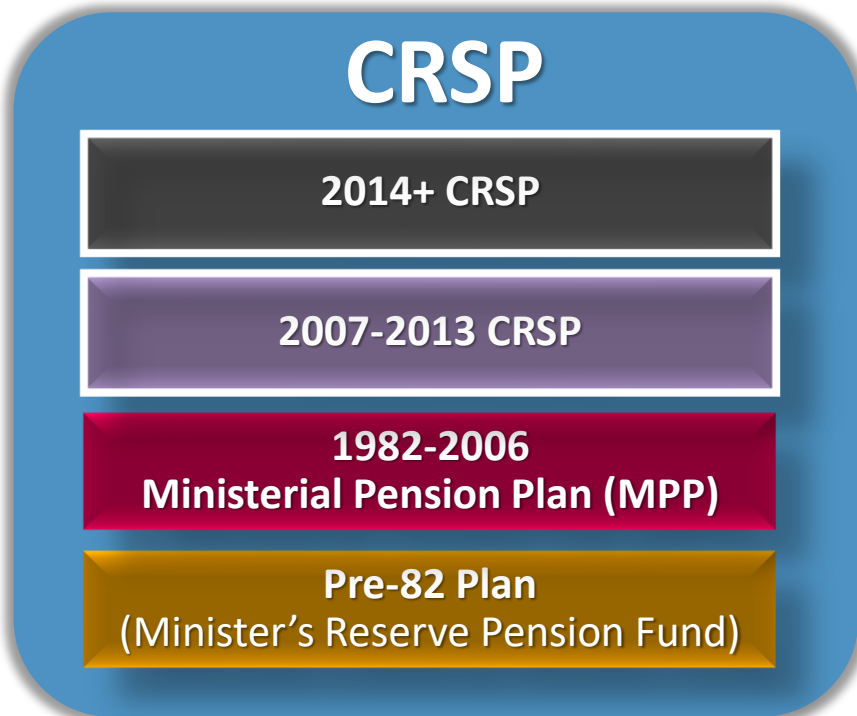
2007-2013 CRSP

1982-2006
Ministerial Pension Plan (MPP)

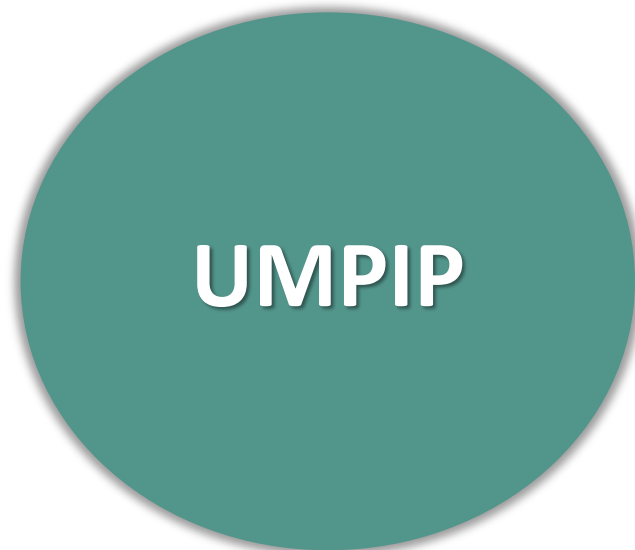
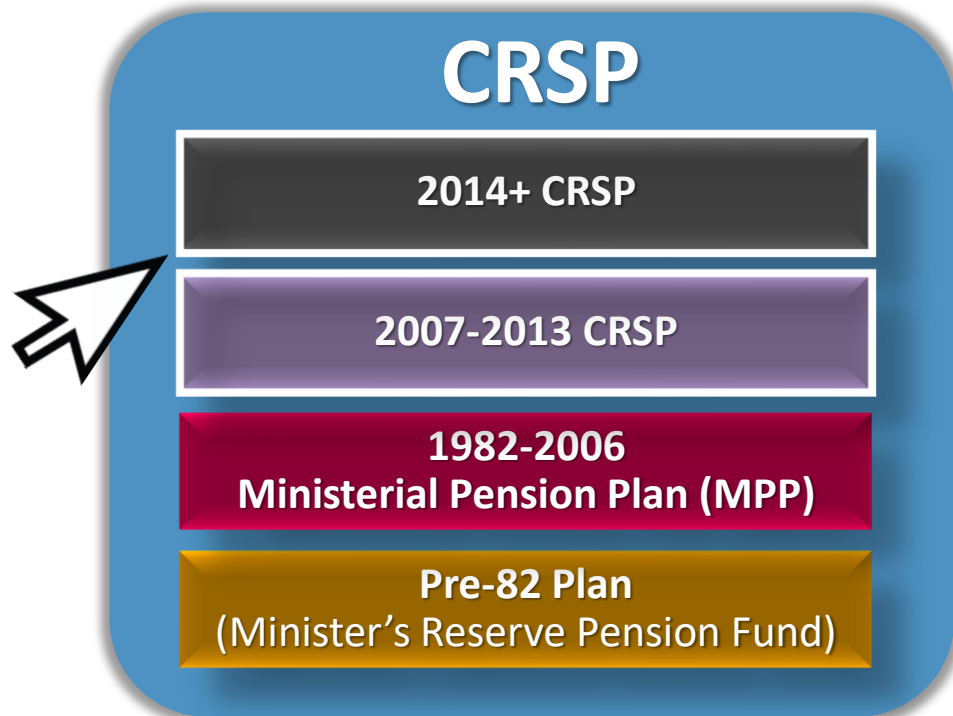
Pre-82 Plan
(Minister's Reserve Pension Fund)

Wait, there is one more
plan... the voluntary plan
UMPIP!

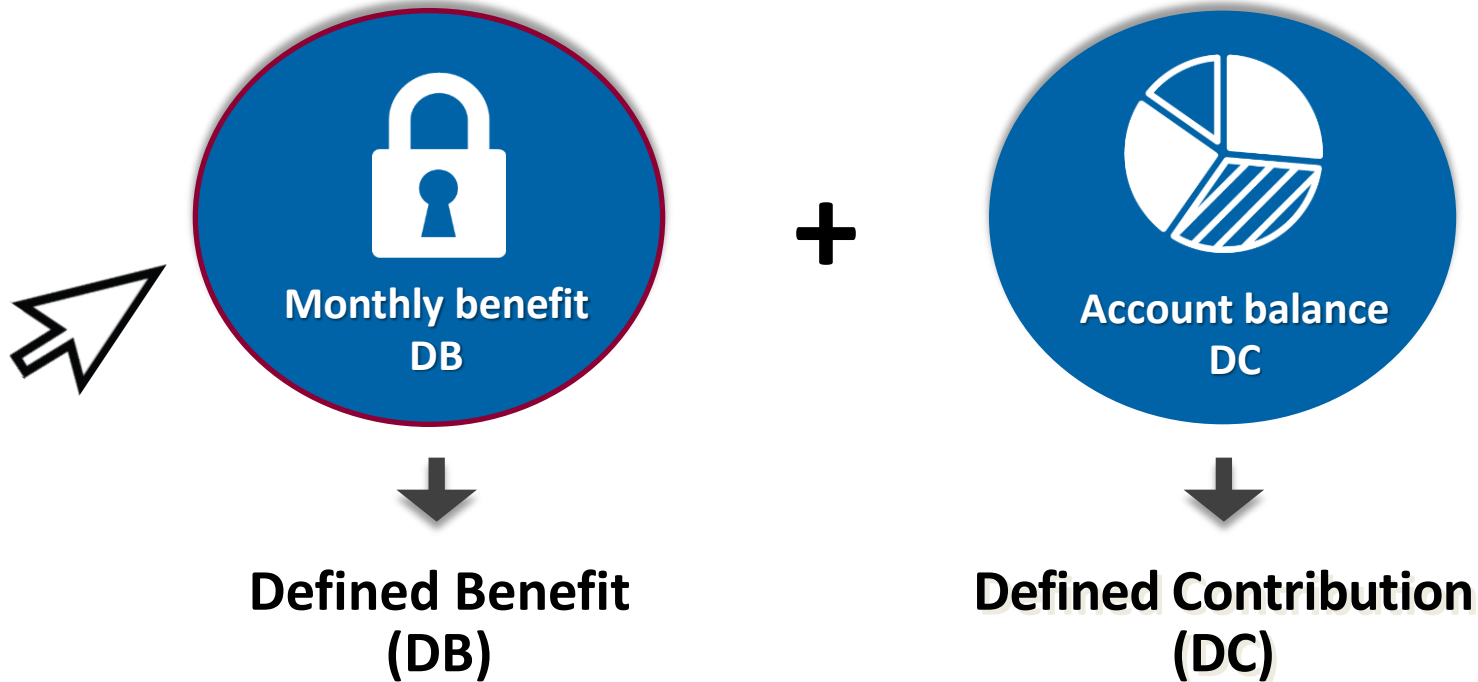
Wespath Retirement Plans



Wespath Retirement Plans



Clergy Retirement Security Program (CRSP)



Let's look at the
Defined Benefit
component first

That's more complicated

And those decisions are
not revocable.....

The DB is not a balance

It's a formula!

We first multiply three
things together

A factor of either
1.25% or 1.00%

The Denominational Average Compensation or DAC

And the service during
that period of time

We multiply the three
factors together

First let's look at the DAC

Denominational Average Compensation (DAC)

Average Plan Compensation of clergy
serving full-time appointments

2020:
\$72,648

2021:
\$74,199

2022:
\$75,570

Now the factor used...

Jan. 1, 2007 –

Dec. 31, 2013

the factor is 1.25%

Jan. 1, 2014 –
June 30, 2021
the factor is 1.00%

Now the
Credited Service

Jan. 1, 2007 thru
Dec. 31, 2013
7 years

Jan. 1, 2014 –
June 30, 2021
7.5 years

Let's do the math...

CRSP DB: Service January 1, 2007– December 31, 2013

Monthly payment, payable for life, calculated by multiplying the following and then dividing by 12:

- 1.25%
- DAC at time of retirement
- Years of credited service from
January 1, 2007 until December 31, 2013
(7 years if full-time)

CRSP DB: Service January 1, 2007– December 31, 2013

Example for 2021 Retirement

$$\begin{aligned} & \$74,199 \text{ (2021 DAC)} \\ & \times .0125 \\ & \times 7 \text{ years} \\ & = \$6,492 \\ & \div 12 \\ & = \mathbf{\$541 \text{ per month}} \end{aligned}$$

Second period of service
Jan. 1, 2014 thru
June 30, 2021

CRSP DB: Service January 1, 2014 – June 30, 2021

Monthly payment, payable for life, calculated by multiplying the following and then dividing by 12:

- 1.00%
- DAC at time of retirement
- Years of credited service from January 1, 2014 until June 30, 2021 (7.5 years if full-time)

CRSP DB: Service January 1, 2014 – June 30, 2021

Example for 2021 Retirement

$$\begin{array}{r} \$74,199 \text{ (2021 DAC)} \\ \times .01 \\ \times 7.5 \text{ years} \\ \hline = \$5,565 \\ \div 12 \\ = \mathbf{\$464 \text{ month}} \end{array}$$

Now we just need to add
them together...

CRSP DB: Service 2007 to June 30, 2021

2021 Retirement

Total benefit:

\$541

+ \$464

= **\$1,005 per month**

What will impact that
amount.....

The surviving spouse
benefit....

The Cost of Living
Adjustment COLA
that you choose....

And Early Retirement.....

CRSP DB: Age 63 Early Retirement

2021 Early Retirement
Total benefit: \$884 per month

\$1,005 Full amount for 2021
- **\$121** 12% reduced; reduction of 6% per year

= \$884 Per month

In this example the clergyperson does not meet the 40-years-of-service rule.

What decisions will
I have to make?

CRSP DB: Service 2007 to June 30, 2021

- Surviving spouse benefit available – 6 annuity options
- Choice of cost-of-living adjustment (COLA) – min. 2%
- Reduction for Early Retirement

Now we can look at the
Defined Contribution
component of CRSP

Clergy Retirement Security Program (CRSP)



+



↓

**Defined Benefit
(DB)**

↓

**Defined Contribution
(DC)**

CRSP Defined Contribution (DC)

- Participant directs investments
- LifeStage Investment Management
- Available as cash distributions
- Rollover to UMPIP or other retirement plan
- Required Minimum Distribution by age 72
- Remaining balance paid to beneficiaries upon participant's death

Wespath Retirement Plans

CRSP

2014+ CRSP

2007-2013 CRSP

1982-2006
Ministerial Pension Plan (MPP)

Pre-82 Plan
(Minister's Reserve Pension Fund)



UMPIP

Where Does MPP Fit Into My Retirement Plans?



It's not the
oldest Plan

Where Does MPP Fit Into My Retirement Plans?



That's the Pre-82 Plan

Pre-82 Plan
(Minister's Reserve Pension Fund)





It's not the
Current Plan



2007 - Present
CRSP—DB and DC

That would be the
Clergy Retirement Security Program



It's not the
Voluntary Plan...



That would be...

UMPIP



It's the one in the middle

2007 - Present
CRSP—DB and DC

1982-2006
Ministerial Pension Plan (MPP)

Pre-82 Plan
(Minister's Reserve Pension Fund)

What is it right now?

An account balance!

How is it invested?

LifeStage Investment Management

What does it become later
at retirement?

I'm glad you asked!

65% Becomes a Lifetime Annuity....

65%



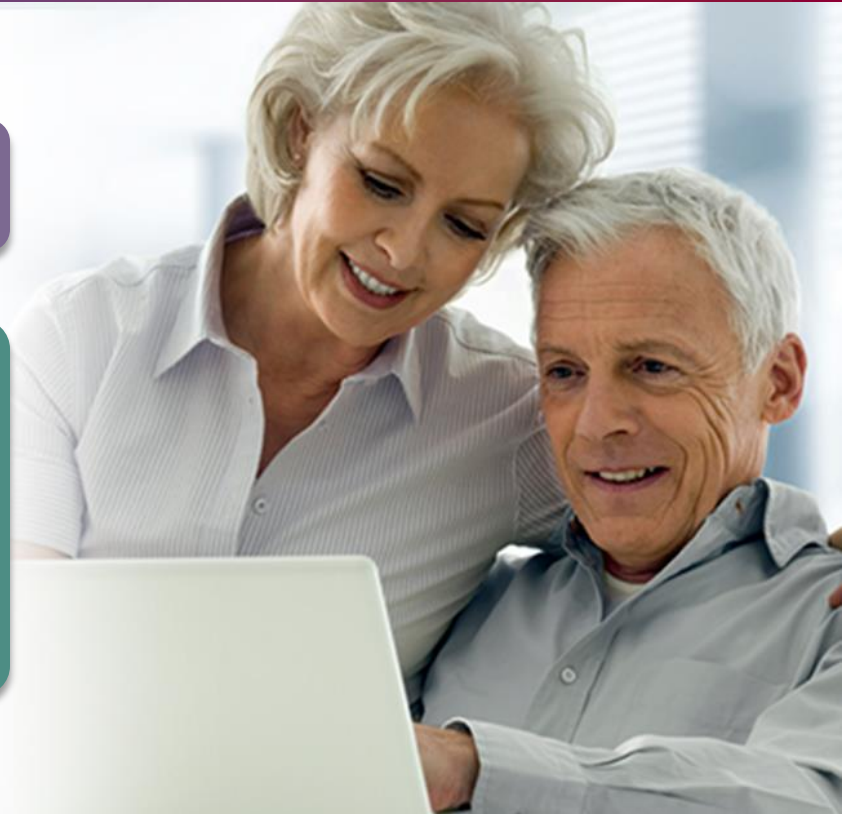
Lifetime Annuity



What is an annuity?

A series of payments

Life annuity—benefit payments that last through the participant's lifetime (or two lives, if joint annuity elected)



What about the rest?

.... 35% Is an Account Balance!



Account balance



All Together Now...



+



Life Annuity

- Six-lifetime annuities
- COLA increase

Account Balance

- As a cash distribution
- Other options

Let's review...

Ministerial Pension Plan: 1982–2006

- MPP is an account balance invested
- Invested using LifeStage Investment Management
- It appears on your quarterly statements
- 65% of MPP provides a lifetime monthly benefit
- 6 annuity options for you to choose from
- COLA: Choose 0, 2%, 3%, 4%, or 5%



Ministerial Pension Plan: 1982–2006

- 35% remains an account balance
- Many distribution options
- Flexibility



Let' look at the
annuity options you can
choose from!

All of the annuity types
provide you a lifetime
of income!

And if elected can continue
to your surviving spouse!

#3 Annuity Type—Life and 100% with 2% COLA

Annuity Type	Payable to You	Payable to Contingent Annuitant
Life and 100%	\$866	\$866
Life and 85%	\$890	\$757
Life and 70%	\$915	\$641

#1 Annuity Type—Life & 70% with 2% COLA

Annuity Type	Payable to You	Payable to Contingent Annuitant
Life and 70%	\$915	\$641

#2 Annuity Type—Life & 85% with 2% COLA

Annuity Type	Payable to You	Payable to Contingent Annuitant
Life and 85%	\$890	\$757

#3 Annuity Type—Life & 100% with 2% COLA

Annuity Type	Payable to You	Payable to Contingent Annuitant
Life and 100%	\$866	\$866

#3 Annuity Type—Life and 100% with 2% COLA

Annuity Type	Payable to You	Payable to Contingent Annuitant
Life and 100%	\$866	\$866
Life and 85%	\$890	\$757
Life and 70%	\$915	\$641

And three
Single Life Annuity Options!

Three Single Life Annuity Type to Choose From

Annuity Type	Payable to You
Life only	\$1,056
Life with 5-year certain	\$1,052
Life with 10-year certain	\$1,035

#1 Single Life Annuity Type with 2% COLA

Annuity Type	Payable to You
Life only	\$1,056

#2 Single Life Annuity Type with 2% COLA

Annuity Type	Payable to You
Life with 5-year certain	\$1,052

#3 Single Life Annuity Type with 2% COLA

Annuity Type	Payable to You
Life with 10-year certain	\$1,035

Three Single Life Annuity Type to Choose From

Annuity Type	Payable to You
Life only	\$1,056
Life with 5-year certain	\$1,052
Life with 10-year certain	\$1,035

What about the COLA?

The COLA is an
annual increase in your
annuity payment!

How big is the COLA?

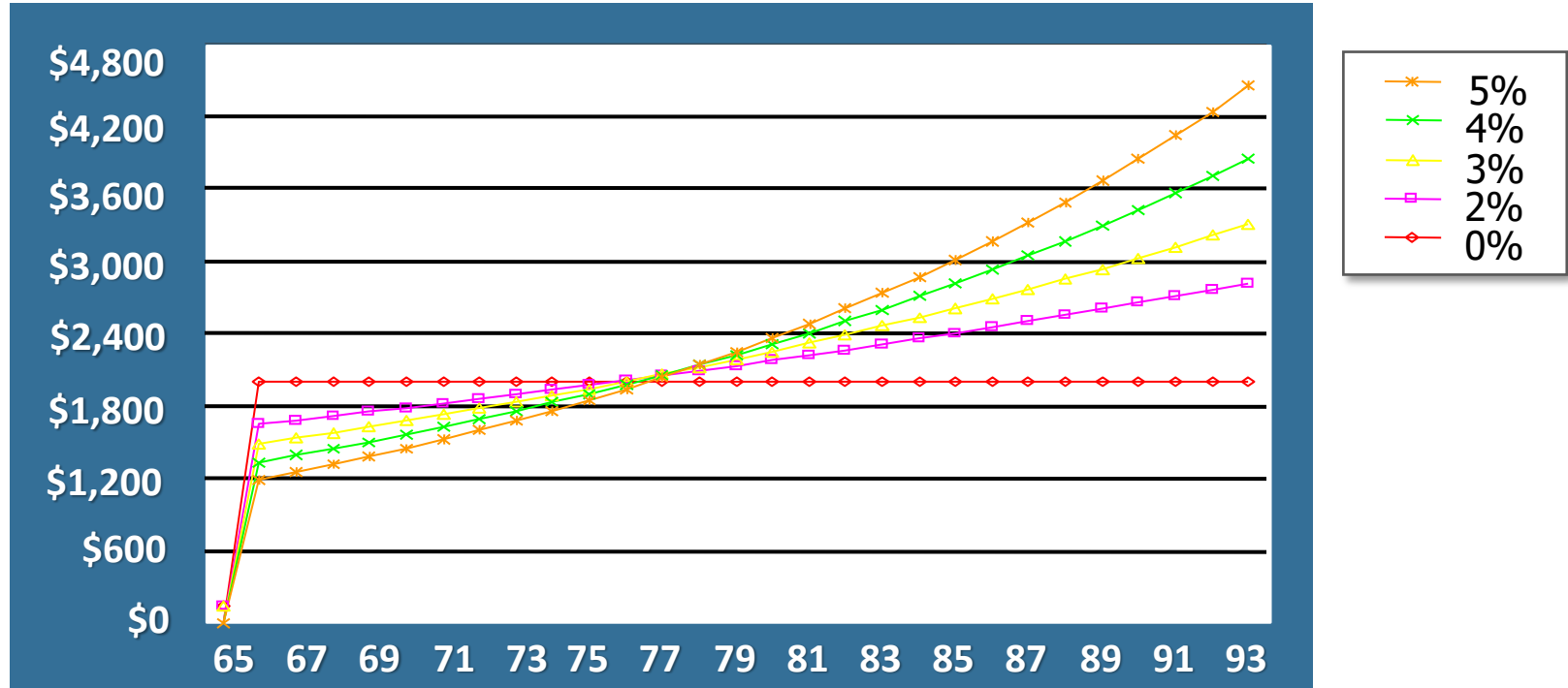
0%, 2%, 3%, 4% or 5%!

Does the COLA impact my
initial benefit amount?

YES!

Here's how...

MPP and CRSP DB Annuity: COLA Options



Summary of MPP Considerations

- Can leave on account until age 72
- Annuity and COLA options to choose
- Take the 35% of account balance and wait on the 65%
- Rollover the 35% to your UMPIP
- Rollover to another retirement plan
- Other distribution options



Wespath Retirement Plans

CRSP

2014+ CRSP

2007-2013 CRSP

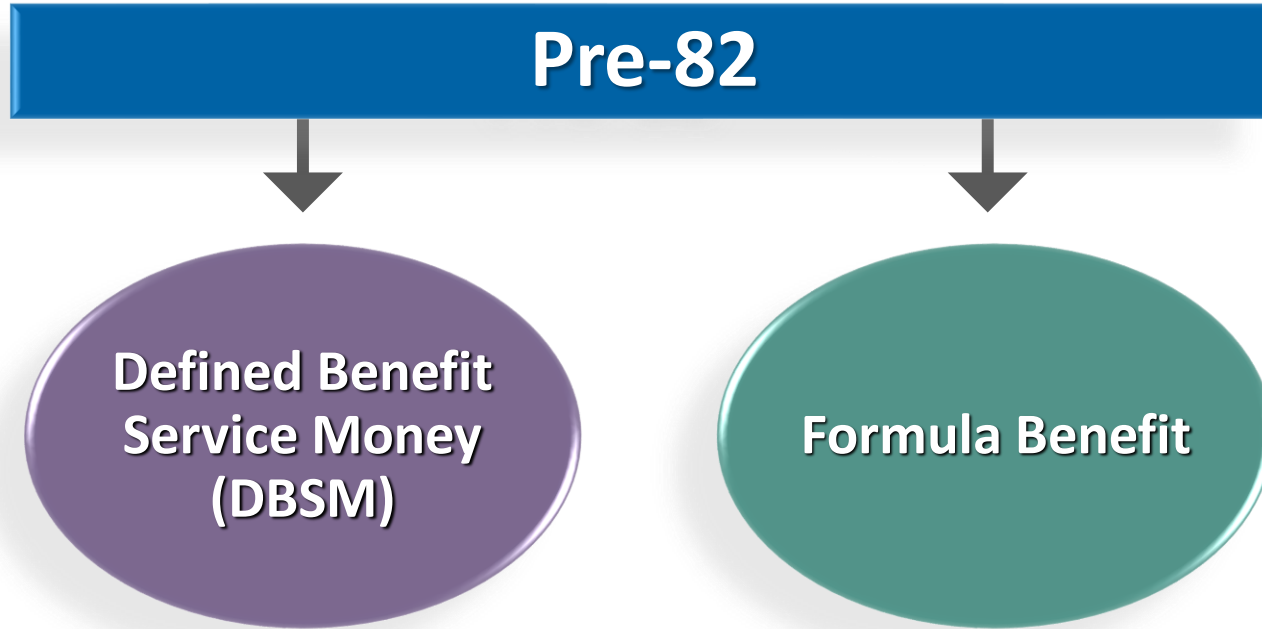
1982-2006
Ministerial Pension Plan (MPP)

Pre-82 Plan
(Minister's Reserve Pension Fund)



UMPIP

Pre-82 Plan



Pre-82 Benefit

- Lifetime monthly benefit payment
- Benefit is the greater of two calculations:
 - Pre-82 Years of Service x Past Service Rate
 - DBSM account balance converted to a life annuity

Pre-82 Benefit

Example:

Formula Benefit

- 5 years x \$713 = \$3,565 annual benefit
- $\$3,565 / 12 = \297 monthly benefit

DBSM

- \$75,000 converts to \$5,320 annual benefit
- $\$5,320 / 12 = \443.33 monthly benefit

Pre-82: Benefit Paid for Life

Single Participant

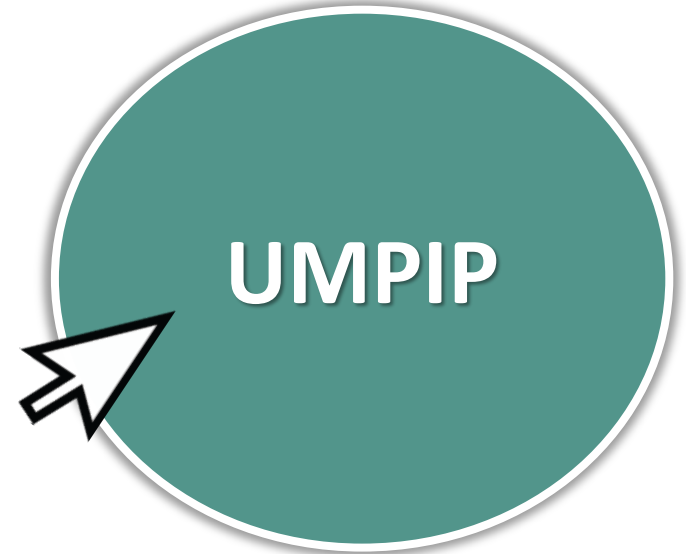
- Single-life, no refund
- Benefit ceases upon participant's death

Married Participant

- Life and 75% to surviving spouse—
set by each Annual Conference
 - Spouse during episcopal appointment,
at time of retirement and when
beginning benefits



Wespath Retirement Plans



What Is UMPIP?

- Defined Contribution (DC) plan that accepts contributions from:
 - Plan sponsors/employers
 - Participants via payroll deduction
- You direct investments
 - LifeStage Investment Management
 - “Self-manage” your investments



Advantages of UMPIP Participation

- Save on taxes
- Autopilot solutions
- Matching contributions
- Sustainable investments



Different Ways to Contribute to UMPIP



- Avoid taxes NOW
- Avoid tax LATER
- Rollovers

UMPIP Participant Contributions



UMPIP—Before-Tax

Avoid Tax **NOW**—Before-Tax Contributions

- Contributions and earnings tax deferred
- No federal or state income tax until you receive distributions in retirement

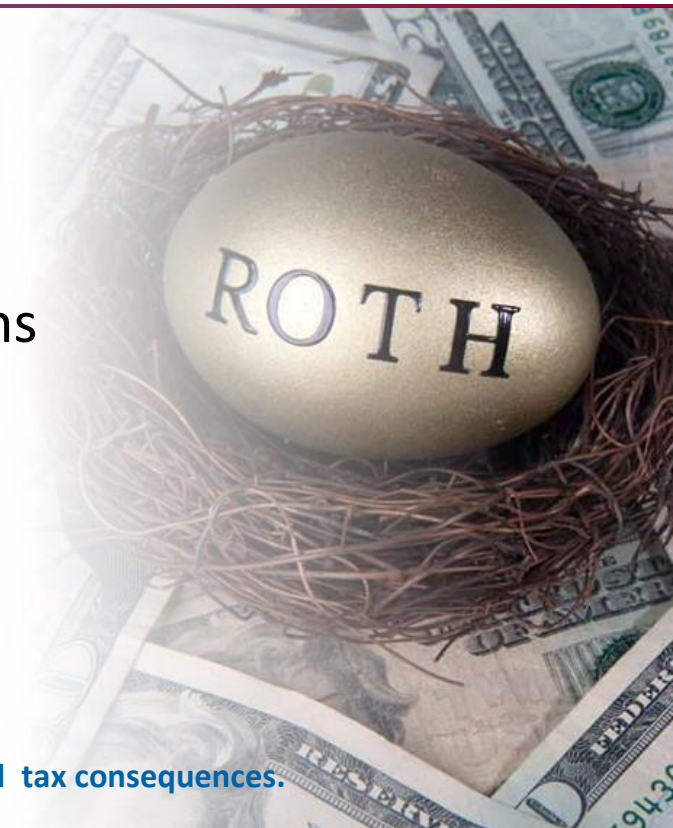


UMPIP—Roth Contributions

Avoid Tax **LATER**—Roth Contributions

- Pay taxes now and take tax-free distributions of contributions *and earnings*
- First contribution must be 5 years* prior to withdrawal, and you must be 59½ or older, permanently disabled or deceased

* Unless a rolled over Roth 403b or 401k is a part of your UMPIP.
Roth balances may be taken last (securing the 5-year qualification) to avoid tax consequences.



2021 Contribution Limits

Before-tax and Roth combined

- \$19,500
- \$26,000 if age 50+
- unchanged from 2020



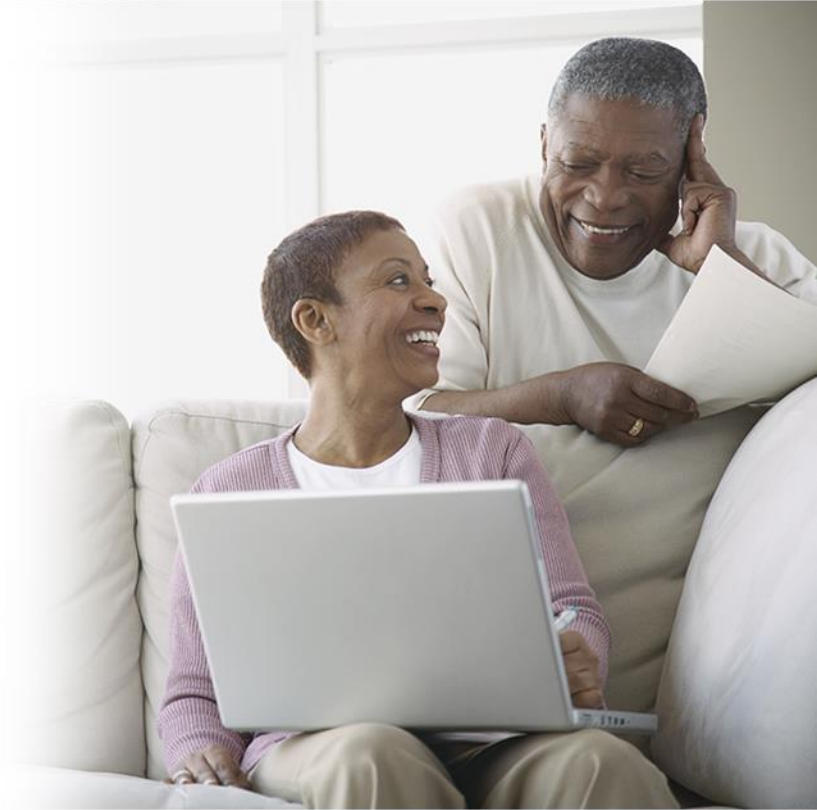
Rollovers Into UMPIP

- Moving money from previous employer plan to UMPIP
- Accepted from IRS-qualified plans or traditional IRAs
- Complete an *Incoming Rollover* form and send to Wespath



UMPIP Access

- In-service withdrawals at 59 ½
- Hardship withdrawals
- Hardship loans
- Disability
- Separation
- Retirement



Distribution Options for Retired and Separated Participants

- Distribution choices
 - Full lump sum
 - Partial lump sum
 - Cash installments
 - Self-Managed Retirement Income
 - LifeStage Retirement Income
- Leave on account until RMD –
 - Required Minimum Distribution
- At death remaining balance to beneficiaries





Housing Allowance Exclusion

Housing Allowance Exclusion in Retirement

Amount to be excluded is the least of:

- Amount designated as housing allowance
 - Generally comes from annual conference resolution designating a housing allowance
- Amount actually expended for housing
- Fair rental value of the housing



Housing Allowance Exclusion

Example: A clergyperson...

- Receives \$24,000 in pension (designated)
- Spends \$20,000 on housing
- Fair rental value of housing is \$21,000
- Housing allowance exclusion cannot exceed \$20,000
- **Amount taxable: \$4,000**

Retired Clergy Housing Allowance Exclusion—Examples

Example A

Two kinds of first-year pension disbursements:

- \$1,800/monthly or \$21,600
- \$40,000 partial distribution

Total: **\$61,600**

Lesser of:

- Amount designated: \$61,600
- Amount spent: \$25,000
- Fair rental value: \$24,000

Subject to taxation: **\$37,600**

Example B

First-year setup with monthly pension only:

- \$1,800/monthly or \$21,600
- No partial distribution

Total: **\$21,600**

Lesser of:

- Amount designated: \$21,600
- Amount spent: \$25,000
- Fair rental value: \$24,000

Subject to taxation: **\$0.00**

Housing Allowance Exclusion Worksheet

This worksheet is designed to help a retired clergy person determine the amount that he or she may exclude from gross income pursuant to the provisions of Section 107 of the Internal Revenue Code (Code). Those provisions provide that "a minister of the gospel" may exclude a "housing allowance" from his or her gross income. This worksheet assumes that a parsonage is not provided to the clergy person by the salary-paying unit.

The amount that may be excluded by the clergy person is the least of:

- 1) the amount classified as the housing allowance by the salary-paying unit (in most cases for a retired clergy person, the salary-paying unit will be the annual conference from which he or she retires);
- 2) the amount actually expended by the clergy person for housing; or
- 3) the fair rental value of the residential property occupied by the clergy person.

For tax year: _____

1. Indicate the amount classified as the housing allowance by the salary-paying unit.

1

2. Indicate the amount actually expended by the clergy person on housing:

- a. rent payments or mortgage principal payments made
- b. mortgage interest payments made
- c. real property taxes
- d. maintenance expenses
- e. utilities
- f. furnishings
- g. other applicable expenses related to housing
- h. add lines a, b, c, d, e, f and g and indicate **total** here

2a
2b
2c
2d
2e
2f
2g

2h

3. Indicate the fair rental value of the housing plus the cost of utilities:

- a. fair rental value of the housing (furnished)
- b. fair rental value of appurtenances, such as garage (if not in line a)
- c. cost of utilities
- d. add lines a, b and c, and indicate **total** here

3a
3b
3c

3d

4. Indicate the least of the amounts indicated on lines 1, 2h and 3d

4

Assuming there is sufficient documentation, the amount indicated on line 4 is the amount that may be excluded from gross income as a housing allowance pursuant to the provisions of Section 107 of the Code.

(continued)

Housing Allowance Exclusion

- Available to retired clergy
- Not applicable to surviving spouse unless clergy couple
- Attach a note to IRS *Form-1040*
- Refer to section in conference journal



Benefits Access

- Current account information
- Projection tools
- Investment information
- Beneficiary designations
- Educational resources

Register and Login today!

The New and Improved Benefits Access

Now including retirement, health, wellness, and life and disability.

Benefits Access Login

Username

Password

 **Secure Login**

[Trouble Logging In?](#)

Remember me

Not recommended for shared computers.

New User Registration

Retirement Benefits Projection

Not a “forecast,” but a changeable estimate based on:

- Account growth
- Inflation assumption for salary
- Assumed retirement commencement date
- DC account balance distributions are projected using LifeStage Retirement Income

Benefits Access

Your Personalized Retirement Benefits Projection Statement For Benefits Commencement Date 07/01/2020

Projection

PROJECTIONS ESTIMATE FUTURE BENEFITS BASED ON UNDERLYING ASSUMPTIONS, WHICH MAY CHANGE FROM TIME TO TIME. ACTUAL BENEFITS MAY VARY.¹

Lifetime Income

Plan	Estimated Monthly Benefit
Clergy Retirement Security Program Defined Benefit (CRSP DB) for 2007 through 2013 service	\$541
Clergy Retirement Security Program Defined Benefit (CRSP DB) for post-2013 service	\$216
Ministerial Pension Plan (MPP) Annuity (65%)	\$698
Pre-82 Plan (Pre-82)	
North Georgia (711)	\$32
Subtotal for Lifetime Income:	\$1,487

Account Balance(s)

Plan	Estimated Account Balance	Estimated Monthly Installments
Ministerial Pension Plan (MPP) (35%)	-	\$248
Clergy Retirement Security Program Defined Contribution (CRSP DC)	-	\$105
United Methodist Personal Investment Plan (UMPIP)	-	\$308
Subtotal for Account Balance(s):	-	\$661

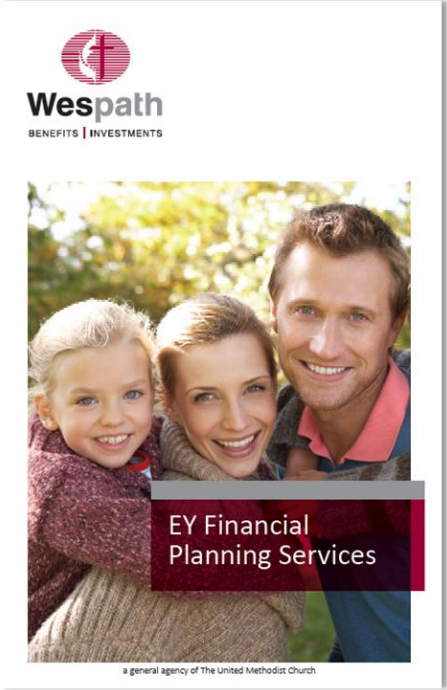
Understanding the Value of the Estimated Amounts

	Estimated Account Balance	Estimated Monthly Income
Estimated Total at Retirement:	-	\$2,148
Equivalent Value in Today's Dollars:	-	\$1,998
Estimated Income Replacement Ratio:	-	47.87%

¹This Retirement Benefits Projection Statement (Statement) represents an estimate of your benefits assuming that you continue to work or remain under appointment and are covered under the plans until you begin receiving benefits. This estimate is based on the Participant Selected Input and System Determined Input. If actual experience varies from the assumptions (investment return, compensation increases, retirement age, mortality, etc.), the amount of the benefit will differ from the estimate. If the assumptions do not match the requirements of the plan, the plan's provisions will control your benefits eligibility and the amount of your benefit. If you are a terminated clergy person who has returned to active service, your retirement benefits projection may be inaccurate. For a complete explanation of the calculations used by this Statement, please refer to the Assumptions and Methodology.

If you have any questions or concerns regarding your Statement, please call Wespath at 800-851-2201, Monday through Friday, 8:00 a.m. to 6:00 p.m., Central time, or EY Financial Planning Services at 800-360-2539, Monday through Friday, 8:00 a.m. to 7:00 p.m., Central time.

EY Financial Planning Services



Program Advantages

- Confidential, professional financial counseling at no additional cost*
- Unlimited hours of financial planning advice via telephone
- Objective advice—no sales pitch
- No need to enroll
 - Call **1-800-360-2539**
 - Visit website: **wespath.eynavigate.com**
(create a username and password to register)

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

Consultation Topics

- Creating a retirement plan
- Electing Roth contributions
- Choosing retirement plan investments
- Buying a home
- Developing an estate plan
- Managing debt
- Funding children's/grandchildren's education
- And more



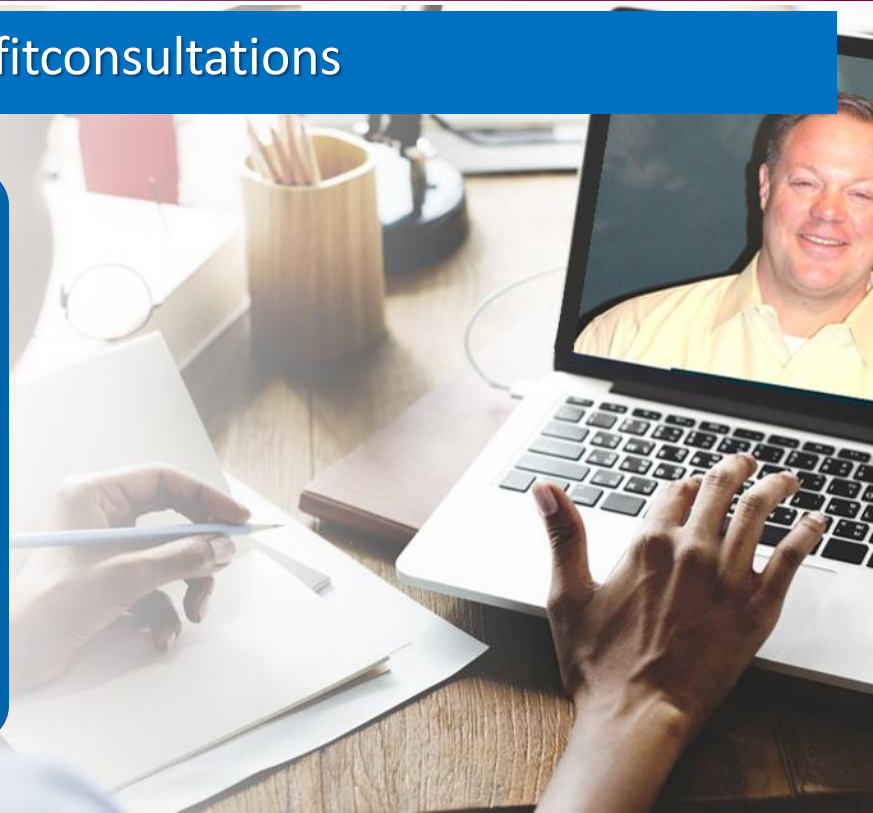
Wespath Virtual One-On-One Consultations

<https://na.eventscloud.com/2021benefitconsultations>

**Meet one-on-one
with a Wespath Benefits Educator**

Provided to all Participants

**Sign up online e-mail to follow event with
registration link**



Action Planning

- Register for Benefits Access
 - Online—**benefitsaccess.org**
 - Review beneficiary designation
- Optimize your contribution strategy
- Review your LifeStage Investment Management profile
- Project your retirement income
- Call EY and register on EY Navigate
- Benefit Education Consultations



Participant Resources



Wespath Participant Solutions

wespath.org

1-800-851-2201



Benefits Access

benefitsaccess.org (online participant account management)

Mobile app



EY Financial Planning Services

wespath.eynavigate.com

1-800-360-2539



Wespath

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