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

Guide to Your Pension Benefits

THE BENEFITS PLAN
OF THE PRESBYTERIAN CHURCH (U.S.A.)

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Pension Benefits

As part of the Benefits Plan of the Presbyterian Church (U.S.A.) (the Benefits Plan), the Pension Plan is administered by the Board of Pensions and designed to provide you with a dependable source of income after you retire.

> **DEFINED BENEFIT PLAN**
> **The Pension Plan is a defined benefit plan, which typically means that benefits are accrued according to a defined formula based on earnings and years of service at retirement.**

Pension Plan benefits are based on 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 your effective salary or the applicable median salary that year.

The Pension Plan is a non-contributory plan. This means that the entire cost of the benefit is funded through employer dues and investment earnings in the Balanced Investment Portfolio, which the Board maintains; you do not contribute to the plan.

When investment earnings, actuarial experience, and contingency reserves of the Balanced Investment Portfolio exceed the amount needed to pay promised benefits and plan expenses, the Board may adopt permanent increases in pension benefits or accrued credits. These increases are called experience apportionments.

Community nature and wholeness are themes that guide the Board of Pensions in overseeing plans and programs with a focus on four key areas: spiritual, health, financial, and vocational well-being. The funding of the Pension Plan and the structure of its benefits demonstrate sharing of community needs and resources, enabling plan members to receive equitable pension benefits during retirement, no matter their circumstances.

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 through personal savings and investments by participating in the Retirement Savings Plan of the Presbyterian Church (U.S.A.) (RSP), a tax-advantaged program.

For more information about the RSP, call the Board at 800-773- 7752 (800-PRESPLAN) or visit pensions/benefitsguidance.

Eligibility and enrollment

If you are eligible to participate, your employer will enroll you in the Pension Plan; there is no action required of you.

- If you are an installed pastor, you must be enrolled in Pastor's Participation, which includes participation in the Pension Plan, as required by the Book of Order. Your participation begins as of the first day of the call.
- If you are a minister not in an installed pastoral relationship, and regularly scheduled to work at least 20 hours weekly, your employer may enroll you in either Pastor's Participation, which includes participation in the Pension Plan, or in the Pension Plan through menu options. … or in menu options, which may include Pension Plan participation. Participation begins when your employer enrolls you, subject to any probationary period your employer requires.
- If you are an employee who is not a minister, and regularly scheduled to work at least 20 hours weekly, your employer may enroll you in the Pension Plan through menu options. Participation begins when your employer enrolls you, subject to any probationary period your employer requires.

Pension Plan participation is not required under menu options; it is at your employer's discretion.

TRANSITIONAL PARTICIPATION

If you are enrolled in the Pension Plan through Pastor's Participation, are on Transitional Participation, you may continue Pension Plan enrollment for a limited duration if seeking new eligible service.

COST

The Pension Plan is a non-contributory plan, which means there is no cost to you for participation. (unless personally remitting dues during Transitional Participation)

WHEN PARTICIPATION ENDS

Pension Plan participation ends when you

- end your eligible service,
- retire, or
- die.

Pension Plan participation will also end if your employer does not pay required dues. The Board will notify you and your employer before coverage ends for nonpayment of dues.

For information on options when employment ends, 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.
Eligibility	If you are an installed pastor, your employer must enroll you in Pastor's Participation, which includes the Pension Plan. If you are a minister and not in an installed position or an employee who is not a minister, your employer may enroll you in the Pension Plan at his or her discretion.
Contributions	Your employer funds the entire cost of your pension participation through dues.
Vesting	Pension credits are 100 percent nonforfeitable (vested) at the earliest of when • you complete three years of eligible service; • you reach age 65; • your employer stops participating in the Pension Plan; or • the Pension Plan ends.
When benefits begin	• At normal retirement: first of the month following age 65 • At early retirement: anytime between ages 55 and 65; this is a lower benefit than at normal retirement because your pension is paid over a longer period of time • At post-normal retirement: after age 65 through age 70; this is a higher benefit than at normal retirement because your pension is paid over a shorter period of time • If you are vested and your employment ends, the plan pays a reduced pension as early as the first of the month after age 55. If the value of your pension credits is $5,000 or less, or your monthly payment is less than $50, your benefit will be paid in a lump sum equivalent to all future benefit payments. • If you are vested and you die, either before or after retirement, the plan pays a survivor's benefit to your eligible survivors
Additional payment options	*Social Security Leveling:* If you retire before age 62 you may elect to receive the same level of combined benefits before and after receiving Social Security benefits. *Joint and survivor benefit options:* If you are married for at least one year when you retire, you 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.

Amount of benefit

Your pension grows as you accumulate annual pension credits over time. Each year you are enrolled as an active member in the plan, you accrue credits equal to the greater of

- 1.25 percent of your pension participation basis for that year; or
- 1.25 percent of the applicable median salary (prorated for part-time employees)[1].

PENSION PARTICIPATION BASIS
Your pension participation basis is the greater of your effective salary (capped at $285,000[2], the maximum compensation allowed under the Internal Revenue Code) or 25 percent of the applicable median. The medians are determined annually.

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

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

The amount of your monthly pension benefit will depend on your total accrued pension credits, age at retirement, and the payment option you choose.

Your pension can also grow through periodic experience apportionments, granted by the Board of Pensions.

EXPERIENCE APPORTIONMENTS

From time to time, investment earnings, actuarial experience, and contingency reserves of the Balanced Investment Portfolio may exceed the amount needed to pay promised pension benefits and plan expenses. When this occurs, the Board may grant permanent increases in pension benefits or accrued credits in the form of experience apportionments. These periodic apportionments help protect against the effects of inflation on pension income.

- For retirees or eligible survivors, an apportionment is a permanent increase in their current pension benefit for life, expressed as a percentage of that benefit.
- For active or terminated vested members, an apportionment is a permanent increase in pension credits accrued, expressed as a percentage of those credits.

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[1] Based on salary information reported annually, the Board determines median salaries. The applicable median salary is used to calculate pension credits for all members paid below the median. 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.
[2] The IRS maximum for 2020 is $285,000, effective January 1, 2020, increased from $280,000 in 2019.

The Board of Pensions grants experience apportionments based on an apportionment policy, at the sole discretion of its Board of Directors. Apportionments are not guaranteed to be adopted annually.

History of Experience Apportionments and Compounding Compared to CPI

Operational Year	CPI: Annual Increase in CPI	CPI: Increase through 12/31/18 Compound	CPI: Increase through 12/31/18 Annualized	Apportionments: Annual Increase	Apportionments: Increase through 12/31/18 Compound	Apportionments: Increase through 12/31/18 Annualized	Year in Which Apportionment is Applied
1989	4.6%	104.6%	2.5%	8.0%	196.6%	3.8%	1990
1990	6.1%	95.6%	2.4%	0.0%	174.7%	3.7%	1991
1991	3.1%	84.4%	2.3%	8.0%	174.7%	3.8%	1992
1992	2.9%	78.8%	2.3%	4.0%	154.3%	3.7%	1993
1993	2.7%	73.8%	2.2%	8.0%	144.5%	3.6%	1994
1994	2.7%	69.2%	2.2%	3.0%	126.4%	3.5%	1995
1995	2.5%	64.8%	2.2%	8.0%	119.8%	3.5%	1996
1996	3.3%	60.8%	2.2%	6.0%	103.6%	3.3%	1997
1997	1.7%	55.6%	2.1%	11.0%	92.0%	3.2%	1998
1998	1.6%	53.0%	2.2%	10.0%	73.0%	2.8%	1999
1999	2.7%	50.6%	2.2%	9.0%	57.3%	2.4%	2000
2000	3.4%	46.7%	2.2%	3.0%	44.3%	2.1%	2001
2001	1.6%	41.8%	2.1%	0.0%	40.1%	2.0%	2002
2002	2.4%	39.6%	2.1%	0.0%	40.1%	2.1%	2003
2003	1.9%	36.3%	2.1%	2.0%	40.1%	2.3%	2004
2004	3.3%	33.8%	2.1%	3.0%	37.3%	2.3%	2005
2005	3.4%	29.5%	2.0%	3.6%	33.3%	2.2%	2006
2006	2.5%	25.3%	1.9%	3.7%	28.7%	2.1%	2007
2007	4.1%	22.2%	1.8%	3.8%	24.1%	2.0%	2008
2008	0.1%	17.4%	1.6%	0.0%	19.6%	1.8%	2009
2009	2.7%	17.3%	1.8%	0.0%	19.6%	2.0%	2010
2010	1.5%	14.2%	1.7%	0.0%	19.6%	2.3%	2011
2011	3.0%	12.5%	1.7%	0.0%	19.6%	2.6%	2012
2012	1.7%	9.2%	1.5%	1.0%	19.6%	3.0%	2013
2013	1.5%	7.4%	1.4%	4.6%	18.4%	3.4%	2014
2014	0.8%	5.8%	1.4%	4.7%	13.2%	3.1%	2015
2015	0.7%	5.0%	1.6%	2.0%	8.1%	2.6%	2016
2016	2.1%	4.2%	2.1%	2.0%	6.0%	2.9%	2017
2017	2.1%	2.1%	2.1%	3.9%	3.9%	3.9%	2018
2018	1.9%	1.9%	1.9%	3.6%	3.6%	3.6%	2019

VESTING

Vesting is a term used to describe when you own your benefit. If you are vested in a benefit, it means that you own 100 percent of that benefit, and it is non-forfeitable, even when your employment ends.

In the Pension Plan, you become vested according to the following plan rules:

- If you are a minister of the Word and Sacrament, you are vested in your pension benefit as soon as you are enrolled in the plan. Full-time years in seminary attendance count toward the vesting period, provided you become an ordained Minister of the Church.
- If you are an employee other than an installed pastor or minister, you become 100 percent vested in your accrued pension credits when you complete three years of eligible service *or* reach age 65.
- If your employer withdraws from the Pension Plan, or if the Pension Plan ends, you are immediately vested.
- If you were employed for at least 20 hours a week by an eligible employer, your service with that employer counts toward vesting in the Pension Plan, even if you were not enrolled in the Benefits Plan at the time.

If you are vested, you receive a monthly pension from the Benefits Plan when you retire, even if you leave eligible service before retirement (This is known as being a *terminated vested member*; see If you leave PC(USA) employment).

FORMER PLAN MEMBERS

If you participated in one of the former plans[3] before January 1, 1987, when 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.

CHANGING EMPLOYERS

When you change employment within the Presbyterian Church (U.S.A.), your pension credits continue to accrue under your new employer, provided that employer continues your pension coverage. If you leave employment with a PC(USA) employer and are vested, you have a right to the pension benefit you have earned to date when you reach retirement age. See If you leave PC(USA) employment.

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[3] (United Presbyterian Pension and Benefits Plan, and Ministers’ Annuity Fund and Employees’ Annuity Fund of the Presbyterian Church in the United States)

ESTIMATING YOUR PENSION BENEFIT

To estimate your pension benefit at retirement, use the pension estimator on Benefits Connect which allows you to view your estimated benefit immediately. If you have questions, you can call the Board at 800-773-7752 (800-PRESPLAN).

When your pension benefit begins

You do not begin receiving your pension benefit automatically; you must apply for it and select a payment option in advance. If you are approaching retirement and you have not already received a retirement packet, call the Board at 800-773-7752 (800-PRESPLAN) to request one. 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.

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 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.

POST-NORMAL RETIREMENT

You can retire after age 65 or defer initiating your pension benefits after you stop working for a PC(USA) employer. If you do so, the plan uses age-based factors to increase your pension credits each year between ages 65 and 70, because you will receive pension payments over a shorter period of time than if you retired at 65. If you begin receiving your pension 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 for a PC(USA) employer, you must begin receiving your pension by April 1 following the year you turn 72.

IF YOU LEAVE PC(USA) EMPLOYMENT

If you stop working for a PC(USA) employer *before* becoming vested in your pension benefit (you have less than three years of service with a PC(USA) employer), you are not entitled to a retirement pension from the plan.

If you stop working for a PC(USA) employer *after* you are vested in your pension benefit (you have three years of service with a PC(USA) employer), you are considered a *terminated vested member*, and are entitled to receive the value of your accrued pension credits, unreduced and in full, when you retire at age 65, or reduced if you retire between 55 and 65. Any experience apportionments further increase your accrued pension credits until you retire and increase your benefit after you retire.

How terminated vested members receive benefits

If you are a terminated vested member, you cannot receive your pension (or receive a cashout) until you have terminated employment with that employer.

As a terminated vested member, the amount of your accrued pension credits affects how you will receive your pension benefits.

- If the actuarial present value of your accrued pension credits is **more than $1,000 but less than $5,000**, you may request a voluntary cashout, which will be paid in a lump sum equivalent to all future benefit payments. The Board will inform you if this option is available to you.
- If the actuarial present value of your accrued pension credits is **$1,000 or less**, or results in a **monthly benefit of less than $50**, you must receive a cashout, which will be paid in a lump sum equivalent to all future benefit payments.

If the actuarial present value of your accrued pension credits is **more than $1,000**, the Board holds your pension credits until you are eligible to retire. As a terminated vested member, your effective date of retirement is the first day of the month in which the Board receives your Retirement Pension Application.

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.

See Appendix for terminated vested Pension Plan member examples.

IF YOU RETURN TO WORK 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. These limited situations are outlined in the Board's Post-Retirement Service Rule (Administrative Rule 1002). 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.**

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.

POST-RETIREMENT SERVICE

Post-retirement service is Board-approved service that does not cause a temporary suspension of retirement benefits after you retire. You do not accrue pension credits during such service. You are responsible for reporting Church service after retirement. In applying for a pension, you sign a statement that you will notify the Board of Church service after retirement.

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).

How benefits are paid and your options

Your pension benefit is based on your accrued pension credits. This benefit provides monthly payments for life.

Your choice of payment option for your pension benefit affects the amount that you receive each month.

NORMAL BENEFIT

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 of at least one year 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.

JOINT AND SURVIVOR BENEFIT OPTIONS

You may elect from several joint and survivor benefit options 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 spouse receives a larger benefit payment after your death than he or she would have received under the normal form of pension benefit. The monthly benefit payment you receive is adjusted to account for the larger survivor's pension because your accrued pension credit must provide a monthly payment during *your* lifetime and a larger monthly payment after you or your spouse dies, depending on the option. (See Monthly Payment Options chart)

The retirement packet you request and receive from the Board includes information to help you choose a payment option.

Considerations

When planning for your retirement years, you may want to consider how you and your spouse can obtain an added measure of financial peace of mind when one of you dies.

You and your spouse may increase the surviving spouse's pension benefit payable under the Pension Plan by electing to take an adjusted monthly retirement pension benefit for a larger survivor's pension. The values of the normal and the joint and survivor options are equivalent, based upon standard mortality tables and future interest assumptions.

Once you have started receiving your pension, you cannot change your joint and survivor election. If you marry after retirement, your spouse of at least one year will be eligible to receive a payment equal to one half of the annual pension credits accrued at the time of your death. If you divorce or dissolve a marriage after retirement, please refer to Divorce on pensions.org.

To make a well-informed choice about your pension payment option, consider the following effects that each option may have on you and your spouse after you retire:

- the personal health circumstances of you and your spouse, including current health, family health histories, and life expectancy.
- other sources of retirement income, for example your spouse's own pension or retirement benefit, insurance, and personal savings
- the potential taxation of benefits (for example, the pension benefit of a minister of the Word and Sacrament may be nontaxable if taken as a housing allowance, but the survivor's pension will be subject to tax.)
- the financial impact on your joint income and expenses if one of you dies, for example, the survivor's Social Security benefits, receipt of any annuities, taxation of benefits, and transfer or retirement account assets.

We suggest that you discuss your pension payment options and these considerations with your spouse, family, and financial adviser or attorney.

The joint and survivor options and their benefits are listed below in the order of the largest adjustment to the least adjustment to your pension benefits:

Monthly Payment Options			
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 monthly pension at the time of your death.	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.	Your spouse (if married to you at least one year before your retirement)
Joint & 75% Last To Survive Pension (Option II)	Married members covered under the pension provisions	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.	You or your spouse (if married to you at least one year before your retirement)
Joint & 66-2/3% Last To Survive Pension (Option III)	Married members covered under the pension provisions	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 -2 ⁄ 3% of the monthly amount you received when both you and your spouse were alive.	You or your spouse (if married to you at least one year before your retirement)
Joint & 100% Last To Survive Pension (Option IV)	Married members covered under the pension provisions	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.	You or your spouse (if married to you at least one year before your retirement)

See Appendix for joint and survivor benefit option examples.

SOCIAL SECURITY LEVELING OPTION

If you retire from active service between ages 55 and 62, and you are eligible to receive pension benefits from the plan, you may elect the Social Security Leveling Option at retirement. 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 so that it is equal to 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 chart).

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

The Board will calculate and adjust your benefit at age 62 based on the anticipated retirement age and estimated Social Security benefit amount you provide. Using these factors, the Board will calculate the adjustments to your pension benefit payments before and after you begin receiving Social Security benefits. See Appendix for a Social Security Leveling Option example.

As you prepare to retire, you should contact the Social Security Administration to request an estimate that assumes you have no further earnings after your planned retirement date. 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.

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.
- If you are electing Joint and Survivor Options II (Joint & 75% Last To Survive) and III (Joint & 66 2/3% Last To Survive), the Social Security Leveling Option is not available to you.

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.

Survivor's benefits

If you die, your spouse, dependent, or beneficiary should call the Board and report the date of death promptly. The Board will send a Death Benefits Claim form, with instructions, and will request a copy of the death certificate.

IF YOU DIE BEFORE YOU BEGIN RECEIVING YOUR RETIREMENT PENSION

If you die before beginning to receive 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 die 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 l, if you had retired immediately before your death; or
- 50 percent of the pension credits earned up to the date of your death (the normal survivor's pension benefit).

If you die before you begin receiving your pension benefit and 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. See the Survivor's Pensions for Eligible Dependents chart, following this section, 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.

IF YOU DIE AFTER YOU BEGIN RECEIVING YOUR RETIREMENT PENSION

If you die after beginning to receive your pension benefit, the 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 survivor's pension examples.

Survivor’s Pensions 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 before 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 disabled before age 21 and 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 disabled before age 21 and dependent on you for support for 12 months before and on the date of your death)	Until no longer permanently disabled

In addition to the survivor’s pension illustrated in the Monthly Payment Options at a Glance chart, 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. Learn more about these benefits by visiting pensions.org or by calling the Board.

Your spouse and dependents may be entitled to receive Social Security benefits after you die. They must apply in writing directly to the Social Security Administration.

Other factors

Consider these other factors that may affect your pension benefit.

TAX CONSIDERATIONS AND RESOURCES

Once your pension begins, the benefit is taxable under federal and some state tax laws. The Board of Pensions reports your pension benefits to the IRS on Form 1099-R.

When you apply for your pension, you designate your tax withholding rate. To change your rate, complete the Tax Withholding Election form. Allow one to two pay cycles for the change to take effect.

Housing allowance exclusion

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 1099-R.

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.

SOCIAL SECURITY AND YOUR PENSION BENEFIT

Social Security is a government program that provides one source of retirement income. Benefits are funded by contributions from you and your employer while you are working.

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.

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.

Windfall Elimination Provision or the Government Pension Offset

You may be affected by the Windfall Elimination Provision or the Government Pension Offset if you or your spouse

- has opted out of Social Security; or
- has been covered by a government program that replaces Social Security.

The Windfall Elimination Provision modifies the formula used to calculate retirement or disability benefits. As a result, your Social Security benefit may be lower than you would otherwise receive.

The Government Pension Offset affects spouses and widows or widowers who receive a pension from a federal, state, or local government, based on work that was not subject to Social Security taxes.

The Social Security Administration website provides more details about the Windfall Elimination Provision and the Government Pension Offset.

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, 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 or Minister's Choice, are no longer an active member of the plan, 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 to do so 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.

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 $110,000, or
- the applicable median salary as determined by the Board.

If you qualify for a disability benefit under the plan, you also receive, if granted, experience apportionments on your pension credits and disability benefit 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.

> **If your disability benefits begin before age 62, they will end the first day of the month after you reach age 65. If your birthday is the first of the month, disability benefits end that month.**

Appeals process

If you disagree with a Board decision regarding the administration of your 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.

Amendment of plan and right to end 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.

For information

If you need help understanding your pension benefit, general Benefits Plan 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

Email:

memberservices@pensions.org

The Board schedules periodic retirement planning seminars around the country. For information on upcoming seminars, visit the Seminars page in the Board University section of pensions.org, or call the Board at 800-773-7752 (800-PRESPLAN).

You may also want information from

OTHER RESOURCES

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

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	$60,800 x 1.25% = $760
30-year career (assuming same effective and median salaries entire career)	$937.50 x 30 = $28,125	$760 x 30 = $22,800
Monthly life pension	$28,125 / 12 = $2,343.75	$22800 ÷ 12 = $1,900
Survivor's monthly pension for life	$1,171.88	$950

**Exclusive of experience apportionments and salary increases.*

The 2020 median salary for pastors serving churches is $60,800.

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 2020 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 2019. 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
2019 @ 1.25% of $60,500 =	$756.25
Total annual pension =	$28,468.75
Monthly pension =	$2,372.40

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 2020 is $60,800, and Roger had accrued 12,000 pension credits on December 31, 2019.

The 2020 median salary for pastors is higher than Roger's effective salary in 2020, so he accrues pension credits for 2020 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 2019	$12,000.00
Next 10 years @ 1.25% of $59,100	
2020	$760
2021	$760
2022	$760
2023	$760
2024	$760
2025	$760
2026	$760
2027	$760
2028	$760
2029	$760
Total accrual 2020 – 2029	$7,600
Total annual pension	$19,600
Monthly pension	$1,633.34

Any experience apportionments declared before or after his retirement under the plan may add to 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, 2020.

Pension credits on 8/31/2020	$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 2020 at age 55. She has accrued 14,000 pension credits.

Base early retirement calculation

Pension credits value 11/30/2020	$16,500.00
Reduced by 50% early retirement factor	- $8,250.00
Annual early retirement pension	= $8,250.00
Monthly early retirement pension	= $687.50

Social Security leveling calculation

Estimated Social Security at age 62	= $1,200.00
Reduced by 38.1% factor	- $457.20.00
Adjusted Social Security benefit (based on retirement age)	= $742.80

Beginning at age 55, Sara will receive her normal monthly early retirement pension of $687.50 plus a temporary benefit of $742.80 from the Board, for a total pension benefit of $1,430.30 to age 62 (assuming no experience apportionment increases).

Calculation at age 62

Plan benefit to age 62	$1,430.30
Social Security benefit age 62	- $1,200.00
Plan benefit after age 62	= $230.30

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 $1,430.30 each month: $230.30 from the plan and about $1,200.00 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 $687.50, before and after age 62.

TERMINATED VESTED MEMBERS EXAMPLES

Dolly, who is not a minister, enrolled in the Benefits Plan 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, also not a minister, enrolled in the Benefits Plan 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 when benefits begin.

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 & 662/3% 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, 2020, 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, 2020.

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, 2020, she was receiving a monthly retirement pension of $1,200. Effective December 1, 2020, 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
OF THE PRESBYTERIAN CHURCH (U.S.A.)

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