The Pension Plan

of the Benefits Plan of the Presbyterian Church (U.S.A.)

THE BOARD OF PENSIONS
OF THE PRESBYTERIAN CHURCH (U.S.A.)

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This is not a full description of benefits and limitations of the plan. If there is any difference between the information presented here and the provisions of the Benefits Plan of the Presbyterian Church (U.S.A.), the plan terms will govern. Visit pensions.org or call the Board at 800-773-7752 (800-PRESPLAN) for a copy of the plan document.

The Benefits Plan is based on the Christian theological premise that we are a community of faith. Therefore, the system for funding the Benefits Plan is designed to share the burden equitably among all participating employers and members.

1 Overview

The Pension Plan, a program of the Benefits Plan of the Presbyterian Church (U.S.A.) (the Benefits Plan), is designed to provide you with a dependable source of income after you retire. Your income during retirement generally comes from three sources: the Pension Plan, Social Security, and your personal savings and investments.

Participating employers share in the financial support for the Pension Plan so that members receive equitable retirement pension benefits no matter what their circumstances. This sharing of community needs and resources is demonstrated in both the funding of the Pension Plan and the structuring of the benefits. There is no direct relationship between the dues submitted by the employer and the pension benefits received by the members.

Pension benefits are based on your total pension credits accumulated throughout your career. When you are enrolled in the Pension Plan, you accrue credits each year based on a percentage of the greater of either your effective salary that year or the applicable median salary that year.

Because the Pension Plan uses the applicable median salary as a minimum salary, members can serve smaller churches and earn smaller salaries without sacrificing their retirement pensions. This unique provision is an expression of the community nature of the Benefits Plan.

Another expression of the plan's community nature and uniqueness is the provision for experience apportionments. When the cumulative investment and actuarial experience and the contingency reserves of the Pension Fund exceed the amount needed to pay the promised benefits and other expenses under the plan, The Board of Pensions of the Presbyterian Church (U.S.A.) (the Board) may adopt permanent increases in pension benefits or accrued credits through experience apportionments.

The Pension Plan is a noncontributory plan. This means that the entire cost of the benefit is funded through dues paid by employers and Pension Fund investment earnings; employees do not contribute for their participation.

Employers pay 11 percent of the pension participation basis for Pension Plan coverage. A schedule listing minimums, maximums, medians, and other information is available on pensions.org or by calling 800-773-7752 (800-PRESPLAN) and speaking with a service representative.

Other sources of retirement income

The Benefits Plan assumes participation in Social Security, which provides you with retirement or disability income based on your Social Security covered earnings each year. The Church strongly supports participation in the Social Security program. Your pension benefits may not be adequate for a secure retirement or disability without Social Security benefits.

You can also add to your retirement income needs through personal savings and investments by participating in the Retirement Savings Plan of the Presbyterian Church (U.S.A.) (RSP), a tax-advantaged program. You can contribute to the RSP on a pretax and/or Roth after-tax basis. Your employer also can contribute to the RSP. You can choose from a range of investment options available through Fidelity Investments (Fidelity), including target date funds, two proprietary funds that follow the socially responsible guidelines of the Presbyterian Church (U.S.A.) , and a global fossil fuel-free environmental fund.

To obtain more information about the RSP,

- call the Board at 800-773-7752 (800-PRESPLAN) or visit pensions.org; or
- call Fidelity at 800-343-0860 (reference plan #57887) or visit fidelity.com/atwork.

2 Eligibility

An employer may enroll employees normally scheduled in active eligible service for a minimum of 20 hours a week, excluding overtime. Full-time service is at least 35 hours a week; part-time is 20 hours to 34 hours a week. There is no hourly requirement for installed pastors who must be enrolled in Pastor's Participation which includes participation in the Pension Plan.

Eligibility and participation requirements for church employees are as follows:

Installed pastors

Installed pastors must be enrolled in Pastor's Participation, which includes participation in the Pension Plan. The Book of Order (G-2.0804) requires pension participation for installed pastors.

Ministers of the word and sacrament

Ministers of the Word and Sacrament who are not in installed positions may be enrolled in Pastor's Participation, which includes participation in the Pension Plan, or in menu options, which *may* include Pension Plan participation. Pension Plan participation is not required under menu options; it is at the employer's discretion.

Other employees

Employees who are not ministers are eligible to be enrolled only in menu options, which *may* include Pension Plan participation. Pension Plan participation is not required under menu options; it is at the employer's discretion.

All employees within a benefit group must be treated the same.

Ministers on transitional participation coverage

Ministers enrolled in Pastor's Participation whose coverage through an employer has terminated may continue coverage on transitional participation coverage for a limited duration if seeking new eligible service.

When participation begins

Coverage is effective as follows:

Installed pastors are covered from the first day of enrollment under Pastor's Participation, which includes the Pension Plan. Pension participation for installed pastors is required by the *Book of Order*.

For **ministers whose employers enroll them in the Pension Plan**, the benefit effective date must be no more than 30 days before the date of online enrollment through Benefits Connect. If ministers in specialized ministry must participate in their employers' plans (for example, medical or pension), they may be eligible to waive participation in part of the Benefits Plan.

For **employees who are not ministers**, the benefit effective date must be no more than 30 days before the date of online enrollment through Benefits Connect. These employees may be excluded from the Benefits Plan as a whole for a probationary period of up to 90 days, at the employer's discretion.

See Appendix for plan participation examples.

TERMINATION OF PENSION PLAN BENEFITS

Pension Plan participation ends at termination from eligible service, retirement, or death. Pension Plan participation will also end if dues are not paid. You and your employer will be notified before coverage is terminated for nonpayment.

For information on options at termination, call the Board at 800-773-7752 (800-PRESPLAN) and speak to a service representative.

THE PENSION PLAN AT A GLANCE	
Type of Plan	Defined benefit: provides a monthly lifetime retirement benefit for you and your spouse based on your vested credits accrued under the Pension Plan formula. In contrast, the RSP or other personal savings accounts provide an account balance built up from contributions you and/or your employer make and investment earnings on those contributions.
Eligibility	An employer must enroll any installed pastor in Pastor's Participation, which includes the Pension Plan. Ministers who are not in installed positions and/or employees who are not ministers may be enrolled in the Pension Plan at an employer's discretion. All employees in a benefit group must be treated equitably.
Contributions	The employer funds the entire cost of your pension through dues.
Vesting	Pension credits are 100 percent nonforfeitable (vested) at the earliest of when • you complete three years of eligible service; • you attain age 65; • your employer withdraws from the Pension Plan; or • the Pension Plan terminates.
When your benefits begin	• Normal retirement: first of the month following age 65 • Early retirement: after attaining age 55; the benefit is reduced for all pensions beginning before age 65 • Post-normal retirement: the benefit is increased for all pensions beginning after age 65 through the age of 70. • Termination with vested benefits: reduced pension payable as early as the first of the month following age 55 • Survivor's pension: payable to eligible survivors at the death of a vested member before or after retirement • Cashouts: terminated vested employees whose pension credits have a value of $5,000 or less or whose benefit payment is less than $50 a month; payable in a lump sum that is equivalent to all future benefit payments
Additional payment options	*Social Security Leveling:* Active members who retire before reaching age 62 may elect to receive the same level of combined benefits before and after receiving Social Security benefits. *Joint and survivor benefit options:* Members who are married for at least one year at retirement may elect to increase the survivor's pension benefit payable under the Pension Plan; monthly retirement pension benefits are adjusted to account for the larger survivor's pension.

Based on salary information reported annually, the Board determines **median salaries**. The applicable median salary is used to calculate pension credits and minimum death and disability benefits for all members paid below the median in each classification.

Effective salary is any compensation paid during a plan year to a plan member by an employer; it is used to determine pension credits earned by the member, death and disability benefits, medical deductible and cost-sharing requirements, and dues paid by the employer.

Effective salary includes sums paid for housing allowance (including utilities and furnishings) and deferred compensation (funded or unfunded) provided to a member by an employer during a plan year. Other employer-provided group benefits and employer-matching contributions to the RSP are not included in effective salary.

For more information, search "effective salary" on pensions.org.

Members who are currently enrolled in the Benefits Plan have been automatically placed into one of five primary benefit groups according to their characteristics. The descriptions of these five benefit groups may not align exactly with the classifications your employer uses, but they are used for benefits purposes: installed pastors, ministers of the Word and Sacrament working 20 or more hours per week, ministers working less than 20 hours per week, employees working 20 or more hours per week, and employees working less than 20 hours per week.

Exempt and non-exempt classifications are based on the wage and hour terms as defined by the U.S. Department of Labor. For additional information, visit the Department of Labor website at dol.gov/whd/flsa.

3 How your pension accumulates

In a defined benefit plan, **the accrued benefit** is the benefit a participant has earned based on his or her service on a specific date and payable at normal retirement age.

As a Pension Plan participant, you accrue pension credits at the rate of 1.25 percent of your effective salary (up to an annual cap) annually. The credits are added to your accrued annual benefit during each year you participate as an active Pension Plan member. If your effective salary in a year is less than the applicable median, your pension credits for that year are based on that median; if your work is less than full time, your pension credits are based on a prorated median.

See Appendix for an example of how pension credits accumulate.

EXPERIENCE APPORTIONMENTS

From time to time, the cumulative investment and actuarial experience of the Pension Fund may provide reserves in excess of the amount needed to pay the accrued benefits and other expenses under the Pension Plan. When this occurs, the Board of Directors of the Board of Pensions may grant an increase in the pension benefits of retirees and survivors and/or the pension credits of active, disabled, and terminated vested Pension Plan members. Through this experience apportionment, the Pension Plan allows members (including pensioners) to share in the favorable experience of the funds and provides some protection against the effects of inflation on real pension income.

Experience apportionments are discretionary and are not guaranteed to be adopted annually.

PRIOR PENSION PLAN MEMBERS

If you were a member of one of the plans prior to January 1, 1987 (the date on which the Benefits Plan of the Presbyterian Church (U.S.A.) became effective), your retirement pension also includes the benefits you earned under the former plans before December 31, 1986, including any "good experience credits" or "special apportionments."

You continue to have the same rights to those benefits as you had under the former plans. For example, for members of the United Presbyterian Pension and Benefits Plan, the minimum benefit provisions in effect on December 31, 1986, are included in your accrued benefits on December 31, 1986. For members of the Ministers' Annuity Fund or the Employees' Annuity Fund of the Presbyterian Church in the United States, you are entitled to the full amount of the pension credits accrued through December 31, 1986, on retirement at age 63.

VESTING

Ownership of your pension benefit is known as vesting. If you are vested, you receive a monthly pension from the Benefits Plan when you retire, even if you leave eligible service before retirement. Once you complete three years of eligible service, you have a nonforfeitable (vested) right to the pension benefit you have earned to date. Full-time attendance at seminary also counts toward vesting for ministers of the Word and Sacrament; they are immediately vested when they are ordained.

Prior employment by an eligible church or employer counts toward vesting even if you were not enrolled in the Benefits Plan in that service.

CHANGING EMPLOYERS

When you change employment within the Presbyterian Church (U.S.A.), your pension credits continue to accrue under your new employer, provided it continues your pension coverage. If you leave Church employment and are vested, you have a right to the pension benefit you have earned to date upon attaining retirement age. See Terminated vested Pension Plan members.

Pension credits are accrued for years of service while a member of the Pension Plan. The credits accumulate based on the **pension participation basis**, which is used to calculate dues. The pension participation basis is the greater of the member's effective salary (capped at the maximum compensation allowed under the Internal Revenue Code) or 25 percent of the applicable median. The medians are determined annually, so the dues based on them may also change.

4 Commencing your pension benefit

Requesting a retirement packet

If you are approaching retirement and you have not already received a retirement packet, call the Board at 800-773-7752 (800-PRESPLAN) and speak to a service representative to request one. To apply to receive pension benefits, you must complete, sign, and submit the Retirement Pension Application for Members included in your retirement packet no later than 45 days before your pension benefit begins.

To receive an annual pension during retirement, you must

- attain age 65, or age 55 for the early retirement option;
- terminate service; and
- complete an application for retirement benefits and file it with the Board.

If you return to work in eligible service after initiating your pension benefits, your pension will be suspended until you re-retire. In certain limited special situations, outlined in the Board's Post-Retirement Service Rule, a member may return to service without suspension of pension benefits. The Post-Retirement Service Rule is available on pensions.org or by calling 800-773-7752 (800-PRESPLAN) and speaking to a service representative. You also may continue to receive your pension if you return to work for an employer that does not provide Pension Plan participation to other employees in your benefit group. However, ministers of the Word and Sacrament cannot perform post-retirement service for the employer from which they retired.

RETIREMENT AT AGE 65

You can retire at age 65 and begin receiving your full, unreduced, accrued pension benefits. Your pension is payable monthly at the beginning of the month for your lifetime. A survivor's pension is also payable to your spouse if you die before him or her (see the Monthly payment options at a glance chart).

See Appendix for examples of pension credits accruing on salary and median.

EARLY RETIREMENT

You can retire as early as your first month of age 55 and begin to receive your pension. If benefits begin before age 65, your pension is reduced using adjustments to reflect this early retirement option because it is assumed that you will receive payments over a longer time. For former members of the Ministers' Annuity Fund and Employees' Annuity Fund who retire at age 63 or later, the credits accrued through December 31, 1986, are not reduced.

Reduction factors are the percentage amounts by which your total accrued pension credits are reduced to compensate for an early retirement.

EARLY RETIREMENT		
REDUCTION FACTORS ON BIRTH DATE		
Age	Payable (%)	Reduction factor (%)
55	50	50
56	53	47
57	56	44
58	59	41
59	62	38
60	65	35
61	71	29
62	77	23
63	84	16
64	92	8
65	100	none

Factors are prorated for early retirements on dates other than birth dates. For example, at age 62½, a member's normal retirement would be reduced by 19.5 percent.

See Appendix for an early retirement example.

SOCIAL SECURITY LEVELING OPTION

If you retire from active service between ages 55 and 62, you may elect the Social Security Leveling Option. By electing this option, you continue to receive about the same level of retirement income both before and after your Social Security benefit begins.

Under this option, your Pension Plan monthly benefit is temporarily increased by the estimated amount of your adjusted Social Security benefit. Then, on the first day of the second month following your 62nd birthday, your Pension Plan benefit permanently decreases by the amount of your estimated Social Security benefit. Under the Social Security Leveling Option, you may also elect joint and survivor benefit options I or IV (see the Monthly Payment Options at a Glance chart).

See Appendix for a Social Security Leveling Option example.

POST-NORMAL RETIREMENT

You can retire after age 65 or defer initiating your pension benefits after you terminate service and receive an increase to your accrued pension credits. Age-based factors increase your pension credits each year between ages 65 and 70. If you initiate your pension benefits after age 70, you receive the same increase as those members who retire at age 70.

POST-NORMAL RETIREMENT		
INCREASE FACTORS ON BIRTH DATE		
Age	Payable (%)	Increase Factor (%)
65	100.00	None
66	106.50	6.50
67	113.00	13.00
68	119.50	19.50
69	126.00	26.00
70	132.50	32.50
70 +	132.50	32.50

If you are not working in PC(USA) employment, you must initiate your retirement pension by April 1 following the calendar year in which you attain age 70½.

A **cashout** is payment made to terminated vested employees under age 55 whose pension credits have a present value of $1,000 or less or whose benefit payment is less than $50 a month. Terminated vested employees are also given the option of receiving a cash-out payment if the present value of their pension is greater than $1,000 but less than $5,000. It is payable in a lump sum that is equivalent to all future benefit payments.

TERMINATED VESTED PENSION PLAN MEMBERS

If your employment terminates after three years of eligible Church service, your accrued pension benefits are vested. This means that you are entitled to receive your accrued pension benefits, unreduced and in full, upon retirement at age 65, or reduced if you retire as early as age 55. Any experience apportionments further increase your accrued pension credits until you retire and increase your benefit after retirement.

If your employer discontinues participation in the Pension Plan, you automatically vest in any pension credits you have accrued. Note that you cannot start your pension (or receive a cashout) until you have terminated employment with that employer.

As a terminated vested member, you will be required to receive a pension cashout if the actuarial present value of your accrued pension credits is less than $1,000. If you expect to become employed in eligible Church service within five years, call the Board at 800-773-7752 (800-PRESPLAN) and speak to a service representative. If the present value of your accrued pension credits exceeds $1,000, the Board holds your pension credits until you are eligible to retire.

If the present value of your accrued pension credits is- less than $5,000, you may request a voluntary cashout. The Board will inform you if this option is available to you.

If you are participating in the Pension Plan and retire at age 65 or later, but do not have three years of Church service, you automatically vest in your pension credits and are eligible for a retirement pension. The effective date of retirement for a terminated vested member is the first day of the month in which the Board receives your Retirement Pension Application for Members.

See Appendix for terminated vested Pension Plan member examples.

5 How benefits are paid and your options

Your choice of payment option for your pension benefit affects the amount that you receive each month. You are entitled to a benefit amount at retirement, based on your accrued pension credits. This benefit provides monthly payments for life.

The normal form of retirement pension is a lifetime pension for you and, after your death, a survivor's benefit of 50 percent of your pension credits to be paid to your spouse or other eligible survivor(s), as described in the Monthly Payment Options at a Glance chart. If you retire after age 65, your eligible survivor receives 50 percent of your increased retirement pension.

You may elect a joint and survivor benefit option when you retire; these options allow you to elect a larger benefit payable to your spouse – but **not other survivors** – if you have been married for at least one year before you retire.

If you elect a joint and survivor benefit option, your monthly payments must be adjusted to account for the larger survivor's pension because you are using the same benefit to provide a monthly payment during your lifetime and a larger monthly payment after your death or that of your spouse, depending on the option. (See Monthly Payment Options at a Glance chart on page 10.)

The retirement packet you request and receive from the Board includes information to help you choose a payment option (see Request a Retirement Packet).

To determine the best option for you, consider your individual financial circumstances as well as the health of you and your spouse. In the order of the largest pension adjustment to the least adjustment to your pension benefits, the joint and survivor options and their benefits are:

OPTION	NAME
IV	Joint & 100% Last to survive
I	Joint & 75% spouse
II	Joint & 75% last to survive
III	Joint & 66 2/3% last to survive

See Appendix for joint and survivor benefit option examples.

If your death occurs before you begin receiving your pension benefit and if, at the time of your death, you had been married for at least one year, your spouse receives the greater of

- the benefit that would have been paid to your spouse under joint and survivor option I if you had retired immediately prior to your death; or
- one-half of the pension credits earned up to the date of your death (the normal survivor's pension benefit).

See Member Dies before Commencing Retirement Benefits.

Post-retirement service is Board-approved service that does not cause a temporary suspension of retirement benefits after a member retires. The member does not accrue pension credits during such service. Post-retirement service dues of 12 percent are assessed to the employer on temporary pastoral positions of 20 hours or more filled by retired ministers.

Responsibility for reporting — a retired member must report Church service after retirement. In applying for a pension, every member signs a statement that he or she will notify the Board of Church service after retirement.

MONTHLY PAYMENT OPTIONS AT A GLANCE			
Payment Option	**Available to**	**How it works**	**Person eligible for survivor's pension**
Joint & 50% survivor pension (Normal)	All members covered under the pension provisions	You receive a monthly payment for your lifetime. After your death, your eligible survivor receives 50% of your accrued pension credits or, if you retire after age 65, your eligible survivor receives 50% of your increased pension.	Eligible survivor
Joint & 75% spouse pension (Option I)	Married members covered under the pension provisions	You receive an adjusted monthly payment for your lifetime. After your death, your spouse, if then living, receives monthly payments of 75% of the monthly amount you received when you were alive.	The person who has been your spouse for at least one year before your retirement
Joint & 75% last to survive pension (Option II)	Married members covered under the pension provisions	You receive an adjusted or reduced monthly payment for your lifetime. After the death of you or your spouse, the survivor receives monthly payments of 75% of the monthly amount you received when both you and your spouse were alive.	The person who has been your spouse for at least one year before your retirement
Joint & 66 ⅔% last to survive pension (Option III)	Married members covered under the pension provisions	You receive an adjusted or reduced monthly payment for your lifetime. After the death of you or your spouse, the survivor receives monthly payments of 66 ⅔% of the monthly amount you received when both you and your spouse were alive.	The person who has been your spouse for at least one year before your retirement
Joint & 100% last to survive pension (Option IV)	Married members covered under the pension provisions	You receive an adjusted or reduced monthly payment for your lifetime. After the death of you or your spouse, the survivor receives monthly payments of 100% of the monthly amount you received when both you and your spouse were alive.	The person who has been your spouse for at least one year before your retirement

SURVIVOR'S BENEFITS

You and your spouse have options to consider in planning for retirement. You must decide about options before you retire. Please call the Board at 800-773-7752 (800-PRESPLAN) to speak with a service representative if you need more information or have questions about the options explained in this booklet.

In addition to the survivor's pension, your eligible dependents or other beneficiaries may be entitled to other benefits after your death under the plan's death, supplemental death, or Retirement Savings Plan (RSP) provisions. These benefits are described in the materials covering those portions of the Benefits Plan, available at pensions.org or by calling the Board.

Your spouse and dependents may be entitled to receive Social Security benefits upon your death. They must apply in writing directly to the Social Security Administration.

If you die, your spouse or dependent should call the Board and report the date of death to a service representative promptly. When the Board learns of a member's death, it sends a Death Benefits Claim form to the spouse, dependents, or beneficiary. The Board also requests a copy of the death certificate.

SURVIVOR'S PENSION FOR ELIGIBLE DEPENDENTS	
ORDER FOR CLASSES OF SURVIVORS	DURATION OF BENEFIT
The survivor's pension is divided equally among the members of the class.	
Class 1 Your spouse (provided you were married either before you first received any pensions or disability benefits, or at least one year prior to your death).	For life
Class 2 Single, dependent children under age 21 (provided they were dependent on you for support for 12 months before and on the date of your death)	Until age 21 or marriage, if earlier
Single, permanently disabled dependent children age 21 or over (provided they were dependent on you for support for 12 months before and on the date of your death)	Until no longer permanently disabled
Class 3 Your dependent parents	For life
Class 4 Your single, dependent siblings under age 21 (provided they were dependent on you for support for 12 months before and on the date of your death)	Until age 21 or marriage, if earlier
Single, permanently disabled dependent siblings age 21 or over (provided they were dependent on you for support for 12 months before and on the date of your death)	Until no longer permanently disabled

MEMBER DIES BEFORE COMMENCING RETIREMENT PENSION

If you should die before commencing your retirement pension, your eligible survivor receives a survivor's pension based on your accrued pension credits.

Normally, the survivor's pension is paid to your spouse. If you are not married, a benefit equal to 50 percent of the pension credits you have earned up to the date of your death may be paid to another eligible survivor. Please refer to the Survivor's Pension for Eligible Dependents chart that describes eligible survivors, the order of priority, and how long benefits are paid. If the first eligible survivor dies, the 50 percent survivor's pension is extended to the second eligible survivor. If more than one person is eligible for this benefit (for example, more than one dependent child), the survivor's pension is divided equally among the members of the class.

See Appendix for pre-retirement and normal survivor's pension examples.

MEMBER DIES AFTER COMMENCING RETIREMENT PENSION

If you should die after you begin your pension benefit, the Benefits Plan pays a survivor's pension to your spouse or eligible dependent(s), depending on the option you selected at retirement. If you did not select one of the joint and survivor benefit options, your eligible survivor receives 50 percent of your accrued pension credits at your death. If more than one person is eligible for the benefit (for example, if you have more than one dependent child), the benefit is divided equally among them.

See Appendix for optional survivor's pension examples.

6 Other factors

Consider these other factors that may affect your pension benefit.

TAX CONSIDERATIONS AND RESOURCES

If you are a minister of the Word and Sacrament, you may exclude all or part of your pension from taxable income as a housing allowance, subject to the requirements of the tax laws. All recipients of periodic payments must complete a withholding election form and may have tax withheld for federal income taxes. Your pension payments are reported to the Internal Revenue Service (IRS) on Form 1099R.

The Board produces the *Tax Guide for Ministers*, tailored to the Pension Plan, for all ministers enrolled in the Benefits Plan.

The *Church & Clergy* Tax Guide, by Richard R. Hammar, is available through Christianity Today International by visiting the website yourchurchcatalog.com, or calling 800-222-1840.

You can call the IRS at 800-829-3676 for publications including IRS Publication 517, *Social Security and Other Information for Members of the Clergy and Religious Workers* — or access forms from the IRS website, irs.gov.

OVERPAYMENTS

To try to ensure that all members receive equitable benefits, the Board conducts periodic internal audits of benefit calculations. Failure to notify the Board of changes in personal situations, such as a death, divorce, or dissolution of a marriage, can result in the suspension of benefit(s) and/or an obligation to repay the benefit(s).

DIVORCE OR DISSOLUTION

If you should separate from or divorce your spouse, or dissolve your marriage, a domestic relations order (DRO) could require that all or part of your plan benefit be paid to someone else — your former spouse, for example. In that case, the plan pays benefits directly to someone named in the order, provided it meets the requirements of a DRO.

As soon as you become aware of any court proceedings that may affect your benefits, call the Board at 800-773-7752 (800-PRESPLAN) to speak with a service representative, or visit pensions.org for more information. You can request a copy of *The Benefits Plan and Divorce*, which contains a sample court order that could help you and your attorney understand and facilitate the process of the assignment of benefits to a former spouse or dependent children.

TRANSITIONAL PARTICIPATION COVERAGE

If you are enrolled in Pastor's Participation, have terminated active Benefits Plan participation, and are actively seeking a position within the Presbyterian Church (U.S.A.), you are eligible to remit dues for transitional participation coverage. You may only continue the coverage you had in effect when you left service. If you had pension coverage, you accrue pension credits based on the salary on which you elect to pay dues (the last effective salary or applicable median).

If you choose not to remit dues for pension coverage, but do for medical only, your pension credits are held for you.

Your transitional participation coverage must be verified by the presbytery (if you are an installed pastor) or your employer (if you are a minister of the Word and Sacrament who is not installed).

For more information, call the Board at 800-773-7752 (800-PRESPLAN) and speak with a service representative.

LEAVE OF ABSENCE

If you are enrolled in Pastor's Participation, have not been permanently terminated, and take a leave of absence from Church employment and return later to your same employer, you may remit dues for transitional participation coverage (see Transitional Participation Coverage). You may only continue the coverage you had in effect for the year before you left service.

MILITARY DUTY

The Board's website, pensions.org, has information on the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Heroes Earning Assistance and Relief Tax Act of 2008 (HEART). These laws provide various rights to employees called to military duty in the uniformed services, including the right to the continuation of pension and other benefits during military leave.

If your disability benefits commenced before age 62, they will terminate the first day of the month after you attain age 65. If your birthday is the first of the month, disability benefits terminate that month.

DISABILITY

If you qualify for a disability benefit under the disability provisions of the Benefits Plan and you are covered under the pension provisions, you continue to earn pension credits while younger than age 65, equal to 1.25 percent of the greater of either

- your effective salary on which your pension dues were being paid when your disability occurred, but no more than $100,000, or
- the applicable median salary as determined by the Board.

Disabled members also receive, if granted, experience apportionments on their pension credits and disability increases.

Generally, disability benefits under the plan end at age 65, unless you become disabled after age 62 in which case disability benefits can last longer.

You can elect to stop disability payments and begin receiving your retirement pension, including any pension credits earned during disability, at age 55 or later. However, if disability benefits begin after age 62, then at age 65, the disability benefit is reduced by the amount of the retirement pension benefit and continues only until you reach your pre-determined maximum duration as defined in the Benefits Plan.

SERVING THE CHURCH AFTER RETIREMENT

If you are receiving a retirement pension benefit from the Benefits Plan and return to Church service, your pension may be suspended while you are again employed in eligible service. You are again considered an active member of the plan. When you later retire, pension payments resume and will reflect additional participation in the Pension Plan.

Certain post-retirement service is permitted under the post-retirement service provisions of the Benefits Plan of the Presbyterian Church (U.S.A.) as approved by the General Assembly.

For information about the rules for post-retirement service, call the Board at 800-773-7752 (800-PRESPLAN) to speak with a service representative.

Note: Returning to active service may be more advantageous than serving under post-retirement services rules. A return to active service would re-establish certain benefits, including medical, and would provide an increase in your pension benefit. You can easily accomplish the process of becoming active, suspending the pension, and re-establishing the pension.

7 Appeals process

If you disagree with a Board decision regarding the administration of your retirement, pension, or survivor benefits, you can appeal that decision.

If the Board denies or reduces your benefits in whole, or in part, you receive a written notice. The notice includes

- the specific reasons for the denial or reduction;
- a request for any additional information needed to reconsider;
- an explanation of the appeals procedure.

If you disagree with the decision, you may appeal in writing within 180 days after receiving the adverse decision.

In your written appeal, please include your reasons for appealing and any additional information to support the appeal. Submit your appeal to

The Board of Pensions of the Presbyterian Church (U.S.A.)
Vice President, Income Security
2000 Market Street
Philadelphia, PA 19103-3298

The Board aims to respond within 60 days, but it may take longer if additional information is needed. If the response is delayed, you will receive a letter stating the reasons for the delay and when you are to receive a response.

If you are not satisfied with the results of the appeal, you may appeal a final time. The final level of appeal is a review by the Board of Pensions Appeals Board. The Appeals Board comprises senior officers of the Board who are not responsible for routine determinations or operations management for the Benefits Plan. The decision of the Appeals Board is final and binding. The appeal must be filed with the Secretary of the Appeals Board within 60 days of the final decision of the Vice President, Income Security.

The Board reserves the right to accelerate the review process to a higher level of appeal in any situation in which the facts and circumstances call for such higher level of review to be expedited.

To review the appeal procedures, please visit the Administrative Rules page of pensions.org, under Available Resources, and read Administrative Rule 1801 – Appeals. If you have questions, call the Board at 800-773-7752 (800-PRESPLAN) to speak with a service representative.

8 Amendment of plan & reservation of right to terminate benefits

The Board notifies all members in writing in advance about Pension Plan changes it is submitting for approval to the General Assembly of the Presbyterian Church (U.S.A.). The General Assembly must approve in advance any amendment to the Pension Plan that involves an increase in dues or a reduction in pension benefits. The Board reports any other changes to the Benefits Plan to the General Assembly.

The Board reserves the right to modify, terminate, or suspend the provisions of the Benefits Plan.

9 For information

If you need help understanding your pension benefit, need information or publications, or want to apply for benefits, please contact the Board.

Phone	800-773-7752 (800-PRESPLAN)
TTY	877-522-7948
Overseas	215-587-7200 Monday through Friday (except holidays), 8:30 a.m. to 5:00 p.m., ET
Fax	215-587-6215
Mail	The Board of Pensions of the Presbyterian Church (U.S.A.) 2000 Market Street Philadelphia, PA 19103-3298
Website	pensions.org Access general Benefits Plan information, publications, and forms.
Email	memberservices@pensions.org

The Board schedules periodic retirement planning seminars around the country. For information on upcoming seminars, call the Board at 800-773-7752 (800-PRESPLAN) and ask to speak with a service representative.

You may also want information from

Internal Revenue Service
800-829-3676
irs.gov

Social Security Administration
800-772-1213
ssa.gov

Fidelity Investments
(the Retirement Savings Plan administrator)
800-343-0860 (reference plan #57887)
fidelity.com/atwork

CIGNA
(the Employee Assistance Program provider)
866-640-2772
cignabehavioral.com

10 Appendix

PLAN ENROLLMENT EXAMPLES

Barbara, an installed pastor, is called to serve First Presbyterian Church on March 1. She becomes a Benefits Plan member on March 1, because she is covered from the first day of the call.

William, a minister of the Word and Sacrament who is not installed, comes to work for a presbytery as an executive presbyter on June 16. His employer enrolls William for benefits through Benefits Connect on July 29. William is not an installed pastor; therefore, his Benefits Plan coverage is effective June 29, because his coverage effective date cannot be more than 30 days before his online enrollment date.

HOW PENSION CREDITS ACCUMULATE* (based on full-time service by ordained member with normal survivor benefits)		
	Salary above the churchwide median salary	**Salary below the churchwide median salary**
Effective salary	$75,000	$40,000
Annual pension credit accrual	$75,000 x 1.25% = $937.50	$59,100 x 1.25% = $738.75
30-year career (assuming same effective and median salaries entire career)	$937.50 x 30 = $28,125	$738.75 x 30 = $22,165.50
Monthly life pension	$28,125 / 12 = $2,343.75	$22,162.50 / 12 = $1,846.88
Survivor's monthly pension for life	$1,171.88	$923.44

*Exclusive of experience apportionments and salary increases.
The 2019 median salary for pastors serving churches is $59,100.
The Pension Plan was designed to provide adequate replacement income in retirement, in combination with Social Security and your personal savings and investments, for those individuals who spend a full career in the Benefits Plan.

EXAMPLE OF CREDITS ACCRUING ON SALARY

Janet is a church administrator and will retire in 2019 at age 65. She had accrued 15,000 pension credits on December 31, 1998. Her additional pension credits will depend on her salary for the rest of her plan membership. The example assumes that each year her salary is higher than the applicable median salary so that pension credits accrue on Janet's actual salary, not the median. It also assumes that she works until the end of 2018. Her retirement pension on retirement at age 65 is calculated as follows:

Up to 1998	= $15, 000.00
1999 - 2001 @ 1.25% of $38,000	= $1, 425.00
2002 - 2004 @ 1.25% of $45,000	= $1, 687.50
2005 - 2007 @ 1.25% of $48,000	= $1,800.00
2008 - 2012 @ 1.25% of $54,000	= $3,375.00
2013 - 2018 @ 1.25% of $59,000	= $4,425.00
Total annual pension	= $27,712.50
Monthly pension	= $2,309.38

Experience apportionments declared before and after her retirement may increase Janet's pension from the plan. Her total retirement income includes her retirement benefit from Social Security and any retirement income available from her other savings and investments.

EXAMPLE OF CREDITS ACCRUING ON MEDIAN

Roger is a pastor, age 55, serving a small church in a full-time position with an effective salary of $30,000. The median salary for pastors in 2019 is $59,100, and Roger had accrued 12,000 pension credits on December 31, 2018.

The 2019 median salary for pastors is higher than Roger's effective salary in 2019, so he accrues pension credits for 2019 based on the median salary.

The example assumes that Roger's salary and the churchwide median remain the same over the next 10 years and that Roger continues to serve in a full-time position. His pension upon retirement at age 65 would be:

Up to 2018	$12,000.00
Next 10 years @ 1.25% of $59,100	
2019	$738.75
2020	$738.75
2021	$738.75
2022	$738.75
2023	$738.75
2024	$738.75
2025	$738.75
2026	$738.75
2027	$738.75
2028	$738.75
Total accrual 2019 - 2028	= $7,387.50
Total annual pension	= $19,387.50
Monthly pension	= $1,615.63

Any experience apportionments declared before or after his retirement under the plan may increase Roger's pension from the plan. His total retirement income also includes his retirement benefit from Social Security and any retirement income available from his other savings and investments.

If Roger were serving in a part-time position, his pension credits would be based on the greater of a pro-rata share of the median salary or his pension participation basis.

EARLY RETIREMENT EXAMPLE

Jerry is a pastor who has served the Church in various capacities since graduating from seminary in June 1977. At age 62½ he is ready to retire on September 1, 2019.

Pension credits on 8/31/2019	$18,000.00
Reduced by 19.5% for early retirement	- $3,510.00
Total annual pension	= $14,490.00
Monthly pension	= $1,207.50

Experience apportionments declared after his retirement may increase Jerry's pension from the plan. His total retirement income includes retirement benefits from Social Security and any other retirement income available from personal savings and investments.

SOCIAL SECURITY LEVELING EXAMPLE

Sara is an active church secretary who retires in 2019 at age 55. She has accrued 14,000 pension credits.

Base early retirement calculation

Pension credits value 12/31/2018	$14,000.00
Reduced by 50% early retirement factor	- $7,000.00
Annual early retirement pension	= $7,000.00
Monthly early retirement pension	= $583.33

Social Security leveling calculation

Estimated Social Security at age 62	= $1,000.00
Reduced by 38.1% factor	- $381.00
Adjusted Social Security benefit (based on retirement age)	= $619.00

Beginning at age 55, Sara will receive her normal monthly early retirement pension of $583.33 plus a temporary benefit of $619 from the Board, for a total pension benefit of $1,202.33 to age 62 (assuming no experience apportionment increases).

Calculation at age 62

Plan benefit to age 62	$1,202.33
Social Security benefit age 62	- $1,000.00
Plan benefit after age 62	= $202.33

At age 62, Sara is eligible to initiate her Social Security benefit. Her pension from the plan is permanently reduced, but Sara still receives about $1,202.33 each month: $202.33 from the plan and about $1,000.00 from Social Security. (These calculations do not take into account future experience apportionments or cost-of-living increases that may be granted.) The experience apportionments are applied to the normal early retirement pension of $583.33, before and after age 62.

TERMINATED VESTED PENSION PLAN MEMBERS EXAMPLES

Dolly enrolled in the Benefits Plan under menu options for full coverage at age 30, with no previous Church service. She left her Church employment at age 34. With four years of Church service, Dolly is vested in her 1,365 pension credits. At age 34, the present value of Dolly's 1,365 accrued pension credits equals $4,757.03. This is less than the $5,000 cash-out limit, which means that Dolly may request a voluntary cashout of $4,757.03. She may also leave the credits in the plan until she retires and receive a monthly pension benefit for her life and that of her eligible survivors.

Anthony enrolled in the Benefits Plan under menu options for medical and death and disability coverage at age 43, with two years of previous eligible Church service. At age 46, Anthony's employer added pension coverage. Anthony is vested because he had five years of Church service. He left his Church employment at age 48 with 1,000 accrued pension credits. At age 48, the present value of Anthony's accrued pension credits exceeds $5,000. Anthony may choose to retire early at age 55 and receive a reduced pension. If he waits until age 65 to retire, he receives his full pension.

JOINT AND SURVIVOR BENEFIT OPTION EXAMPLES

Examples of benefit amounts under various payment options are included only to help your better understand the alternatives.

Actual calculations are based on your and your spouse's ages, and your retirement date. These examples assume the accrued monthly pension is $2,400 at age 65 and both the member and spouse are age 65 at benefit commencement.

FINANCIAL IMPACT ON MONTHLY PENSION OF $2,400		
Payment options	**Member's monthly benefit at retirement**	**Survivor's monthly benefit amount for life**
Normal	$2,400	$1,200 paid to spouse
Joint & 75% spouse (Option I)	$2,232	$1,674 paid to spouse
Joint & 75% last to survive (Option II)	$2,304	$1,728 paid to survivor: member or spouse
Joint & 66⅔% last to survive (Option III)	$2,400	$1,600 paid to survivor: member or spouse
Joint & 100% last to survive (Option IV)	$2,040	$2,040 paid to survivor: member or spouse

PRE-RETIREMENT SURVIVOR'S PENSION EXAMPLE

The examples do not include experience apportionments during retirement.

Charles died on May 14, 2019, at age 50 and was survived by his wife, Diane. Charles had accrued 15,000 pension credits and had not yet retired when he died. Diane receives a survivor's pension of $7,500 a year ($625 a month) for life beginning June 1, 2019.

NORMAL SURVIVOR'S PENSION EXAMPLES

Suzanne retired 10 years ago at age 65 and selected the normal form of payment option. When she retired, she was married to Marcus. At her death on November 3, 2019, she was receiving a monthly retirement pension of $1,200. Effective December 1, 2019, Marcus receives 50 percent of $1,200, or $600 a month for life.

Thomas retired early at age 57 and had accrued 17,000 pension credits. He received 56 percent of those credits for an early retirement pension of $9,520 a year. Thomas was not married at the time of his retirement, but later married Margaret when he was 60 years old. He died at age 75. Since Thomas and Margaret were married at least one year before the date of his death, Margaret receives a survivor's pension equal to 50 percent of 17,000 (plus any experience apportionments on those credits) or $8,500 a year ($708.33 a month). If Thomas and Margaret had not been married a full year at the time of his death, Margaret would not have been eligible for the survivor's pension.

OPTIONAL SURVIVOR'S PENSION EXAMPLES

The following joint and survivor benefit option examples assume that the member and spouse are the same age.

JOINT AND SURVIVOR OPTION I

Albert retired at age 65 under joint and survivor option I. He accrued 20,000 pension credits at retirement. Under joint and survivor option I, Albert received 93 percent of his pension credits for an annual retirement pension of $18,600. When Albert died at age 86, his wife, Martha, received 75 percent of $18,600, or $13,950 a year ($1,162.50 a month for life).

JOINT AND SURVIVOR OPTION II

Jenna retired at age 63 under joint and survivor option II. She accrued 25,000 pension credits at retirement. Without the joint and survivor option, Jenna would have received 84 percent of 25,000 as an early retirement pension, or $21,000 a year. Under joint and survivor option II, Jenna received 98 percent of $21,000, or $20,580 a year. Jenna's husband, Barry, died first; therefore, Jenna received 75 percent of $20,580, or $15,435 a year ($1,286.25 a month). If Jenna had died first, Barry would have received 75 percent of $20,580.

THE BOARD OF PENSIONS
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