

The Board of Pensions administers the Benefits Plan of the Presbyterian Church (U.S.A.), offering retirement, healthcare, death, and disability benefits to qualifying members. The Board also provides financial and vocational grants through the Assistance Program.

## Summary

The Social Security Leveling Option of the Pension Plan is designed to provide members who retire between ages 55 and 62 with a consistent total income before and after receiving Social Security benefits.

If you retire from active service before you are eligible to collect Social Security benefits, at age 62, and you are eligible to receive benefits from the Pension Plan, you can elect the Social Security Leveling Option at the time you retire.

With this option, your monthly pension benefit payment is temporarily increased by the amount your estimated Social Security benefit will be when you attain age 62. Starting the second month after your 62nd birthday, your pension benefit is permanently decreased by the amount of this previously estimated Social Security benefit.

There is no difference in the total amount you receive if you choose this option or if you elect to receive your pension before age 62 without "leveling." However, this option may provide you with the flexibility and financial resources to retire earlier than you might be able to otherwise.

## The Leveling Process

Using your anticipated retirement age, pension benefit, and estimated Social Security benefit, the Board will calculate the adjustments to your pension benefit payments before and after you begin receiving Social Security benefits. The following example illustrates the effect of leveling on your pension.

The Board will adjust your benefit at age 62 based on the estimated Social Security benefit amount you provide at retirement. As you prepare to retire, you should contact the Social Security Administration to request an estimate that assumes you have no further earnings after age 55. Your actual Social Security benefit may vary at age 62 but will not affect your pension benefit from the Board as your pension benefit is determined before you retire.

## Example of Social Security Leveling

This example assumes the following:

- Retirement Age: 55
- Pension Credits: 14,000
- Early Retirement Factor: 50%
- Annual Base Early Retirement Pension: \$7,000
- Monthly Base Early Retirement Pension: \$583.33

In this example, the member will receive \$1,202.33 from the Pension Plan each month between ages 55 and 62. Starting at age 62, the member will receive \$1,000 each month from the Social Security Administration and \$202.33 from the Pension Plan. These two pieces total \$1,202.33. So, while the sources change, the payment amount remains the same before and after age 62.

THE BOARD "LEVELS" YOUR PENSION BY:	EXAMPLE CALCULATION
1. Calculating your monthly base early retirement pension amount	\$583.33
2. Having you provide the amount of your estimated Social Security benefit at age 62, which you obtain from the Social Security Administration	\$1,000.00
3. Actuarially adjusting the estimated Social Security amount by an age factor (a multiplier — 0.619 in this example — to take into account that you are receiving an early benefit)	$\begin{array}{r} \$1,000.00 \\ \times 0.619 \\ \hline \$619.00 \end{array}$
4. Adding the results of line 1 and line 3 to determine your pension benefit payment until age 62	$\begin{array}{r} \$583.33 \\ + \$619.00 \\ \hline \$1,202.33 \end{array}$
5. Subtracting the amount in line 2 from line 4 to determine your pension benefit payment after age 62	$\begin{array}{r} \$1,202.33 \\ - \$1,000.00 \\ \hline \$202.33 \end{array}$

**Note:** This example does not take into account future Benefits Plan experience apportionments or Social Security cost-of-living increases that may be granted.

## Considerations

Selecting the Social Security Leveling Option at retirement is an individual decision. Before you elect this option, be sure to review all options carefully with your financial adviser or attorney, and consider the following:

- If you plan to apply for Social Security benefits at age 65 or later, this option may not be appropriate for you.
- If the pension benefit that would be payable to you from the date of early retirement until age 62 using the leveling option is less than your estimated Social Security benefit, the leveling option is not available to you.
- If you are electing the Joint and Survivor Option I (Joint & 75% Spouse) or the Joint and Survivor Option IV (Joint & 100% Last To Survive), the increase and decrease applies only to your pension, not your survivor's pension.
- The Social Security Leveling Option is not available with Joint and Survivor Options II (Joint & 75% Last To Survive) and III (Joint & 66 2/3% Last To Survive).

## Effect of Experience Apportionments

If you elect the Social Security Leveling Option, any experience apportionment received is applied to the base benefit as though you had not selected this option. Therefore, any experience apportionment increases are applied to the portion of the non-adjusted early retirement benefit as though the Social Security Leveling Option had not been selected.

## Effect on Housing Allowance (ministers of the Word and Sacrament only)

The pension benefit provided by a church plan, such as the Benefits Plan of the PC(USA), for a minister is eligible for exclusion from federal income tax as a housing allowance under Section 107 of the Internal Revenue Code. If you elect the Social Security Leveling Option, your full pension will be lower after age 62, which will decrease your income eligible for designation as housing allowance.

*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](http://pensions.org) or call the Board at 800-773-7752 (800-PRESPLAN) for a copy of the plan document.*

