



The Road to Retirement

April 3, 2024

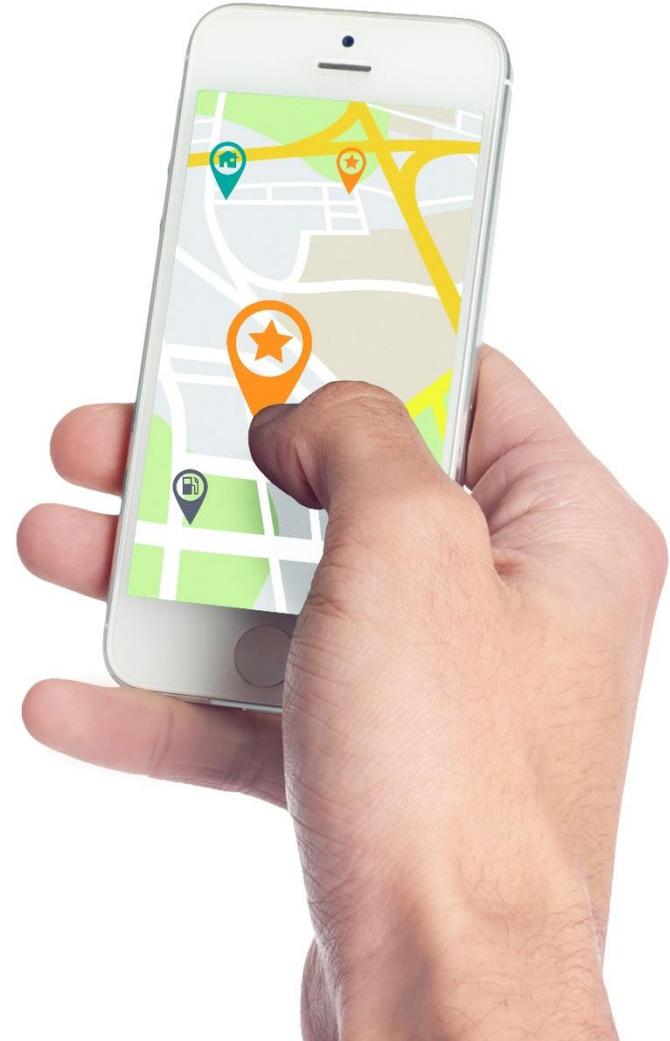
West Ohio Retiree Day Apart – Sheryl Hatcher, Benefit Educator



Wespath
BENEFITS | INVESTMENTS

Agenda

- Let's Talk About Retirement
- 2024 Retirement Process
- Wespath Retirement Plans
- LifeStage Retirement Income
- Housing Allowance Exclusion
- Death and Disability Benefits
- Participant Resources
- Benefits Access Demo



Common Questions About Retiring

- ★ Is now the right time? Should I wait?
- ★ Am I ready...? Is my spouse ready?
- ★ Will I have enough money?
- ★ Where will I live?
- ★ What will I do with my time?



Provisions for Retirement— *Book of Discipline ¶357*

- **Normal Retirement**
Age 65, or 40 years of service
- **Early Retirement**
Age 62, or 30 years of service
- **Mandatory Retirement**
Age 72
- **20-year Retirement**
Voluntary with 20 years of service





2024 Retirement Process

Retirement Checklist

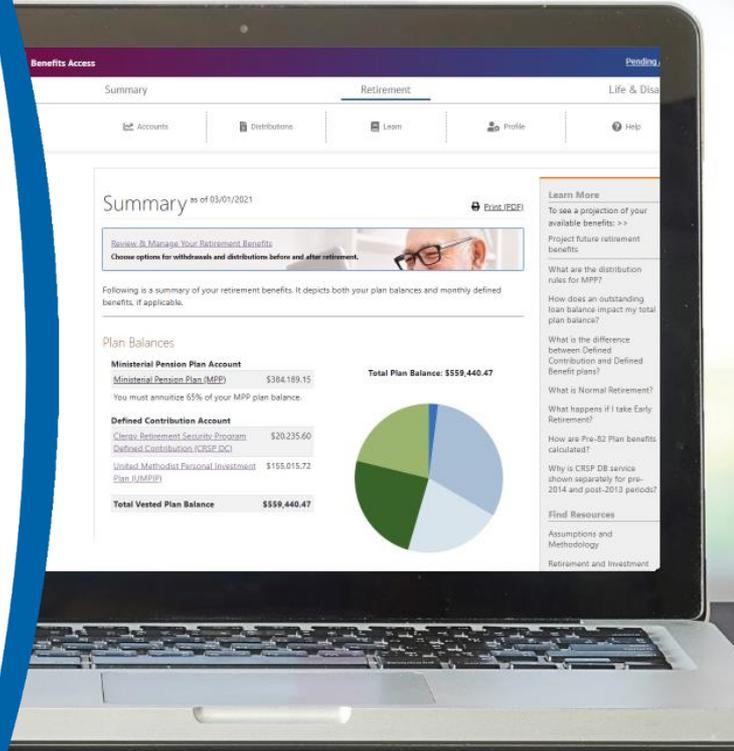
-  Register for Benefits Access
-  Verify all your personal information
-  Confirm your spouse's information is correct
-  Check that your Clergy Service Record is correct
-  Verify your beneficiaries



The Road to Retirement Goes Through Benefits Access

- Verify your information
- Explore LifeStage Retirement Income
- Elect your 2024 retirement benefits

Clergy elections due by
Friday, June 28, 2024,
at **3:00 p.m., Central Time**





Contact the Wespath Retirement Team for assistance
1-800-883-4078

Understand Your Sources of Income



Most common retirement benefit plans:



Clergy Retirement Security Program



Ministerial Pension Plan



Pre-82 Plan



What about your participation in UMPIP or other plans?



What about your spouse's source(s) of income?



What about Social Security?

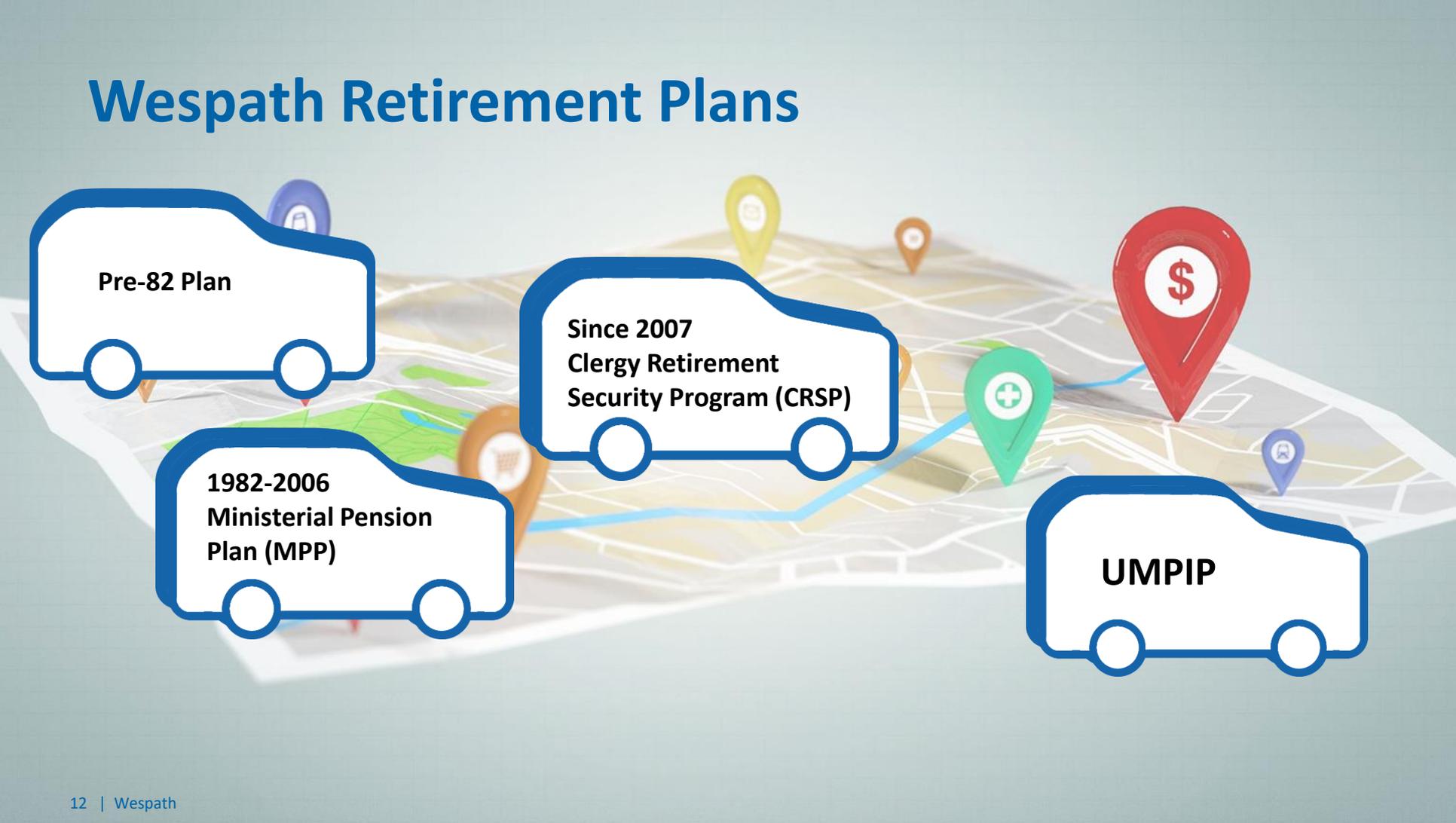


Create your own
my Social Security account
at *ssa.gov*



Wespath Retirement Plans

Wespath Retirement Plans



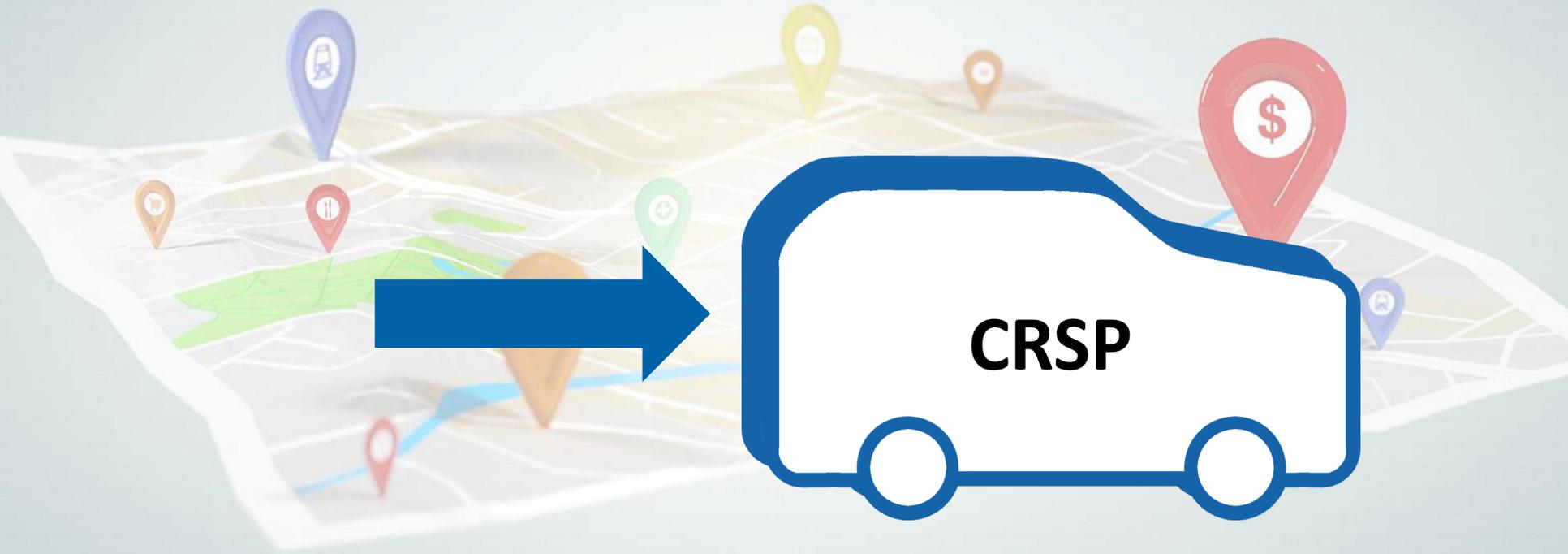
Pre-82 Plan

**Since 2007
Clergy Retirement
Security Program (CRSP)**

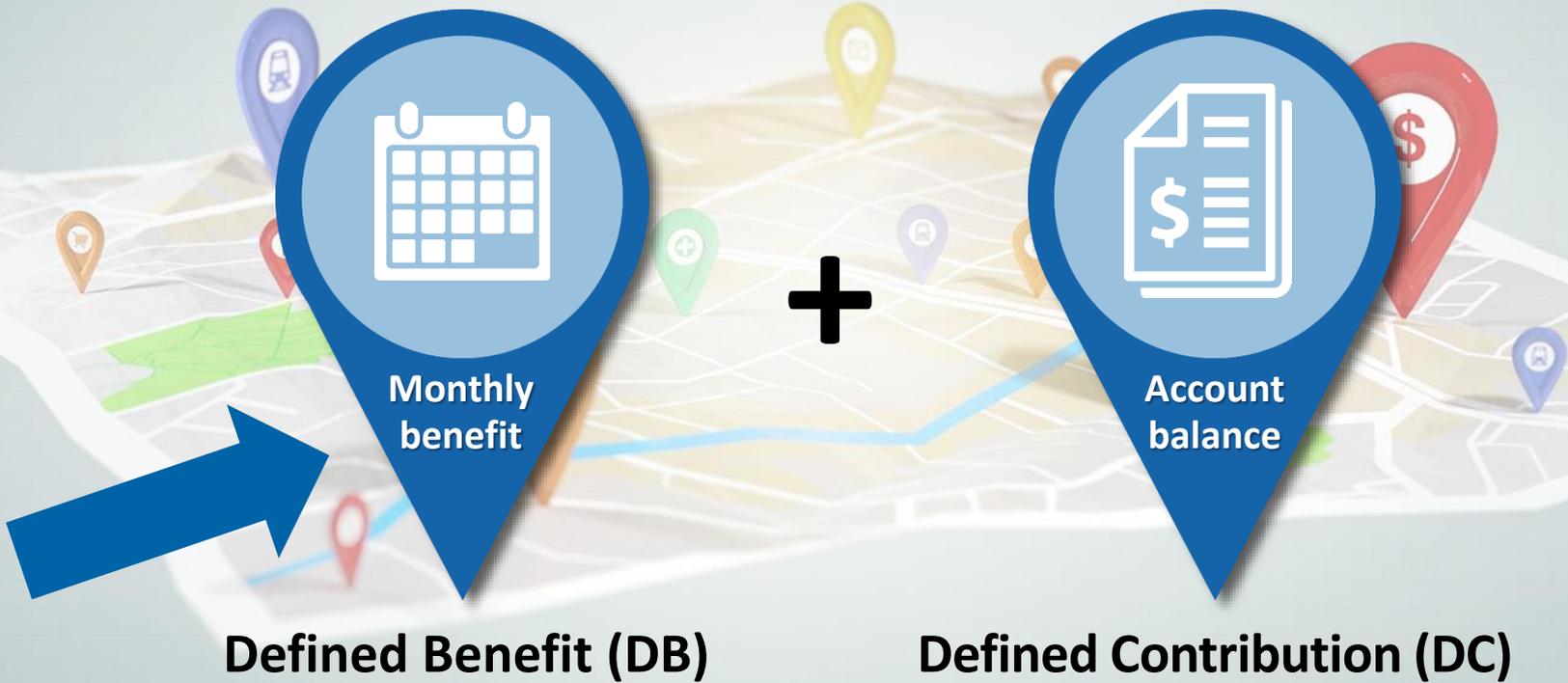
**1982-2006
Ministerial Pension
Plan (MPP)**

UMPIP

Wespath Retirement Plans



Clergy Retirement Security Program (CRSP)



The Defined Benefit (DB) is not a balance

It's a **FORMULA!**

First, we multiply three components together

Denominational
Average
Compensation
(DAC)

×

A factor
of either
1.25% or 1.00%

×

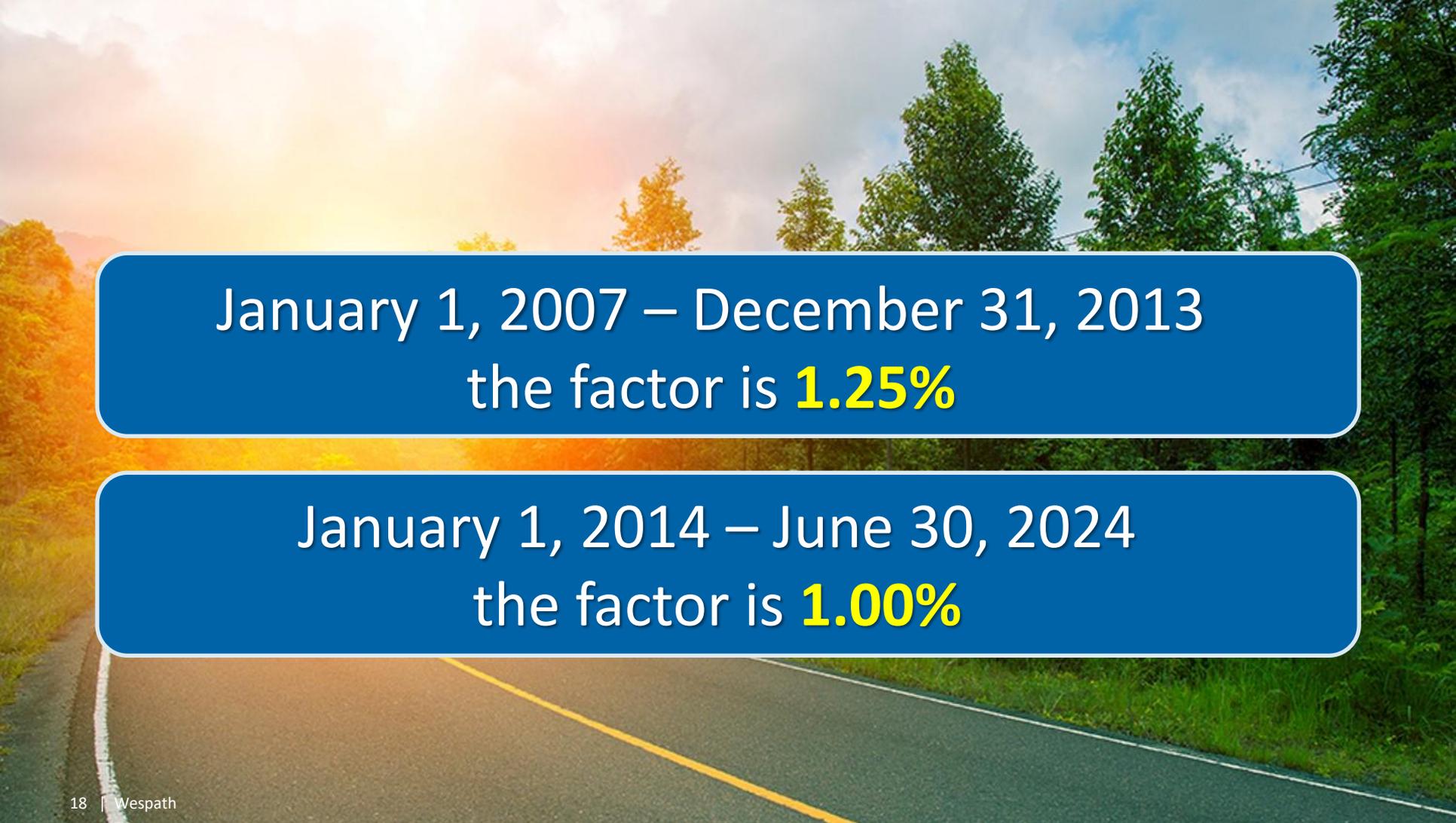
Credited Service
during that
period of time

Denominational Average Compensation (DAC)

Average plan compensation of clergy
serving full-time appointments

2023: \$76,221

2024: \$78,292



January 1, 2007 – December 31, 2013
the factor is **1.25%**

January 1, 2014 – June 30, 2024
the factor is **1.00%**

Now the Credited Service...

January 1, 2007 – December 31, 2013
7 years if full-time

January 1, 2014 – June 30, 2024
10.5 years if full-time

Example for July 1, 2024 Retirement – CRSP DB

Service
Jan. 1, 2007 – Dec. 31, 2013

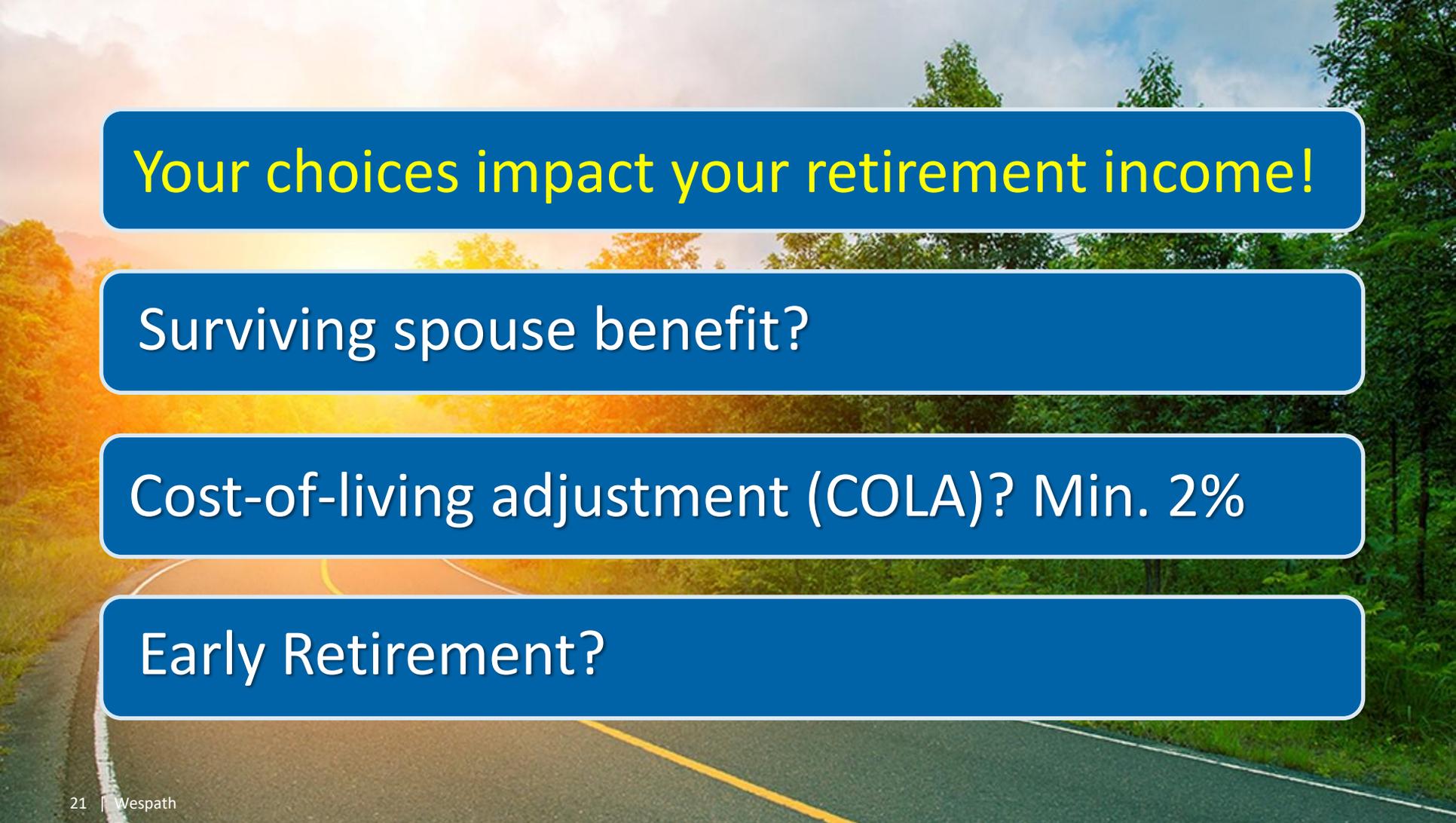
$$\begin{aligned} & \$78,292 \text{ (2024 DAC)} \\ & \times .0125 \\ & \times 7 \text{ years} \\ & = \$6,850 \\ & \div 12 \\ & = \mathbf{\$571 \text{ per month}} \end{aligned}$$



Service
Jan. 2014 - June 30, 2024

$$\begin{aligned} & \$78,292 \text{ (2024 DAC)} \\ & \times .01 \\ & \times 10.5 \text{ years} \\ & = \$8,220 \\ & \div 12 \\ & = \mathbf{\$685 \text{ per month}} \end{aligned}$$

Base amount of CRSP benefit: **\$1,256**



Your choices impact your retirement income!

Surviving spouse benefit?

Cost-of-living adjustment (COLA)? Min. 2%

Early Retirement?

Life and Surviving Spouse Benefit?

Annuity Types:

- Life and 100%
- Life and 85%
- Life and 70%

Cost-of-Living Adjustment (COLA)? *min. 2%*

Considerations:

- Your age and spouse's age
- Family longevity
- Your health and spouse's health
- Other sources of income available

CRSP DB: Age 63 Early Retirement Example

Rev. Wesley decides to take
2024 Early Retirement

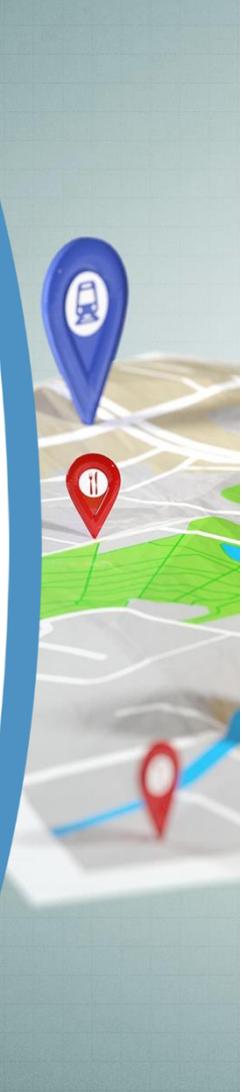
Base amount: **\$1,256 per month**

\$1,256 Base amount for 2024

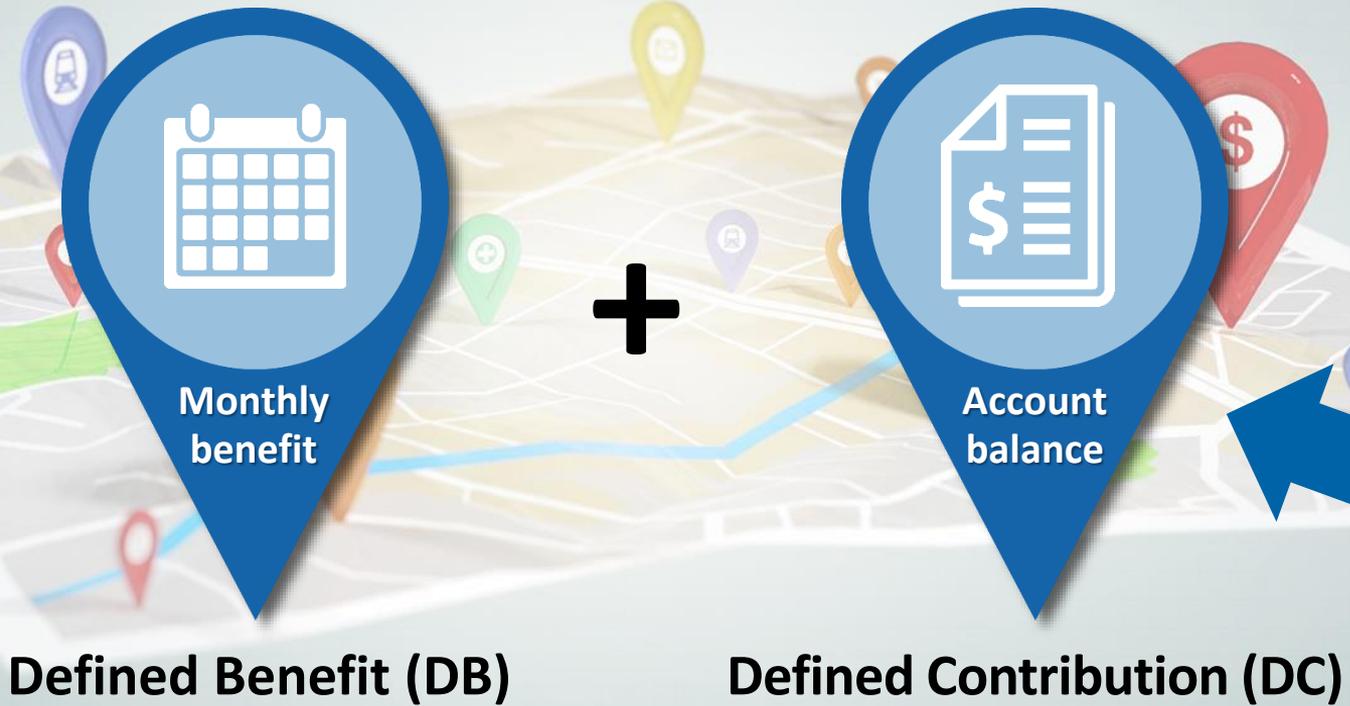
- **\$151** 12% reduced; reduction of 6% per year

= **\$1,105** Reduced monthly benefit*

*This assumes Rev. Wesley does not meet the 40-years-of-service rule.



Clergy Retirement Security Program (CRSP)



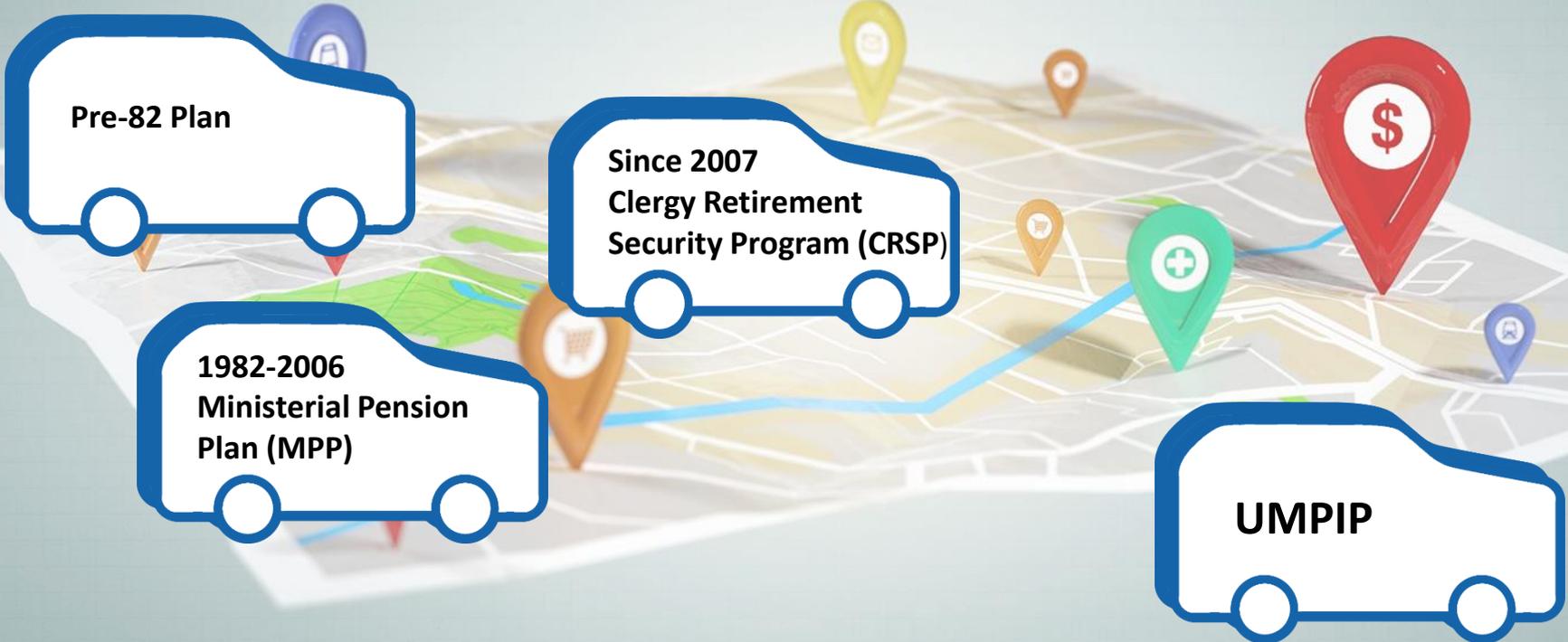
CRSP Defined Contribution (DC)

- Retirement

- Available as cash distributions
 - LifeStage Retirement Income
 - Self-Managed
- Rollover to UMPIP
- Required Minimum Distribution by age 73 or 75
- Remaining balance paid to beneficiaries upon participant's death



Wespath Retirement Plans



Pre-82 Plan

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**1982-2006
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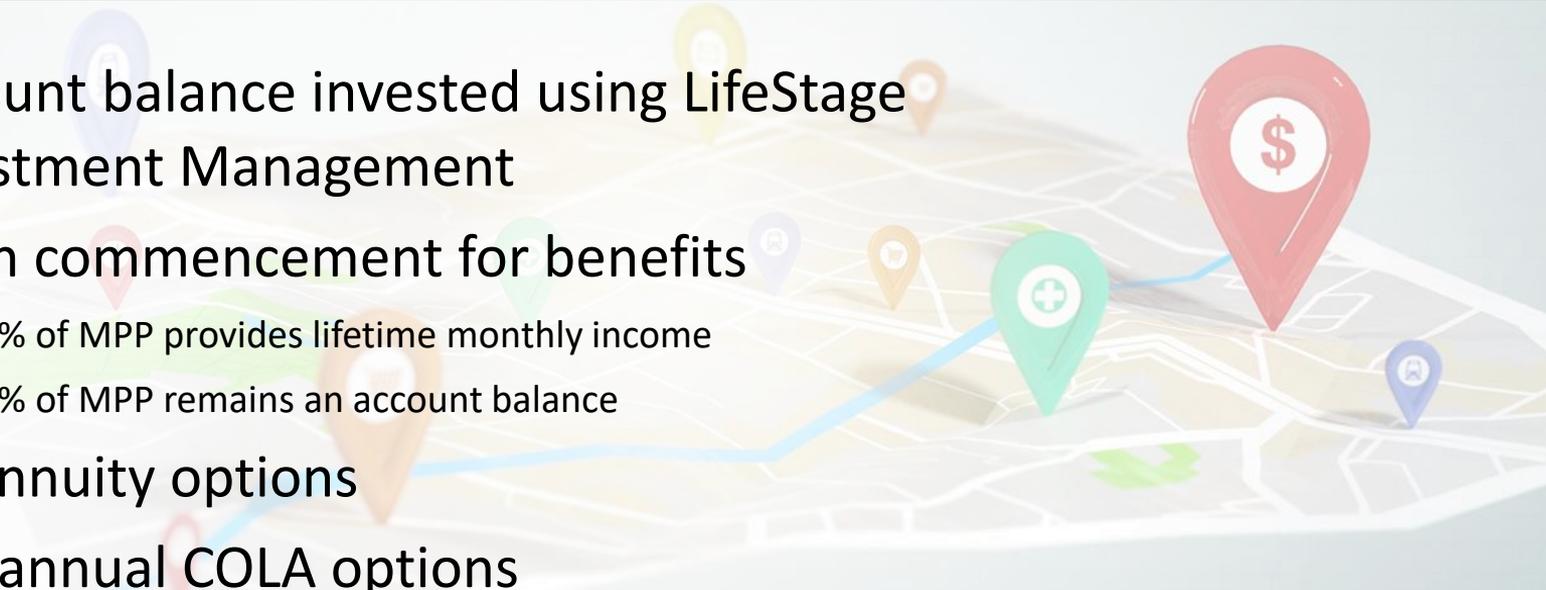
UMPIP

Wespath Retirement Plans



1982-2006
Ministerial Pension
Plan (MPP)

MPP (1982 – 2006)

- Account balance invested using LifeStage Investment Management
 - Upon commencement for benefits
 - 65% of MPP provides lifetime monthly income
 - 35% of MPP remains an account balance
 - Six annuity options
 - Five annual COLA options
- 

Upon Commencement for Benefits, 65% of MPP Becomes a Lifetime Annuity...

65%



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

**...35% Remains an
Account Balance**

35%



**Account
balance**

All Together Now...

65%



+

35%



Lifetime Annuity

- Six annuity options
- Cost-of-living adjustments (COLA) to choose from

Account Balance

- LifeStage Retirement Income
- Other distribution options

MPP and CRSP: Life and Survivor Annuity Options

MPP Example:

Annuity Type	Payable to You	Payable to Contingent Annuitant
Life and 100%	\$1,151	\$1,151
Life and 85%	\$1,179	\$1,002
Life and 70%	\$1,206	\$846

MPP and CRSP: Single Life Annuity Options

MPP Example:

Annuity Type	Payable to You
Life only	\$1,368
Life with 5-year certain	\$1,360
Life with 10-year certain	\$1,335

0%

MPP Only

2%

3%

4%

or

5%

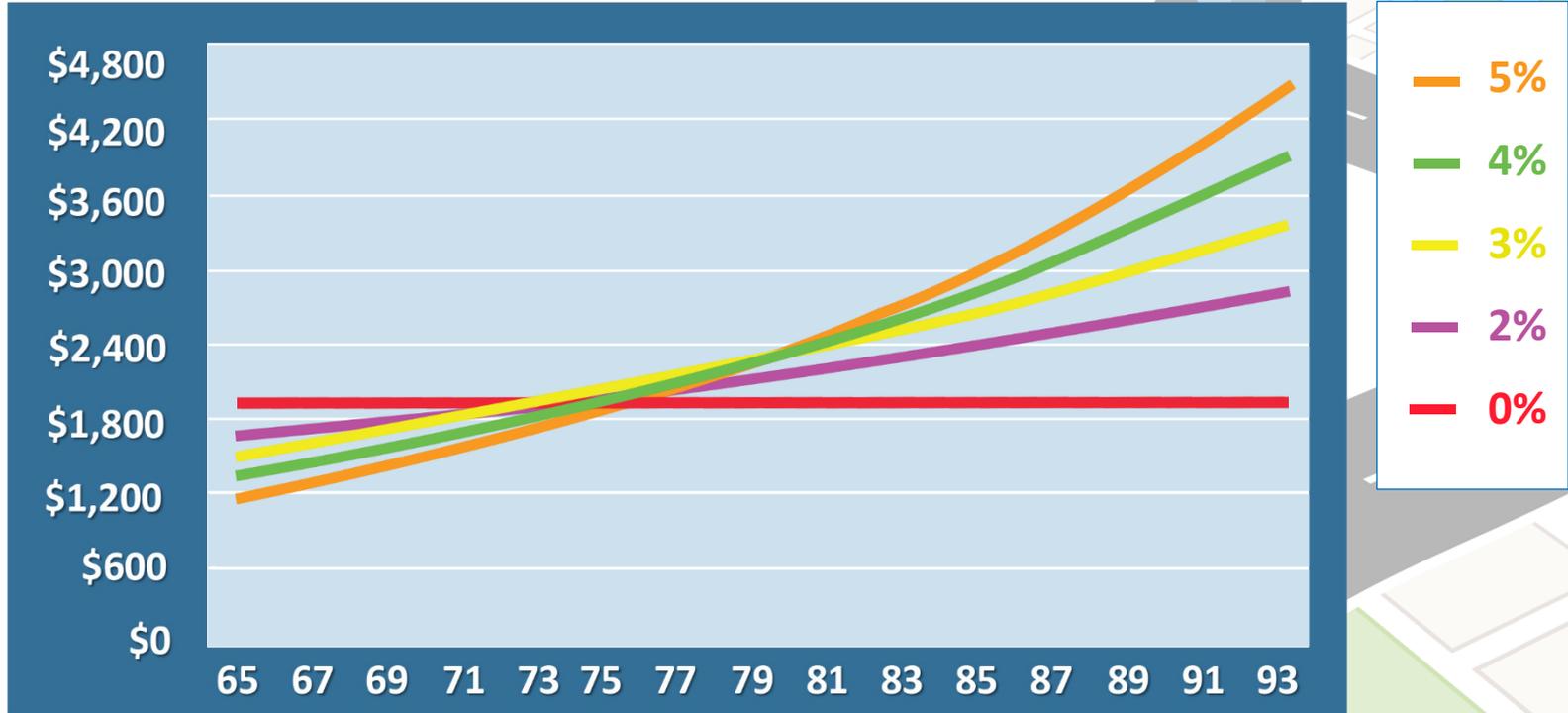
The COLA is an annual increase in your annuity payment that you choose.



Does the COLA impact
my initial benefit amount?

YES! Here's how...

MPP and CRSP DB Annuity: COLA Options based on retirement age of 65



MPP Considerations

- Leave in account until age 73 or 75
- Annuity and COLA options
- Option to take the 35% of account balance and wait on the 65%
- Roll over the 35% to your UMPIP
- Other distribution options



Wespath Retirement Plans



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Wespath Retirement Plans



Wespath Retirement Plans



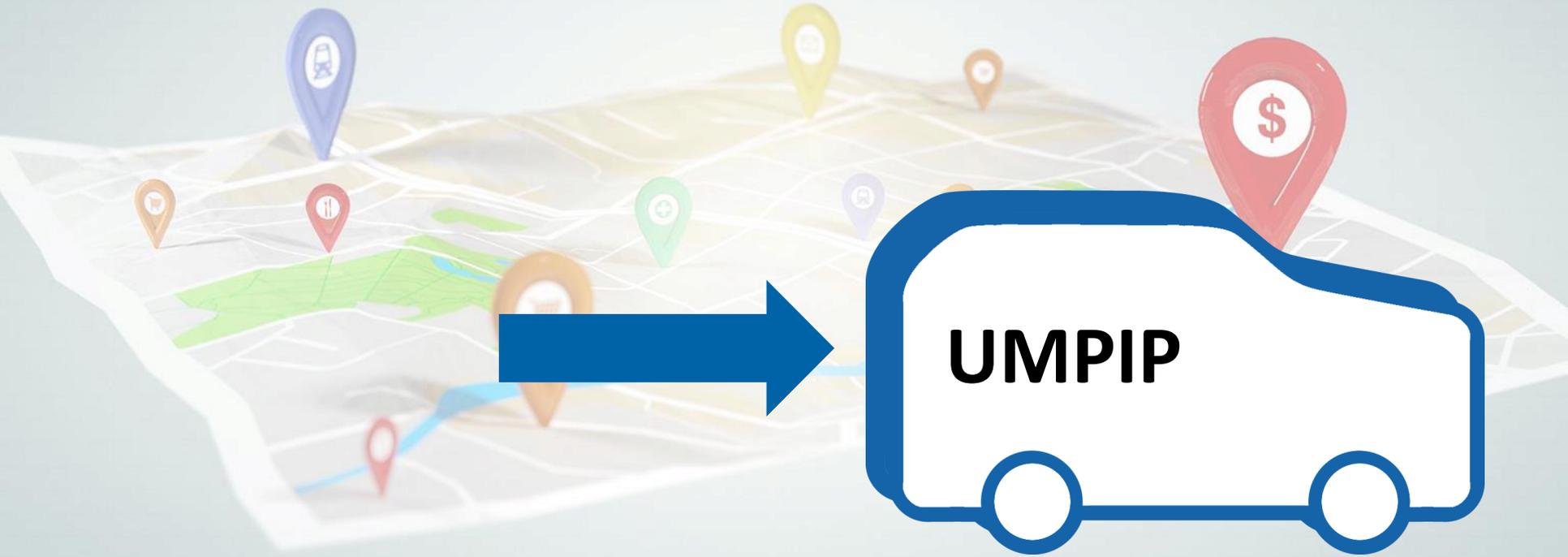
Pre-82 Plan

Since 2007
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Plan (MPP)

UMPIP

Wespath Retirement Plans



United Methodist Personal Investment Plan (UMPIP)

- Defined Contribution (DC) plan that accepts contributions from:
 - Plan sponsors/employers
 - Participants via payroll deduction
 - 1% contribution gets your CRSP DC match
 - Annual contribution limit set by IRS
- Investment options
 - LifeStage Investment Management
 - Self-manage



2024 Contribution Limits

Before-Tax and Roth combined

- \$23,000
- \$7,500 catch-up (age 50+)*
- \$30,500 total (age 50+)
- \$69,000 total
(Employer + Participant)

*Does not count towards the \$69,000 total



Most Common Personal Contribution Scenarios



**ASK EY OR
YOUR
FINANCIAL
ADVISOR!**

UMPIP—Before-Tax

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

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



UMPIP—Roth Contributions

Avoid Tax **LATER**—Roth Contributions

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

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



Rollovers Into UMPIP

- Moving money from previous employer plan to UMPIP
- Accepted from IRS-qualified plans or traditional IRAs
- Complete an *Incoming Rollover* form and send to Wespath Benefits Plans Department
- Consult with your tax or financial advisor, such as EY with questions



Distributions in Retirement

- Distribution choices
 - Cash installments
 - LifeStage Retirement Income
 - Self-Managed retirement income
 - Full lump sum
 - Partial lump sum
- At death, remaining balance to beneficiaries
- Required Minimum Distributions (RMDs)



Required Minimum Distributions

- Leave on account until Required Minimum Distributions (RMDs) at age 73 or 75
- Beginning by no later than April 1st of the following year after the participant turns age 73 or 75
- Applies to defined contribution accounts (UMPIP, CRSP and MPP 35%)
- Subsequent RMDs each calendar year using prior-year December 31 balances
- MPP, CRSP DB and Pre-82 benefits must also begin at this time



SECURE 2.0 – RMD Age

Effective 2023



If you were born in **1951 or later**, the age at which you must begin taking your Required Minimum Distribution (RMD) will **increase**.

Your Birthday

1/1/1951 - 12/31/1958

Your RMD

Age

73

Your Birthday

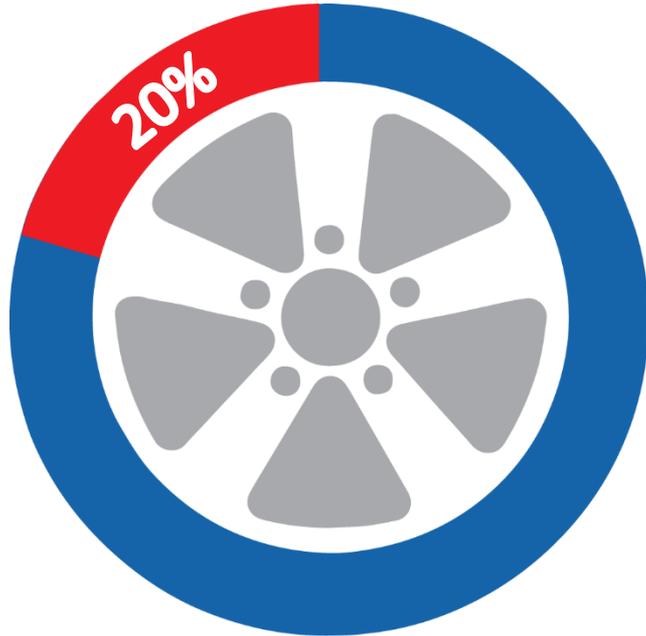
1/1/1959 and later

Your RMD

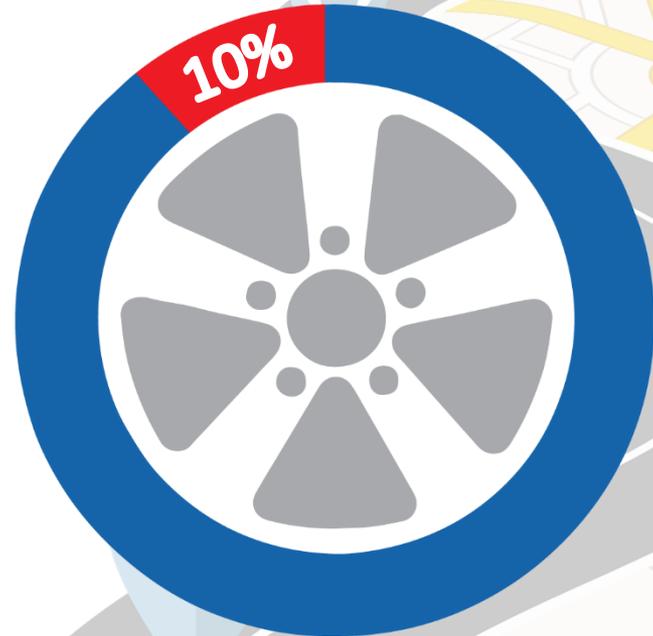
Age

75

Federal Tax Withholding on Distributions



**Partial or
full distributions**



RMDs

Initial Benefits Processing

Estimated Third Business Day of the Month

- 2024 retirees: make your elections by Friday, June 28
- July 4th Holiday on Thursday impacts first payment date

July 2024 retirees: July 8 approx.



Ongoing Monthly Retirement Income

- Monthly retirement income payments received via direct deposit on the first business day of the month
- Cash installment payments are deposited separately on the 2nd or 3rd business day of the month



Investing with Wespath



**LifeStage Investment
Management**



**Investment support
through EY**



**Choose your own mix
of investment funds**

LifeStage Investment Management

- Personalized investment management tool for defined contribution (DC) accounts
- Set your accounts on autopilot
- Fund allocations tailored to each participant
- Variables affecting fund allocations
 - Participant's age
 - Expected Benefits Commencement Date
 - Risk tolerance
 - Eligibility for Social Security benefits
 - Other Wespath benefits



Autopilot Solutions



**Comprehensive
Financial Guidance**

Investment Profile

Default

- Moderate risk tolerance
- Benefit commencement at age 65
- Eligible for Social Security benefits



CONSERVATIVE



MODERATE



AGGRESSIVE

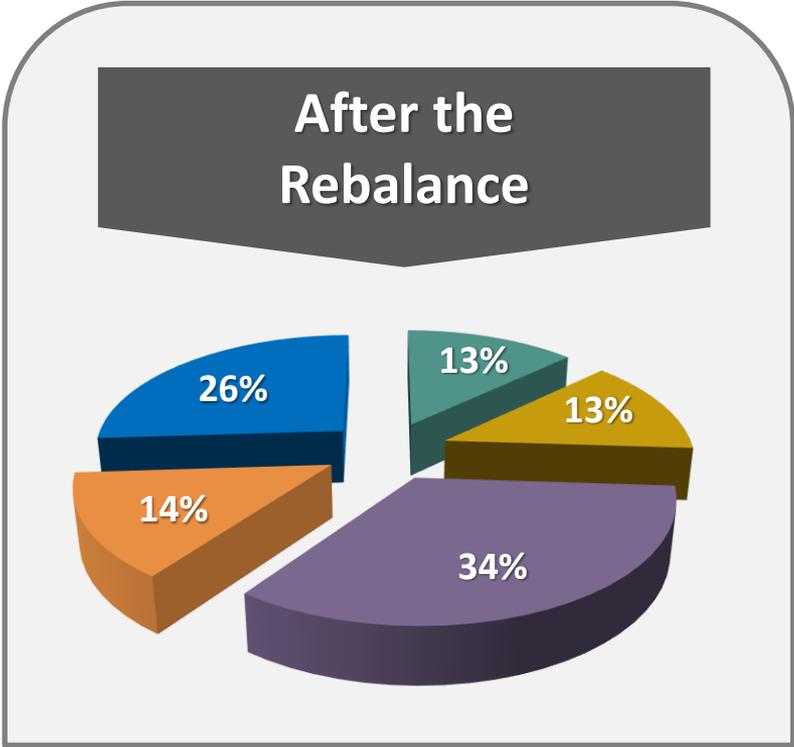
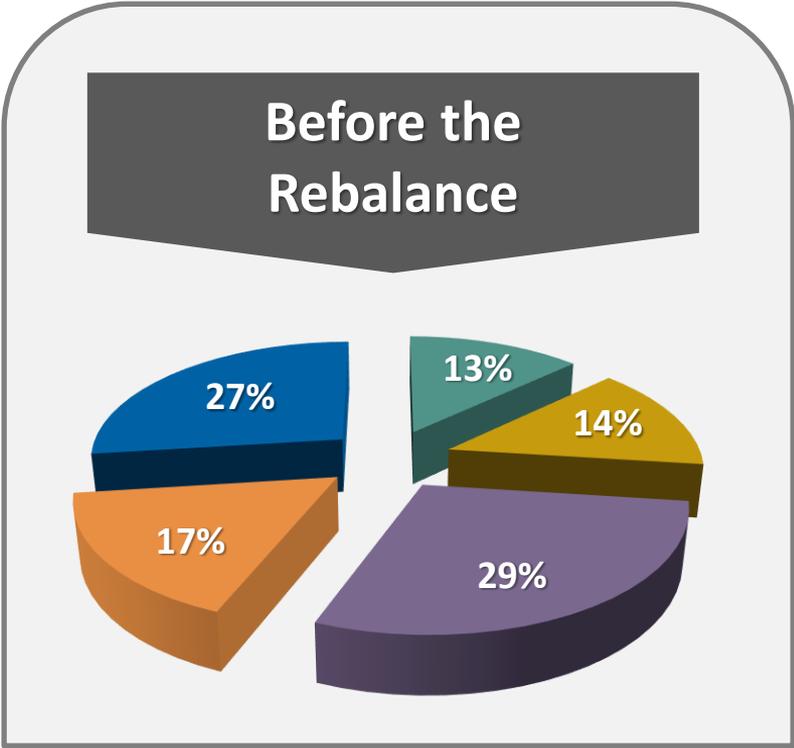
You can also set up a Personal Investment Profile in Benefits Access and LifeStage will model your target allocation according to your profile.

LifeStage Investment Management

- Creates a diversified investment portfolio customized to each participant
- Sets an asset allocation and reviews quarterly
- Rebalances your account as needed
- Manages investments during active service and in retirement



LifeStage Investment Management: Rebalancing



LifeStage Retirement Income

- Award-winning program designed to optimize monthly retirement income from DC plans
- Annual adjustment based on age, investment growth/loss, etc.
- Uses LifeStage Investment Management
- Goal to provide monthly payments for participant's (and survivor's) lifetime



Setting it up

- Use the Modeling Tool in Benefits Access when eligible
- Combines all DC balances into UMPIP
- You decide how much of your balance goes to the program
- You decide how remaining balance in UMPIP is invested
- System considers your account balance, your age, your survivor's age, and your risk tolerance



Flexibility and Choice

- Take distributions from these funds
- Add additional funds to LifeStage Retirement Income
- Transfer between LifeStage and UMPIP at any time
- No direct participant costs
- Social Security Bridge and Longevity Income Protection – customizable features to optimize your retirement income!



Social Security Bridge

- Supplements income in early retirement years by allowing you to defer applying for Social Security (to get maximum benefit)
- Once you apply for Social Security, LifeStage Retirement Income payments decrease, “leveling” your income
- Investment allocation adjusted to reflect short-term period of bridge

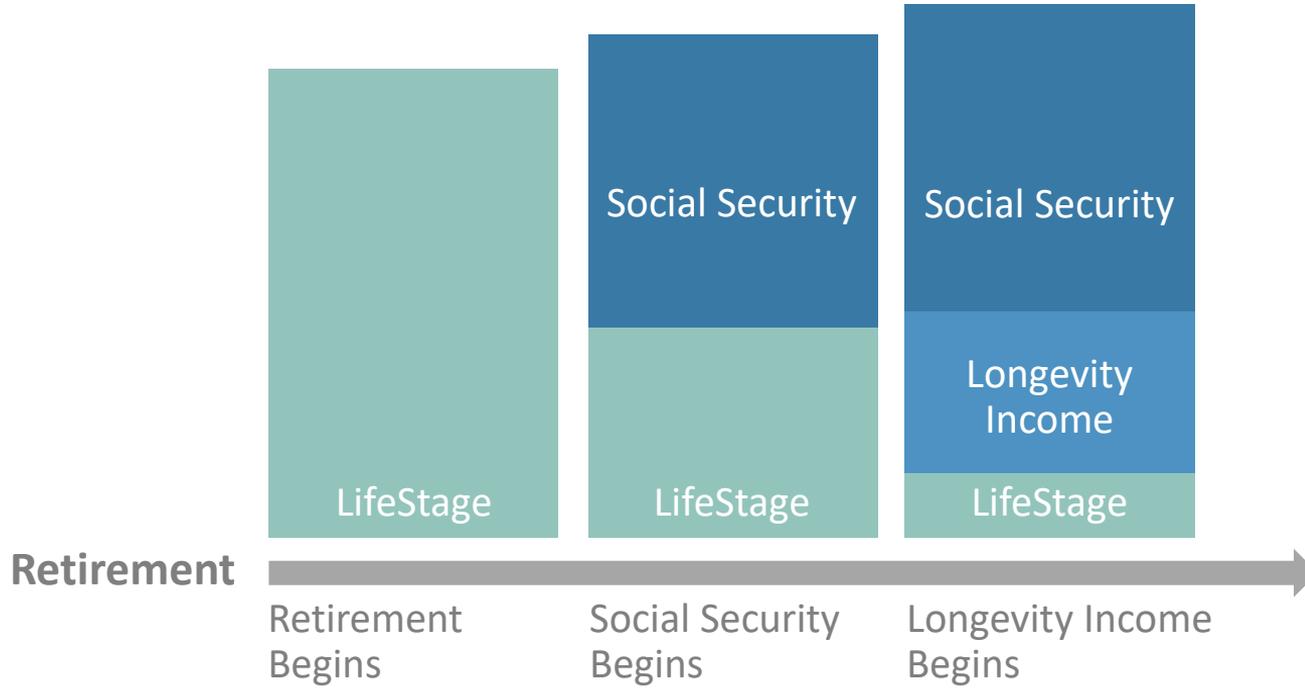


Longevity Income Protection

- Deferred annuity purchased through an outside insurer at retirement
- Provides:
 - Steady stream of payments over lifetime
 - Flexibility to spend in the early retirement years
 - Peace of mind
- Annuity based on group insurance rates
- Payments begin at age 80

2030
2029
2028
2027
2026
2025
2024
2023

How It Works



Is This Right for Me?

- Significant health issues?
- Family longevity?
- Opted out of Social Security?
- Past Social Security age?
- Significant other annuity income?

Consider rolling over outside eligible retirement money to boost balances





Housing Allowance Exclusion

Housing Allowance Exclusion in Retirement

Amount to be excluded is the least of:

Amount designated as housing allowance

- Generally, comes from annual conference resolution designating a housing allowance

Amount actually expended for housing

Fair rental value of the housing



Housing Allowance Exclusion

Example: Rev. Waters

- Receives \$24,000 in pension
- Housing Allowance Exclusion least of:
 - \$24,000 pension (100% designated)
 - \$20,000 actually spent on housing
 - \$21,000 fair rental value of housing
- Housing allowance exclusion: \$20,000
- **Amount taxable: \$4,000**



Housing Allowance Exclusion

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



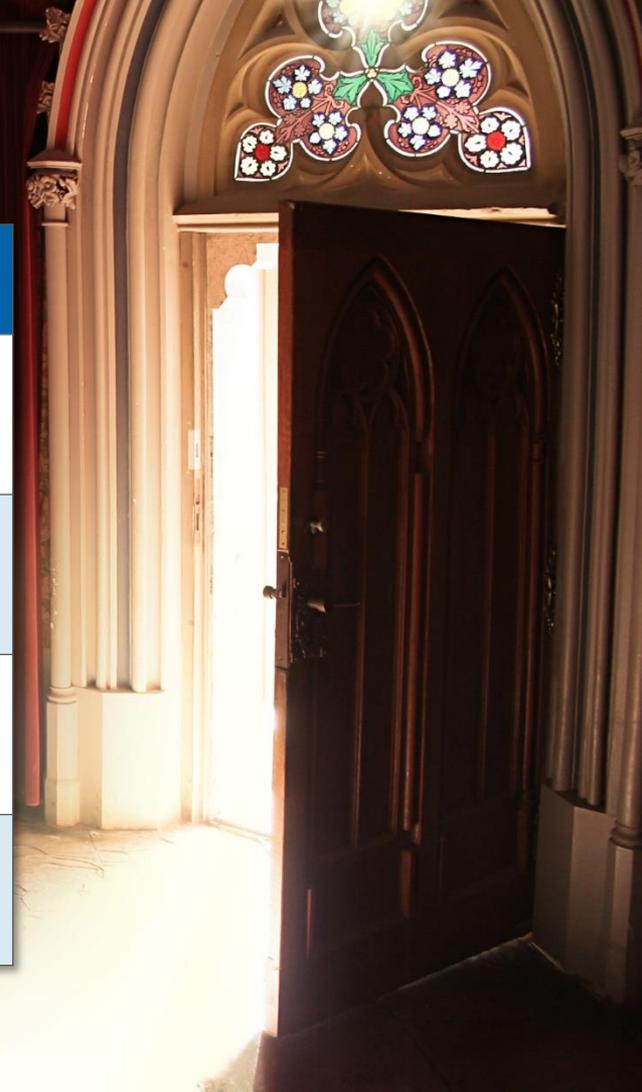
A person is shown in profile from the chest up, facing right. Their hands are clasped together in a prayerful or contemplative gesture. They are wearing a light-colored top and a metal watch on their left wrist. The background is a soft-focus sunset over a body of water, with warm golden light reflecting on the surface. A blue banner with white text is overlaid on the upper right portion of the image.

Death and Disability Benefits

Active Death Benefits

Provision	CPP Death Benefit
Clergy	\$50,000
Spouse	20% of DAC* at time of death
Surviving Spouse	15% of DAC* at time of death
Eligible Child	10% of DAC* at time of death

*Denominational Average Compensation



Retiree Death Benefit Eligibility

- Eligible to receive a benefit from CRSP at time of retirement, **AND**
- Enrolled in CPP for 12 of the last 15 years, **OR**
- Active participant in CPP for 25 years



Retiree Death Benefits*

Provision	CPP Death Benefit
Clergy	\$21,400
Spouse	\$16,100
Surviving Spouse	\$10,800
Eligible Child	\$8,600

*Benefit paid in flat amounts



Long-Term Disability Benefits

Definition: Unable to perform duties due to injury or illness for at least 6 consecutive months

- Must submit application and be approved
- Periodic re-approval
- Retirement plan credit



Long-Term Disability Benefit

- 70% of pre-disability plan compensation (housing + cash salary)
- Social Security Disability Income offset (\$1 for \$1)





Wespath Participant Resources

SAVE THE DATE for this virtual UMC Clergy event!



LIVE ((●))

FROM
Wespath

Wednesday, April 10, 11:00 a.m., Central time

**Information and insights from Wespath
about investments, General Conference,
benefits, well-being and more!**



Wespath

BENEFITS | INVESTMENTS

Retirement Benefits Projection

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

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

Benefits Access

Created for: Clergy Three Standard
Printed by: Clergy Three Standard
09/07/2022 9:20 PM

Your Personalized Retirement Benefits Projection Statement For Benefits Commencement Date 07/01/2027

Projection

PROJECTIONS ESTIMATE FUTURE BENEFITS BASED ON UNDERLYING ASSUMPTIONS, WHICH MAY CHANGE FROM TIME TO TIME. ACTUAL BENEFITS MAY VARY. WESPATH IS PROPOSING A NEW CLERGY RETIREMENT PLAN. IF THE PLAN IS APPROVED BY THE GENERAL CONFERENCE, CLERGY RETIREMENT BENEFITS FOR RETIREMENTS ON AND AFTER THE EFFECTIVE DATE OF THE NEW PLAN MAY DIFFER FROM THOSE PROJECTED BELOW.

Estimated Lifetime Income

	Estimated Monthly Benefit
Methodist Retirement Security Program Defined Benefit (CRSP DB) for 2007 through 2013 service	\$624
Methodist Retirement Security Program Defined Benefit (CRSP DB) for post-2013 service	\$833
Methodist Personal Pension Plan (MPP) Annuity (65%)	\$1,613
Total for Lifetime Income:	\$3,070

Estimated Account Balance(s)

	Estimated Account Balance	Estimated Monthly Installments
Methodist Personal Pension Plan (MPP) (35%)	-	\$721
Methodist Retirement Security Program Defined Contribution (CRSP DC)	-	\$248
Methodist Personal Investment Plan (UMPIP)	-	\$263
Total for Account Balance(s):	-	\$1,232

Understanding the Value of the Estimated Amounts

	Estimated Account Balance	Estimated Monthly Income
Estimated Total at Retirement:	-	\$4,302
Equivalent Value in Today's Dollars:	-	\$3,825
Estimated Income Replacement Ratio:	-	76.05%

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

If you have any questions or concerns regarding your Statement, please call Wespith at 800-851-2201, Monday through Friday, 8:00 a.m. to 6:00 p.m., Central Time, or EY Financial Planning Services at 800-360-2639, Monday through Friday, 8:00 a.m. to 7:00 p.m., Central time.

Benefits Access

Created for: Clergy Three Standard
Printed by: Clergy Three Standard
09/07/2022 3:20 PM

Your Personalized Retirement Benefits Projection Statement For Benefits Commencement Date 07/01/2027

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EY Financial Planning Services



wespath.eynavigate.com
1-800-360-2539



Common Questions for EY Financial Planners



How much can I afford for housing in retirement?



What will my income look like?



Should I choose a higher or lower COLA?



How should I secure a down payment for housing?



Should I use the loan feature or take a distribution?



Wespath Virtual One-On-One Consultations

Meet one-on-one with a
Wespath Benefits Educator

2024 Consultation Link

<https://www.wespath.org/r/consults24>



Action Planning

Register for Benefits Access

- ★ Online—
benefitsaccess.org
- ★ Review beneficiary
designation



Action Planning *(cont.)*

- Review and update your UMPIP contribution rate
- Review your LifeStage Investment Management profile
- Use Benefit Projection tool on Benefits Access website
- Call EY and register for EY Navigate
- Schedule a Benefit Education Consultation



More Wespath Resources



Wespath Participant Solutions

wespath.org

1-800-851-2201



Wespath Retirement Team

wespath.org

1-800-883-4078



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