

A Guide to Benefits Under the Clergy Pension Plan

Letter from the President and CEO

Dear Friends,

Whether your retirement is a distant dream, a next step, or a pleasant reality, the Church Pension Fund is here to help you achieve financial security in retirement and throughout your ministry.

Reaching that goal requires both planning and partnership. We can help you plan. And when we work actively together, the Church Pension Fund can also be your informed and caring partner. That's because we know the complex ins and outs of your benefits package, and we also have your best interests at heart.

As this Guide makes clear, the Clergy Pension Plan is much more than a retirement plan. It offers financial protection for you and your family in the event of disability or death at any stage in your ministry. During the past several years, we have significantly enhanced these benefits and added flexibility to your options.

We hope you will find this overview of the Clergy Pension Plan's rules and benefits useful. As questions arise, please give us a call, write to us, or visit our offices. We want to help.

Sincerely,



T. Dennis Sullivan
The Church Pension Fund

The Church Pension Fund

- The Church Pension Fund (CPF) administers The Church Pension Fund Clergy Pension Plan (the Clergy Pension Plan) for The Episcopal Church.
- CPF provides pensions and related benefits for Episcopal clergy, their eligible surviving spouses or other named beneficiaries, and eligible dependent children.
- As mandated by the Constitution and Canons of The Episcopal Church, CPF levies assessments on churches and church-related organizations to provide these benefits.

This Guide is provided as a handy reference and is only a summary of the Clergy Pension Plan and the way it applies to most clergy. Individual situations may differ in some detail from those described in this Guide. To discuss specific circumstances, call Pension Services at (800) 223-6602; Monday – Friday from 8:30am – 5:30pm ET (excluding holidays) or email Pension Services at benefits@cpg.org.

For readability

Several shorthand terms are used throughout this Guide. The terms “employer,” “church” and “parish” represent all qualified employers that participate in the Clergy Pension Plan. The terms “active” and “active participant” generally refer to clergy for whom assessments have been paid for six out of the preceding 12 months. The terms “inactive” and “inactive participant” generally refer to clergy for whom assessments have not been paid for six months or more.

Table of Contents

About this Guide	1
Who needs this Guide?	1
What will this Guide do?	1
The Clergy Pension Plan is a defined benefit plan. How does this benefit the clergy?	1
While members of the clergy are working	4
What can a cleric expect to receive from the Clergy Pension Plan at retirement?	4
What is vesting?	4
What is Credited Service?	4
What is Highest Average Compensation?	4
What is Total Assessable Compensation?	5
When are assessments mandatory?	6
Special situations:	6
Newly ordained and job hunting	6
Between jobs in the Church	6
Change in ecclesiastical status	6
Extension of Ministry	7
Graduate study	7
Family and medical leave	7
Overseas missionaries	8
Military service	8
Service in other parts of the Anglican Communion	8
Two-clergy families	8
How does the Clergy Pension Plan protect the cleric and their families while they are working and having assessments paid?	9
Disability retirement	9
Short-term disability insurance	10
Maternity leave	10
Death while in active service	10
Pre-retirement survivor's benefit	10
Pre-retirement survivor's benefit beneficiary	11
Resettlement benefit	11
Surviving child's benefit	11
Surviving disabled child's benefit	12
Lump sum death benefit	12
Life insurance	12
What must the cleric do while working to ensure his or her benefits?	12
What must the Church employer do to make sure the cleric will receive full benefit coverage?	13

What happens if assessments aren't paid on time?	13
What happens to the cleric's retirement benefits if the cleric divorces or marries before retirement?	13
What about other sources of retirement income?	14
Getting ready to retire	16
When does the retirement process begin?	16
When can clergy retire?	16
Can a cleric work in the The Episcopal Church after retirement? . . .	17
What happens if the cleric returns to active ministry and either exceeds the compensation limits or does not meet the other work after retirement criteria?	17
What about work outside The Episcopal Church after retirement? . .	17
How much will the cleric receive each year?	17
How will the cleric receive his or her monthly benefit?	19
What other benefits will be received from CPF at retirement? . . .	19
What is an eligible spouse?	22
What about clergy who are not married?	22
Are there other retirement benefit options?	23
What about clergy with minor dependent children?	23
Are pension benefits taxable?	23
Checklist for an upcoming retirement	24
Retiring with security	25
What happens to a cleric's pension benefits if he or she continues to work in the Church for pay after retirement?	25
What can a cleric expect in addition to a monthly pension benefit payment?	25
How does marriage or divorce after retirement affect a cleric's benefits?	25
What will a surviving spouse or other named beneficiary receive when a retired member of the clergy dies?	26
Appendices	27
Significant dates affecting the benefits provided by the Clergy Pension Plan	27
Constitution and Canons of the Episcopal Church (2006) Pertaining to The Church Pension Fund	27
Glossary of Terms	29
Index	31
Contact Information	32

About this Guide

- This Guide is a summary of the benefits and rules governing the Clergy Pension Plan, which covers all ordained bishops, priests and deacons who are canonically resident in a domestic diocese of The Episcopal Church.
- Tailored companion pension plans are in place for the clergy of Iglesia Anglicana de Mexico and the Diocese of Liberia. Other members of the clergy who are canonically resident in a non-domestic diocese of The Episcopal Church participate in a separate International Clergy Pension Plan. Please contact Pension Services for specific information if you are a participant in one of these plans.
- This Guide is provided for informational purposes and should not be viewed as investment, tax or other advice. In the event of a conflict between this Guide and the Official Plan Document, the terms of the Official Plan Document will govern.
- CPF and its affiliates reserve the right to amend, terminate or modify the terms of the Clergy Pension Plan or any other plan described in this Guide at any time, without notice and for any reason.

Who needs this Guide?

- All compensated ordained bishops, priests, and deacons that are canonically resident in a domestic diocese of The Episcopal Church, have been in the past, or plan to be in the future.

What will this Guide do?

- Help clergy understand their benefits.
- Clarify what clergy need to do to ensure eligibility for the comprehensive benefit package provided by the Clergy Pension Plan.
- Encourage clergy to call Pension Services to establish a working relationship with us that begins at ordination and continues through retirement.

The Clergy Pension Plan is a defined benefit plan. How does this benefit the clergy?

Pooling

- Pension benefits are determined at the time of retirement without regard to the market performance of the general fund. This form of pension plan is known as a “defined benefit” plan.
- The church employer contributes an amount equal to a percentage of Total Assessable Compensation, commonly called an assessment, to the Church Pension Fund every year. This assessment is not invested in an individual account, but in a general fund of pooled contributions from employers of all paid clergy in The Episcopal Church.
- Benefits can never decrease due to investment performance. The total value of CPF’s assets secures the payment of retirement benefits. Benefits may increase through discretionary cost-of-living adjustments.

- Regardless of CPF's investment performance from year to year, full benefits are assured. They are determined by a formula based on:
 - ~ Credited Service earned through the regular and timely payment of assessments, and
 - ~ the cleric's compensation history.

Participation • All ordained bishops, priests and deacons who are canonically resident in a domestic diocese of The Episcopal Church and who are not participating in the International Clergy Pension Plan must participate in the Clergy Pension Plan, in accordance with the Constitution and Canons of the Episcopal Church, Title I, Canon 8, Section 5 (2006) if they receive \$200 or more per month in compensation for three successive months or more from the same employer. (Clergy who are age 67 or older at ordination are exempted from this requirement.)

- Clergy are eligible to participate in the Clergy Pension Plan as soon as ordination to the diaconate occurs.
- Clergy can begin participation in the Clergy Pension Plan up to one year before obtaining their first paid position by paying assessments personally. In lieu of this, participation becomes effective the date the first Church employer begins paying assessments.
- From the date payments are first received on the cleric's behalf, the cleric and his or her family enjoy the full protection of the Clergy Pension Plan as Credited Service accumulates. If both the cleric and his or her spouse are ordained, each one participates in the Clergy Pension Plan independently.

Portability • Wherever a cleric is working within The Episcopal Church, pension and other benefits go with the cleric.

- Credited Service continues to build based on years of service, as long as the required assessments are paid.
- Clergy are free to accept a call to any Church position without losing Credited Service. This feature gives a cleric greater flexibility to move within The Episcopal Church while continuing to build a pension base.

Protection • The Clergy Pension Plan provides both life and disability benefit coverage from the time assessment payments begin all the way through retirement. This includes:

- ~ Disability benefits
- ~ A lump sum death benefit
- ~ Survivor's benefits to eligible spouses, dependent children or named beneficiaries

- Active members of the clergy and eligible retirees are covered by a CPF-provided life insurance benefit.
- Protection is there for the cleric and his or her family in the event the cleric is disabled or dies before retirement.
 - ~ Whether the death occurs before or after retirement, the Clergy Pension Plan offers an automatic benefit to an eligible surviving spouse at no cost to the cleric, as well as the opportunity to enhance that benefit at the time of retirement.

- ~ For clergy who are not married, the Clergy Pension Plan provides an automatic benefit to a named beneficiary if death occurs before retirement. The Plan also provides the opportunity for a cleric to name an adult beneficiary at retirement who will receive benefits after the cleric dies. *It is imperative that members of the clergy notify Pension Services whenever there is a change in family status and update their beneficiary information, including the beneficiary's address and telephone number, as necessary. Certain benefits such as the pre-retirement survivor's benefit, and the life insurance and lump sum death benefits carry with them "default beneficiary" provisions that may not be in keeping with the cleric's wishes.*
- Since there is no individual investment funding, the Clergy Pension Plan does not provide loans or lump sum payouts.

While members of the clergy are working

Even if retirement is years away, it is important for members of the clergy to understand the basic provisions of the Clergy Pension Plan. Understanding coverage in the event of untimely death and other unanticipated life changes can also help clergy make thoughtful plans for their family and loved ones, thus contributing to the cleric's peace of mind.

The following information provides an introduction to the comprehensive benefits provided by the Clergy Pension Plan.

What can a cleric expect to receive from the Clergy Pension Plan at retirement?

A monthly retirement benefit that reflects:

- total Credited Service
- and
- Highest Average Compensation (HAC), as defined by the Clergy Pension Plan.

What is vesting?

- Vesting is the point at which benefits have been earned and secured for future payment.
- A member of the clergy must accumulate five years of Credited Service in the Clergy Pension Plan to be vested in his or her retirement benefits.

What is Credited Service?

- Credited Service (CS) is the period of years and months for which full assessments have been paid.
- Credited Service is only earned for the years in which the required assessments are paid on the cleric's Total Assessable Compensation.
- The longer the cleric serves in paid positions in The Episcopal Church (assuming all assessments are paid), the more Credited Service the cleric will earn and the greater the cleric's retirement benefits will be.
- Credited Service will vary when the cleric's salary does not meet the minimum requirements of the Clergy Pension Plan.
 - ~ The cleric may continue to earn full-time Credited Service by personally paying CPF the part of the assessment necessary to do so.
 - ~ The assessment amount will be based on the difference between the cleric's Total Assessable Compensation in the cleric's current position and the lesser of the cleric's Total Assessable Compensation at his or her last full-time place of employment or the cleric's Highest Average Compensation.

What is Highest Average Compensation?

Highest Average Compensation (HAC) is generally the average of the highest-paid seven out of eight consecutive 12-month periods during a cleric's ministry.

What is Total Assessable Compensation?

For pension purposes, Total Assessable Compensation generally consists of cash salary, Social Security tax reimbursements, utilities, and housing. Total Assessable Compensation may also include other items that are taxable under the Internal Revenue Code, as determined by the Plan Administrator. Total Assessable Compensation is the sum of all of the following components and is the basis on which pension assessments are calculated.

- **Cash salary** is the stipend paid, including bonuses, fees, one-time cash payments, tuition paid for dependents, severance, and any salary reduction arrangements used to fund a tax-sheltered annuity or other 403(b) account.
- **Social Security tax reimbursement** is compensation the employer provides to offset the cleric's self-employment (SECA) taxes. The reimbursement may be a fixed dollar amount or a percentage of the cleric's cash salary.
- **Utilities** are allowances received to cover the cost of utility bills, such as fuel, gas, and electricity, or the amount the employer pays for utilities on a cleric's behalf.
- **Housing** is the allowance received for this purpose. Since we use housing to calculate the Total Assessable Compensation on which assessments are based, it is important for us to know whether or not housing is provided and, if so, how it is provided.
 - ~ If housing is provided rent-free, the housing allowance is calculated at 30% of the sum of the cash stipend, Social Security (SECA) reimbursements, and utilities.
 - ~ If both housing and meals are provided, the housing allowance is calculated at 40% of the sum of the cash stipend, Social Security reimbursements, and utilities.
 - ~ If a cash housing allowance or a housing equity allowance is received, the assessable housing allowance is the actual dollar amount received.
 - ~ If housing or housing and meals are provided rent-free and an additional cash housing allowance or cash housing equity allowance is received, for pension purposes the value of the assessable housing is calculated at 30% (when only housing is provided) or 40% (if both housing and meals are provided) of the sum of the cash stipend, Social Security reimbursement, and utilities. The Total Assessable Compensation is then equal to the calculated value of the housing plus the actual cash housing allowance or cash housing equity allowance received plus all other cash compensation.
 - ~ If compensation is received from more than one church employer, but only one provides housing, compensation from all of the qualified employers is assessed for a proportionate share of the housing.

The Clergy Pension Plan strictly prohibits the employer from paying assessments on an amount in excess of the cleric's Total Assessable Compensation as determined in accordance with the Clergy Pension Plan rules summarized above. The Church Pension Fund reserves the right to request support or the Total Assessable Compensation reported to the Fund at any time.

When are assessments mandatory?

- If a cleric works in one parish for at least three consecutive months and earns at least \$200 a month, the parish is required to pay assessments under the Constitution and Canons of the Episcopal Church (Title I, Canon 8, Section 3 (2006)).
- Employers who are employing supply or interim clergy are **not** exempted from this rule.

Special situations:

There are special situations in which the Clergy Pension Plan will waive assessments for a specified period, or permit the cleric to pay assessments directly to the Clergy Pension Plan. Unless a cleric earns at least five years of Credited Service in the Clergy Pension Plan prior to retirement, there may be little advantage to electing this option. These special situations include:

Newly ordained and job hunting

- If a cleric has been ordained to the diaconate but a position in the Church has not been secured, the option exists to earn up to one year of Credited Service by personally paying assessments.
- These assessments are calculated on the Clergy Pension Plan's hypothetical minimum compensation.
- During this time, the cleric is eligible for the following benefits:
 - ~ the disability retirement benefit,
 - ~ the lump sum death benefit, and
 - ~ the survivor's benefit.
- The above coverage continues for up to six months after the cleric ceases paying assessments.

Between jobs in the Church

- If a cleric is between cures and not receiving compensation for church or church-related work, the cleric may continue to earn full Credited Service by personally paying assessments for up to one year.
- These assessments are based on the lower of the cleric's last full-time Total Assessable Compensation or Highest Average Compensation.

Change in ecclesiastical status

- If a cleric is inhibited or suspended, the cleric may personally pay assessments during the period of inhibition or suspension or for a maximum of one year, whichever is less.
- These assessments are based on the lower of the cleric's last full-time Total Assessable Compensation or Highest Average Compensation.

- If a cleric is deposed or removed, he or she may no longer actively participate in the Clergy Pension Plan. However, any vested retirement benefits that had been earned by the cleric up to the date of deposition or removal will be available to the cleric when he or she retires.

Extension of Ministry

- If a cleric is in good standing and exercises his or her ministry in an organization that is not affiliated with The Episcopal Church, the cleric may continue to participate in the Clergy Pension Plan provided the following criteria are met:
 - ~ The Extension of Ministry is approved by the cleric's canonical bishop and
 - ~ The Extension of Ministry is approved by the Trustee Committee on Ecclesiastical Offices.
- Educational or social work with a pastoral aspect, chaplaincy, and other religious duties that advance the mission of The Episcopal Church and that do not violate the Constitutions and Canons of the Church are generally considered an extension of ministry.
- Strictly secular work is not included.
- Either the cleric, the employer, or the two together may pay assessments on the cleric's Total Assessable Compensation. However, the cleric's Total Assessable Compensation must meet the Clergy Pension Plan's requirements to earn full Credited Service.
- If assessments are not paid, the cleric's records are held in abeyance and fully covered status and some benefits may be lost.

Graduate study

- If a cleric is attending graduate school in a course of study to strengthen his or her ministry, the cleric's assessments may be waived. In such cases, the cleric may earn up to three years of Credited Service based on the hypothetical minimum compensation, provided that:
 - ~ the cleric's canonical bishop recommends waiver of assessments,
 - ~ the cleric has already earned at least three years of Credited Service in the Clergy Pension Plan,
 - ~ a committee of the CPF Board of Trustees approves the waiver, and
 - ~ between the time the cleric ends his or her studies and retirement, the cleric earns additional years of Credited Service equal to the number of years and months for which assessments were waived.

Family and medical leave

- If a cleric takes an unpaid leave of absence to care for a newly born or newly adopted child or to care for an immediate family member during the family member's illness, the cleric can earn up to 12 weeks of Credited Service by paying assessments during the leave based on either the cleric's Total Assessable Compensation prior to the leave or the Clergy Pension Plan's hypothetical minimum compensation.
- Leave to care for a newly born or newly adopted child must occur within one year of the child's birth or adoption.

- Leave to care for a member of the cleric's immediate family must be supported by a statement from the family member's physician regarding the nature of the family member's illness and the need for such care.

In addition, there are specific policies that cover members of the clergy serving outside the United States, those in military service, those called to active military service from the reserves, and in other circumstances.

Overseas missionaries

- The Executive Council has affirmed in their Guidelines for the Support of Overseas Missionaries whom they appoint, "For clergy appointees, premiums [assessments] will be paid to the Church Pension Fund on the basis of the prior year's national median clergy compensation. This base is subject to annual review and change in accord with median compensation figures provided by the Church Pension Fund."

Military service

- The Church Pension Fund has special agreements with the Office of the Bishop Suffragan for Chaplaincies covering members of the clergy who serve as chaplains in active military service. Details regarding these agreements can be obtained by calling Pension Services.
- The Uniformed Services Employment and Reemployment Rights Act (USERRA) provides important benefits for all Reserve and National Guard members that are called to active duty. This act not only requires employers to maintain pension coverage during the period of military deployment, but also requires employers to guarantee equivalent employment following release from federal service. If an employer provides the support contemplated by the law, the Office of the Bishop Suffragan for Chaplaincies and the Church Pension Fund can offer assistance in meeting a major portion of the law's requirements under the "Special Mobilization Support Plan." This plan is intended to ensure that pension assessments for clergy called to active service in the military will be paid in full during the period of active duty.

Service in other parts of the Anglican Communion

- If part of a cleric's service to the Church takes place in another part of the Anglican Communion, the cleric may still be vested in the Clergy Pension Plan if he or she has earned a total of five years of combined Credited Service. At least two years of Credited Service must be earned based on participation in the Clergy Pension Plan. However, the retirement benefits provided by the Clergy Pension Plan will be based solely on the compensation and Credited Service earned as an active participant in the Clergy Pension Plan.

Two-clergy families

- If both spouses are ordained, each is building his or her own record of Credited Service with the Clergy Pension Plan.
- Each spouse will receive a pension benefit at retirement.

How does the Clergy Pension Plan protect the clergy and their families while they are working and having assessments paid?

Unlike most corporate retirement plans, the Clergy Pension Plan provides a comprehensive package of benefits to protect a cleric's family and the cleric during the cleric's working years in the Church, as well as in retirement.

Disability retirement

If a cleric becomes seriously disabled before retirement or reaching age 65, the cleric may be eligible to receive a disability retirement benefit. To qualify, the cleric's physician must certify that the disability is total and continuing, the cleric's canonical bishop must also certify that the cleric is unable to work, and CPF's Medical Board must concur. If a cleric is considering resigning from a position for health reasons, the cleric should file an application to determine whether he or she qualifies for this benefit. Disability retirement is for *total disability* only. The cleric may not be compensated for any work (inside or outside the Church) and receive disability retirement benefits. However, after a cleric has received disability retirement benefits for one year, the cleric, with the approval of the cleric's physician, the cleric's canonical bishop, and the CPF Medical Board, may begin to work part-time and receive a reduced disability retirement benefit.

The total disability retirement benefit will generally consist of all, or some of the following, depending on the cleric's eligibility:

- **Basic Disability Benefit:** If the cleric is active at the time of the onset of the disability, the basic disability benefit is determined by the formula for normal retirement, based on the cleric's Highest Average Compensation and Credited Service projected to age 65. If the cleric is not active at the time of disability, the basic disability benefit is based on the cleric's Highest Average Compensation and Credited Service earned up to the date the cleric stopped actively working in The Episcopal Church.
- **Disability Enhancement:** In addition to the basic disability benefit, the cleric may be eligible to receive a disability enhancement. If the cleric qualifies, the basic disability benefit plus the enhancement will equal 70% of the cleric's Total Assessable Compensation prior to the onset of disability. Both the basic disability benefit and the enhancement will be subject to any cost of living adjustments that may be approved by the CPF Board of Trustees. The disability enhancement will be paid each month *through the month the cleric reaches age 65 or until such time as the disability retirement is cancelled, at which time the disability enhancement and, depending on the cleric's age and Credited Service, the basic disability benefit will cease.*
- **Bridge Benefit:** If the cleric is receiving a basic disability benefit from the Plan, the cleric will also receive a monthly "bridge benefit" to help cover the cost of medical expenses. This monthly benefit equals \$17.50 times the number of years of earned and projected Credited Service. The benefit is paid until the cleric reaches age 65.

- **Allsup:** The process of applying for Social Security disability benefits can be daunting and confusing. To assist with this process, the Church Pension Fund has contracted with Allsup, an organization that has experience navigating Social Security's disability process. Allsup is available at no cost to clergy receiving a disability retirement benefit from the Clergy Pension Plan. Access to Allsup is also available to assist the spouse and dependent children of these clergy.

Short-term disability insurance

There are situations in which disability retirement may not be appropriate. CPF provides income replacement insurance coverage to assist an employer with extraordinary expenses in the event of a cleric's short-term disability. The coverage commences after 30 consecutive days of disability and continues for up to one year of disability or until the cleric begins receipt of a disability retirement benefit from the Clergy Pension Plan. The coverage is limited to 70% of the cleric's Total Assessable Compensation or \$1,000 per week, whichever is less. The employer must agree to continue the cleric's employment during the short-term disability period at the cleric's pre-disability compensation to receive this assistance.

Maternity leave

CPF also provides income replacement insurance coverage to assist an employer with extraordinary expenses when a cleric is on maternity leave after giving birth. The coverage commences immediately upon the birth of a cleric's child with no waiting period and continues for up to 12 weeks. The coverage is limited to 70% of the cleric's compensation or \$1,000 per week, whichever is less. The employer must agree to continue the cleric's employment during the maternity leave at the cleric's pre-leave compensation to receive this assistance.

If you have questions about disability benefits, please call CPF's Office of Pastoral Care and Education at (800) 223-6602.

Death while in active service

Pre-retirement survivor's benefit

- If a cleric dies before he or she is eligible for retirement and is an active participant in the Plan at the time of death, the eligible surviving spouse or other named beneficiaries will receive a survivor's benefit. The pre-retirement survivor's benefit is generally equal to 50% of the pension benefit the cleric would have received at his or her normal retirement date based on the cleric's projected Credited Service to age 65 and the cleric's Highest Average Compensation.
- If the cleric is an active or deemed active participant in the Plan and eligible for retirement at the time of death, the surviving spouse or other named beneficiaries will receive benefits equal to the greater of:
 - ~ 50% of the pension benefit the cleric would have received based on the cleric's projected Credited Service to age 65 and the cleric's Highest Average Compensation, or
 - ~ the pension benefit the cleric would have received if he or she had retired just prior to death and had elected the 100% joint and survivor annuity option.

- If the cleric dies before he or she is eligible for retirement and is an inactive participant in the Clergy Pension Plan at the time of death, the cleric's surviving spouse or other named beneficiaries will receive a benefit equal to 50% of the pension benefit the cleric would have received at normal retirement based on the cleric's actual Credited Service and Highest Average Compensation at the time of death.
- If the cleric dies after he or she is eligible for retirement and is an inactive participant in the Clergy Pension Plan at the time of death, the cleric's surviving spouse or other named beneficiaries will receive a benefit equal to the pension benefit the cleric would have received if the cleric had retired just prior to his or her death and elected the 100% joint and survivor annuity option.

Pre-retirement survivor's benefit beneficiary

- The following rules apply if the cleric chooses to name someone other than the cleric's spouse as his or her pre-retirement survivor's benefit beneficiary:
 - ~ Up to three beneficiaries can be named who are not the cleric's children.
 - ~ If all of the named beneficiaries are the cleric's children, there is no limit on the number of beneficiaries.
- If the named beneficiary is not the cleric's spouse and the named beneficiary is under the age of 22 at the time of the cleric's death, the beneficiary will receive the survivor's benefit until he or she reaches age 22 or for a period of five years, whichever occurs later.
- If the named beneficiary is a trust or an estate, the survivor's benefit will be equal to five times the annual benefit payment and will be paid in a single lump sum. If, however, the beneficiary is a special needs trust established for the benefit of a disabled child, the benefit will be paid to the special needs trust for the life of the beneficiary of the trust.
- If no beneficiary is named and the cleric has neither a spouse nor children at the time of death, no benefit will be paid.

Resettlement benefit

- In addition to the pre-retirement survivor's benefit, the cleric's spouse or other named beneficiaries may be eligible to receive a resettlement benefit equal to 12 times the retirement benefit the cleric would have received or \$20,000, whichever is less.

Surviving child's benefit

- If a cleric dies while his or her children are young, each eligible surviving dependent, unmarried child under age 25 may receive a benefit.
- If both the cleric and his or her spouse die, the benefit is doubled.
- This benefit will cease when the child marries, becomes independent or attains age 25, whichever occurs first.

Surviving disabled child's benefit

- A surviving dependent child who is permanently disabled, either physically or mentally, will continue to be paid the surviving child's benefit for life as long as the child was disabled before age 25, provided the disability has been attested to by the child's physician and the CPF Medical Board has concurred with the physician's findings.
- If a cleric's child becomes disabled, it is vital that the cleric notify Pastoral Care and Education as soon as possible.

Lump sum death benefit

- If a cleric dies while an active participant in the Clergy Pension Plan and assessments are fully paid, the cleric's named beneficiary will be provided a lump sum death benefit of \$5,000.
- If no beneficiary is named, the lump sum death benefit will be paid in accordance with the default beneficiary provisions contained in the governing plan or policy.
- This benefit is only available to members of the clergy who die while in active service. Eligible retired members of the clergy are covered under a separate retiree life insurance benefit. (See page 20.)

Life insurance

- If a cleric dies while an active participant in the Plan or if a cleric has earned at least 25 years of Credited Service at the time of death, the cleric's named beneficiary will be provided a life insurance benefit equal to four times the cleric's total compensation with a maximum value of \$100,000.
- If no beneficiary is named, the life insurance benefit will be paid in accordance with the default beneficiary provisions contained in the governing plan or policy.

What must the cleric do while working to ensure his or her benefits?

- To maintain full benefits, it's the cleric's responsibility to make sure CPF receives:
 - ~ timely and accurate assessment payments
 - ~ accurate and up-to-date personal information regarding:
 - compensation
 - a change in assignment
 - a major life event (marriage, divorce, birth of a child, etc.)
 - a change in beneficiary

Monitoring assessments

- ~ A cleric's Church employer is required to make regular assessment payments on the cleric's behalf. If payments are incorrect or in arrears, the cleric risks losing benefits for which he or she might otherwise be eligible.
- ~ Reviewing the cleric's Annual Certificate is critical. The Annual Certificate reflects all the compensation on which the Church employer has paid assessments during the previous year, as well as the Credited Service earned for that year.

- ~ Reviewing the cleric's Personal Information Summary is equally important because it reflects the demographic and personal information on file as well as current compensation and projected retirement benefits.

Corrections to the Clergy Pension Plan's compensation and/or employment records will only be accepted for two years following the year in which the compensation or employment change became effective. No retroactive compensation corrections or notices of new employment will be accepted after the end of the second year following the year in which they became effective.

What must the Church employer do to make sure the cleric will receive full benefit coverage?

- The church employer must pay the assessments accurately and on time. These payments are mandated by the Constitution and Canons of The Episcopal Church, Title I, Canon 8, Section 3 (2006) (see page 27).
 - ~ The assessment is 18% of the Total Assessable Compensation as defined by the Clergy Pension Plan. Because failure to pay assessments on time can jeopardize a cleric's benefits, the cleric should be aware that assessments are billed in advance on a quarterly or monthly basis and are payable on receipt.

What happens if assessments aren't paid on time?

- If assessments are unpaid for more than six months, the cleric may be in jeopardy of losing full benefits including:
 1. projected Credited Service, which affects
 - a. survivor benefits for the cleric's spouse or named beneficiary if a death occurs before retirement
 - b. disability benefits
 2. benefits for eligible dependent children
 3. the lump sum death benefit
 4. the life insurance benefit (unless the cleric has earned more than 25 years of Credited Service)
 5. the resettlement benefit

What happens to the cleric's retirement benefits if the cleric divorces or marries before retirement?

Divorce before retirement

- A divorced spouse's share of the pension is usually determined by the divorce decree. In order to avoid paying taxes on amounts paid to an ex-spouse, the Internal Revenue Service requires a Qualified Domestic Relations Order (QDRO), which must be approved by CPF. If a cleric is in or about to enter the divorce process, the cleric should call Pension Services at (800) 223-6602 well before the court date for information. CPF has a model QDRO available for a cleric's use. Using this model can greatly speed approval of the QDRO by CPF, saving the cleric both time and legal fees. Unless directed to do so by a QDRO or an assignment form, CPF will not pay a portion of the cleric's benefit to a former spouse while the cleric is living.

- A cleric may elect to provide a benefit to a former spouse in the event the cleric predeceases the former spouse. One method of doing so is through the election of the Former Spouse Option. **This election must generally be made within 90 days after the date of the divorce.** This option is only available if the cleric has earned at least 10 years of Credited Service during the marriage. If a cleric needs more information about this process, he or she should call Pension Services at (800) 223-6602 for details.

Marriage within three years of retirement

- If a cleric is recently married and is thinking of retiring, the cleric's retirement date could affect the spouse's benefits in the event the cleric predeceases the spouse. Generally, the cleric must be married for at least three years and earn at least three years of Credited Service after the marriage for the surviving spouse to receive full benefits upon the death of a retired member of the clergy. Specific information regarding the effect on a surviving spouse's benefits of a marriage within three years of retirement can be obtained by contacting Pension Services.

Please note: There are specific rules that govern benefits for surviving spouses of clergy who either divorce or marry after retirement. (For more details, see page 25.)

What about other sources of retirement income?

- The retirement benefits provided through the Clergy Pension Plan are a critical part of a cleric's overall plan for financial security in retirement. However, a balanced financial plan will also include income from Social Security (assuming the cleric has not elected to opt out of Social Security), as well as individual resources such as personal savings, life insurance, and pensions earned in other professions. The cleric may also choose to continue working in accordance with the Clergy Pension Plan's rules governing employment after retirement.
- Since the retirement benefits are based both on Credited Service and compensation history, if a cleric commences participating in the Clergy Pension Plan later in life, the cleric may need to supplement his or her pension income with an additional personal retirement account, such as an RSVP or other tax-sheltered retirement savings account.
- Regardless of age, all clergy are encouraged to develop a comprehensive retirement plan, which includes the benefits that will be provided by the Clergy Pension Plan.

Checklist for working clergy

- Make sure assessments are paid in full and on time
- Review the Annual Certificate, generally mailed in the first quarter of each year
- Review the Personal Information Summary, generally mailed in the third quarter of each year
- Contact us:
 - ~ if there is a change in assignments
 - ~ if corrections need to be made to the Clergy Pension Plan's compensation records
 - ~ if ministry is exercised outside The Episcopal Church
 - ~ if there is a break in Church work
 - ~ if there is a marriage or divorce
 - ~ if there is a death of a spouse
 - ~ if a dependent child under age 25 is or becomes disabled
 - ~ if children are born or adopted
 - ~ if graduate school is a possibility
 - ~ if military chaplaincy is a possibility
 - ~ if missionary work is on the horizon
- Develop a comprehensive retirement plan that includes all sources of retirement income, such as:
 - ~ Social Security
 - ~ Income from personal savings or investments
 - ~ Retirement benefits provided by the Clergy Pension Plan

If there are questions about any of the topics covered above, please call Pension Services at (800) 223-6602.

Getting ready to retire

If a cleric's retirement is five years away or less, it's time to start planning in detail. CPF provides many choices in retirement. We can help clergy understand their options as they make decisions that will affect the rest of their lives.

When does the retirement process begin?

- The process begins when a cleric starts considering the timing of his or her retirement.
- At a minimum, we suggest contacting Pension Services at least three months prior to a planned retirement date. Pension Services representatives can explain all of the available retirement options so that the cleric can take full advantage of his or her retirement benefits.

When can clergy retire?

- Age 60 with at least five years of Credited Service, or
- Age 55 with at least 30 years of Credited Service

A member of the clergy must accumulate five years of Credited Service in the Clergy Pension Plan to be vested. Members of the clergy who accumulate less than five years of Credited Service will not be eligible for any of the retirement benefits provided by the Plan.

Normal retirement

- At or after age 65 with at least five years of Credited Service
- The pension is calculated using a formula based on Credited Service and Highest Average Compensation (HAC).

Early retirement with fewer than 30 years of Credited Service

- On or after age 60 with at least five years of Credited Service
- The benefit amount is reduced by 2/10 of one percent for each month the early retirement date is short of age 65.

Early retirement with at least 30 years of Credited Service

- On or after age 55
- The pension benefit is based on the cleric's actual years of Credited Service with no reduction for early retirement.
- The pension benefit is supplemented by a "bridge benefit," which continues until the cleric reaches age 65. This supplement is only payable to members of the clergy and is discontinued if the cleric dies before age 65.

Retirement at age 72

- This is a requirement under the Constitution and Canons of The Episcopal Church, Title III, Canon 9, Section 7 (2006).
- If a cleric works in the Church after age 72, the employer will not be billed for pension assessments and the cleric will not earn additional years of Credited Service.

- Clergy age 72 and older have no restrictions on the amount of compensation they earn from The Episcopal Church.

Can a cleric work in The Episcopal Church after retirement?

- Yes, provided that the following criteria are met:
 - ~ The cleric receives permission from the bishop of the diocese in which he or she will be working.
 - ~ The cleric will not be working for the same Church institution from which he or she retired.
 - ~ The cash remuneration will not exceed 50% of the national median compensation for all clergy.
- Clergy may work outside of The Episcopal Church with no restriction on the place of employment or the amount of compensation.

What happens if the cleric returns to active ministry and either exceeds the compensation limits or does not meet the other “work after retirement” criteria?

- Pension benefits will be suspended while the cleric is working.
- The cleric’s employer will be responsible for paying pension assessments based on the cleric’s Total Assessable Compensation.
- When active ministry ceases, a new pension benefit is calculated.
 - ~ It will be the combination of the original pension benefit (in the optional form originally chosen and reflecting any cost-of-living increases that may have been granted on that pension benefit) plus any additional pension benefits earned during the cleric’s return to active ministry.
 - ~ The cleric may elect a separate optional form of benefit for the newly earned pension benefits.

What about work outside The Episcopal Church after retirement?

- This will not impact pension benefits from the Clergy Pension Plan.

How much will the cleric receive each year?

1. Normal retirement

- At or after age 65
- Pension payments are based on:
 - ~ Highest Average Compensation and
 - ~ Credited Service

Highest Average Compensation (HAC) is generally the average of the highest-paid seven out of eight consecutive 12-month periods in the cleric’s ministry.

Credited Service (CS) is the period of years and months for which full assessments have been paid on the cleric’s Total Assessable Compensation.

The annual retirement benefit for a member of the clergy who is age 65 or older with five or more years of Credited Service and whose Highest Average Compensation is greater than \$10,000 is computed as follows:

Step 1: $HAC \times 1.6\% \times CS$

Step 2: $\$10,000 \times 1.15\% \times CS$

Step 1 + Step 2 = Total Annual Retirement Benefit

The annual retirement benefit for a member of the clergy who is age 65 or older with five or more years of Credited Service and whose Highest Average Compensation is equal to or less than \$10,000 is computed as follows:

$HAC \times 2.75\% \times CS = \text{Total Annual Retirement Benefit}$

2. Early retirement with at least 30 years of Credited Service

- On or after age 55, pension benefits are based on:
 - i. the same formula as that used for a normal retirement with
 - ii. no reduction for early retirement
- The cleric will also receive a monthly “bridge benefit.”
 - i. Before age 62, the monthly bridge benefit is \$17.50 per year of Credited Service.
 - ii. Between ages 62 and 65, the monthly bridge benefit is \$8.75 per year of Credited Service.
 - iii. At age 65, the monthly bridge benefit ends completely.
 - iv. This bridge benefit is intended to assist with the cost of health-care coverage until the cleric is eligible for Medicare at age 65.

3. Early retirement with fewer than 30 years of Credited Service

- On or after age 60, pension benefits are computed using:
 - ~ the same formula as for a normal retirement
 - ~ the pension benefit is reduced by 2/10 of one percent for each month the early retirement date is short of age 65.

The annual retirement benefit for a member of the clergy who is between ages 60 and 65 with between 5 and 30 years of Credited Service and whose Highest Average Compensation is greater than \$10,000 is computed as follows:

Step 1: $HAC \times 1.6\% \times CS$

Step 2: $\$10,000 \times 1.15\% \times CS$

Step 3: $.002 \times (\text{number of months between the cleric's age at retirement and age 65}) \times (\text{Step 1} + \text{Step 2})$

Step 1 + Step 2 - Step 3 = Reduced Annual Retirement Benefit

It's important to look at the cleric's whole retirement picture as part of the retirement planning process. We can help, so please call Pension Services for an estimate of a cleric's retirement benefits or for more information.

4. Minimum pension

- Regardless of the result of the benefit calculation using the Clergy Pension Plan's formula, the Clergy Pension Plan provides a minimum pension benefit based on years of Credited Service.
- If a cleric serves The Episcopal Church in low-paying positions for many years and retires with assessments fully paid, he or she will receive at least the minimum pension benefit in proportion to his or her years of Credited Service.

- The greater the cleric's Credited Service, the higher the minimum pension benefit.
- The minimum pension benefit differs for those retiring from inactive status with less than 20 years of Credited Service.
- The minimum pension benefit may also be available to an eligible surviving spouse.
- Minimum pension benefits are only available to clergy who serve at least 80% of their compensated ministry in the domestic dioceses of The Episcopal Church and who are not participating in one of the Companion Plans administered by CPF. A separate plan covers clergy who have earned substantially all of their Credited Service in the non-domestic dioceses of The Episcopal Church.
- Pension Services will automatically determine if a cleric is eligible to receive a minimum pension benefit at the time a retirement estimate is prepared. They will inform the cleric (or the surviving spouse) if this is the case.

How will the cleric receive his or her monthly benefit?

- CPF strongly suggests that all retirement benefit payments be sent directly to the cleric's bank by electronic transfer. Using this mechanism allows CPF to transmit retirement benefit payments directly to the cleric's bank account, thereby helping to ensure that they safely arrive and are deposited on time.
- To take advantage of this means of payment, a new or existing retiree needs to complete a simple form, which is available from Pension Services. Once the banking relationship is established, there is no need for further maintenance unless the banking information changes.

What other benefits will be received from CPF at retirement?

Resettlement benefit

- To help clergy relocate when they retire, the Clergy Pension Plan provides a lump sum resettlement benefit.
- To qualify, a cleric must have earned at least 18 months of Credited Service in the 24 months immediately prior to retirement or must retire from "deemed active" status.
- The benefit equals 12 times the cleric's monthly retirement benefit or \$20,000, whichever is less. At a minimum, this benefit is \$100 for each year of Credited Service, up to a maximum of 20 years.
- The benefit will either be paid at the time of retirement or at the cleric's election, rolled over to the cleric's RSVP account, other eligible retirement plan or individual retirement account. If paid at retirement, the Resettlement Benefit may be included in the cleric's taxable income in the year received. This benefit, like many of the benefits provided by the Clergy Pension Plan, is eligible for the housing allowance exclusion under the Internal Revenue Code.

Extra Christmas benefit

- a. Each December, the Clergy Pension Plan provides all retired clergy with an additional benefit equal to \$25 times their years of Credited Service, up to a maximum of \$1,000.
- b. Eligible beneficiaries receive an extra Christmas benefit equal to \$20 times the cleric's years of Credited Service, up to a maximum of \$800.
- c. Surviving dependent children receive an amount equal to their monthly benefit.

Cost-of-living increases

- a. CPF is not required to increase the benefits provided by the Clergy Pension Plan.
- b. However, to help ensure that the purchasing power of these benefits remains constant or grows over time, increases have been granted.
- c. These increases are partly determined by inflation and have a cumulative impact on a pension benefit.

Life insurance

- a. This coverage is provided to all clergy who retire directly from active service or who have earned at least 25 years of Credited Service prior to retirement.
- b. This benefit is equal to four times the cleric's Highest Average Compensation, with a maximum benefit of \$50,000 and a minimum benefit of \$10,000.
- c. A cleric may continue his or her life insurance coverage at the amount provided while the cleric was an active member of the clergy (up to a maximum of \$100,000) by converting the difference between the active and the retired cleric's life insurance coverage to a personally owned life insurance policy issued by the Church Life Insurance Corporation.
 - i. Additional information concerning conversion options are sent directly to the cleric by the Church Life Insurance Corporation within 90 days of the cleric's retirement.
 - ii. This election must be made within 45 days of the date of the conversion notice.

Post-retirement health benefits

- a. To participate in Medicare, an individual must be at least age 65 and eligible for Social Security benefits.
 - i. If an individual is eligible for Medicare and retired, CPF provides financial assistance for the purchase of post-retirement health benefits for eligible clergy and their eligible spouses age 65 and over.
 - ii. The cleric must have earned at least 10 years of Credited Service in order to be eligible for this benefit.
 - iii. For the cleric's spouse to be eligible for this assistance, the cleric must have earned at least three years of Credited Service during the marriage and must have been married to the spouse on the date of the cleric's retirement. The amount of assistance is based on the cleric's years of Credited Service at retirement.

“Zero option” and actuarial adjustment

- a. Provides even greater flexibility for those who are married at the time of retirement
- b. Provides equitable benefits for those who are not married when they retire
- c. Actuarially increases the cleric’s pension benefit if the cleric chooses to provide no benefit to a surviving spouse

This option may be advantageous for clergy with sufficient life insurance or other assets to provide for their surviving spouse, for those whose spouses have adequate retirement benefits of their own or for those who believe a spouse is more likely to die first by reason of age or infirmity. The cleric’s spouse must consent to the election of the “zero option.”

What is an eligible spouse?

- An “eligible spouse” is defined for this purpose as the lawful spouse who was married to the cleric at the time of retirement, provided the cleric earned a minimum of three years of Credited Service during the marriage. For purposes of the Clergy Pension Plan, a spouse is the individual that the cleric is married to pursuant to the laws of the State governing the creation of the civil state of marriage and to the Canons of the Episcopal Church governing the solemnization of Holy Matrimony (Title I, Canon 18 (2006).
- In general, spouses who have been married to clergy during the cleric’s years of compensated ministry and whose clergy spouses have earned three or more years of Credited Service in the Clergy Pension Plan during the marriage may be eligible for survivor’s benefits. Such spouses are termed for purposes of administering the Clergy Pension Plan “eligible.”
- A spouse’s eligibility for benefits varies considerably depending on such factors as marital status and options chosen at the time of retirement, date of marriage, date of death, divorce, status of paid assessments, and other individual circumstances.

What about clergy who are not married?

- Pension benefits are calculated using the “zero option” adjustment.
- Because there is no automatic 50% survivor’s benefit payable, the actuarial value of the 50% benefit is used to enhance the cleric’s benefit.
- Single clergy may then choose either to receive the increased benefit or to reduce it and establish a survivor’s benefit for a named beneficiary. The survivor’s benefit can be as little as 25% or as much as 100% of the single cleric’s adjusted benefit.
- The benefit payable under each option is actuarially determined based on the cleric’s age and the age of his or her named beneficiary.
- Pension Services can provide information, including the actuarial cost of the various benefit options, on request.

- The selection of one of these options is irrevocable. Once retirement benefits have commenced, neither the named beneficiary nor the option percentage can be changed.

Are there other retirement benefit options?

- A cleric may elect to receive a 10- or 15-year-certain payment.
- Under either of these options, the cleric will receive a retirement benefit for the remainder of his or her life.
 - ~ If, however, the cleric dies before the end of the “certain” period (e.g., 10 years), the named beneficiary will receive monthly payments for the remainder of the “certain” period selected.
 - ~ If the cleric elects one of these options, the basic annual pension benefit will be actuarially adjusted to take into account the “certain” period.

What about clergy with minor dependent children?

- In addition to the benefits provided for a cleric’s surviving spouse or second adult beneficiary, the Clergy Pension Plan provides benefits for surviving minor dependent children of retired members of the clergy.
- These benefits are the same as those provided minor dependent children of members of the clergy who die while in active ministry. (For more details, see page 11.)
- The Clergy Pension Plan also provides lifetime benefits for dependent disabled children of deceased retired clergy provided the child was disabled prior to age 25, the disability has been attested to by the child’s physician and the CPF Medical Board has concurred with the physician’s findings. (For more details, see page 12.)

Are pension benefits taxable?

- As provided by the Internal Revenue Code, the Church Pension Fund designates the full amount of each benefit paid to retired and disabled clergy, including the extra Christmas benefit, resettlement benefit, and the “bridge benefit” (if applicable), as eligible for the Internal Revenue Code Section 107 housing allowance exclusion.
- The cleric may exclude from taxable income the portion of these benefits that is used for housing expenses. However, the amount of the housing allowance a cleric may exclude on his or her federal income tax return cannot exceed the lowest of the:
 - ~ total amount the cleric actually spends during the year for items that directly relate to renting or providing a home, or
 - ~ fair rental value of the cleric’s home (including garage, furniture, and appliances) plus the cost of utilities, or
 - ~ retirement benefits received.
- The resettlement benefit, payable upon retirement, is considered to be part of a cleric’s retirement benefits for federal income tax purposes. As such, it is also included in the amount designated as housing allowance. Therefore, the limits set forth above pertain both to the monthly pension benefit and to the resettlement benefit in the year received.

- The housing allowance exclusion is only available to ordained clergy and ends at the cleric's death. It is not available to surviving spouses or dependents.

Please note: The Church Pension Fund annually publishes a Tax Guide for Episcopal Ministers and Churches that contains useful information for members of the clergy. The Tax Guide for Episcopal Ministers and Churches is distributed free of charge to all active and retired Episcopal clergy, all diocesan administrators and all parish treasurers. Please support CPF's environmental campaign to save paper (and trees) by referring to the online version of the Tax Guide on the CPF website, www.cpg.org, if a cleric's tax preparer needs additional information.

Checklist for an upcoming retirement

- Call Pension Services at (800) 223-6602 at least three months before announcing retirement plans.
- Review the estimate of retirement benefits.
- Complete the retirement application.
- Choose a benefit level for a surviving spouse or other beneficiary (and obtain spousal consent, if required).
- Make sure assessments are fully paid.
- Elect the Medicare Supplement option.
- Contact the Social Security Administration at (800) 772-1213 and request an estimate of benefits, or visit the Administration's website at www.ssa.gov.
- Call Pension Services to discuss options if there is a change in marital status.
- Attend a Planning for Tomorrow conference, and while there, arrange for a private consultation with a CPF representative.
- To obtain the dates and locations of upcoming conferences, visit the CPF website, www.cpg.org/productsservices/financialplanning and click on "Calendar of clergy conferences." For more information or to register for a specific conference, contact either Stokes Liles at sliles@cpg.org or Yvonne Elliott at yelliott@cpg.org.

Retiring with security

What happens to a cleric's pension benefits if he or she continues to work in the Church for pay after retirement?

A cleric may continue to receive his or her pension benefits, but only if:

- the cleric obtains the bishop's approval in the diocese where he or she will be working prior to commencing work, and
- the cleric works in a church other than the one from which he or she retired, and
- the cleric receives no more than 50% of the median compensation of all active clergy working in the domestic dioceses of The Episcopal Church.

If a cleric receives more than this amount in cash remuneration from an employer that is part of The Episcopal Church, his or her pension may be suspended. In this case, the employer would pay assessments, and the cleric would resume earning Credited Service. (CPF does not consider church-provided housing as remuneration for work after retirement.)

The CPF Trustees may grant exceptions to the above based on an appeal made on the cleric's behalf by the bishop of the diocese where the cleric is working.

What can a cleric expect in addition to a monthly pension benefit payment?

- **Extra Christmas benefit.** Each December, retired clergy will receive an additional benefit payment based on the cleric's years of Credited Service. (For more details, see page 20.)
- **Discretionary cost-of-living increases.** Periodically, CPF may, but is not required to, increase the monthly pension benefit to keep up with increases in the cost of living. When increases are made based on inflation and other factors, they generally take effect in January.

How does marriage or divorce after retirement affect a cleric's benefits?

- **Marriage after retirement.** If a cleric marries after he or she retires, the cleric's new spouse is not a beneficiary of the Clergy Pension Plan. However, a cleric may purchase a survivor's benefit for his or her new spouse by permanently reducing the cleric's lifetime benefits to reflect the actuarial cost of the survivor's benefit. **This election is irrevocable and must be made within 180 days of the cleric's marriage.**
- **Divorce after retirement.** If a cleric divorces after retirement, the person who was designated as the cleric's beneficiary (if any) at the time of retirement remains entitled to the survivor's benefit elected at retirement. This cannot be changed, even pursuant to a Qualified Domestic Relations Order (QDRO). A cleric may, however, use a Qualified Domestic Relations Order to provide a share of his or her lifetime retirement benefits to his or her former spouse.

What will a surviving spouse or other named beneficiary receive when a retired member of the clergy dies?

When a retired member of the clergy dies, his or her eligible spouse or other named beneficiary will begin receiving survivor benefits in the percentage designated at retirement. If the cleric elected the “zero option,” all payments will cease when the cleric dies.

Life insurance. If a cleric is eligible when he or she retires, the cleric will be covered by a life insurance policy equal to four times the cleric’s Highest Average Compensation, with a maximum value of \$50,000 and a minimum value of \$10,000. The cleric may name anyone he or she wishes as the beneficiary of this insurance, and the cleric may change the beneficiary designation at any time.

Don’t hesitate to call. We wish all of our clergy clients the very best in their retirement, and we hope the benefits they’ve earned bring them peace of mind as well as financial security. As questions about the benefits provided by the Clergy Pension Plan arise, clergy can call Client Engagement at (866) 802-6333 for general information or for more specific questions, Pension Services at (800) 223-6602. We want to help. That’s what we’re here for.

- Checklist for retirees**
- Contact Pension Services for details about the post-retirement health supplement (available at age 65), particularly if a cleric retires prior to reaching age 65.
 - Notify us if there is an address change or a change in banking relationships.
 - Notify us if a cleric marries or divorces, or if a spouse or named beneficiary predeceases the cleric.
 - Make sure the cleric’s spouse or beneficiary knows how to contact Pension Services if the cleric predeceases the spouse or beneficiary.
 - Contact the Social Security Administration at (800) 772-1213, or www.ssa.gov for details about the benefits provided by Social Security.
 - Make sure all life insurance beneficiary information is up to date.
 - Enjoy retirement and keep in touch.

Appendices

Significant Dates Affecting the Benefits Provided by the Clergy Pension Plan

Ordination — assessment payments must be made as soon as a newly ordained member of the clergy begins working.

- ~ Clergy earn Credited Service when assessments are paid.
- ~ Clergy can personally pay assessments and earn Credited Service based on the Clergy Pension Plan's hypothetical minimum compensation for up to one year following ordination while they are seeking employment.
- ~ Doing so qualifies clergy for the life insurance, disability and other benefits provided by the Clergy Pension Plan during this period.

5 Years of Credited Service — the cleric is fully vested in the Clergy Pension Plan.

10 Years of Credited Service — clergy are eligible to receive the post-retirement health benefit once they and/or their eligible spouses reach age 65. (See page 20.)

20 Years of Credited Service — currently, the cost of the post retirement health benefit Comprehensive Plan is fully paid by the Clergy Pension Plan. (See page 20.)

25 Years of Credited Service — the post retirement life insurance benefit is guaranteed regardless of whether the cleric is an active or inactive participant in the Clergy Pension Plan when he or she retires.

30 Years of Credited Service — clergy are eligible for the "30/55" retirement benefit. The retirement benefit will be based on the cleric's Credited Service and the cleric's Highest Average Compensation with no reduction for early retirement.

Constitution and Canons of The Episcopal Church (2006) Pertaining to The Church Pension Fund

Title I, Canon 8 Sec. 1 — The Church Pension Fund, a corporation created by Chapter 97 of the Laws of 1914 of the State of New York as subsequently amended, is hereby authorized to establish and administer the clergy pension system, including life, accident and health benefits, of this Church, substantially in accordance with the principles adopted by the General Convention of 1913 and approved thereafter by the several Dioceses, with the view to providing pensions and related benefits for the Clergy who reach normal age of retirement, for the Clergy disabled by age or infirmity, and for the surviving spouses and minor children of deceased Clergy.

Sec. 3 — For the purpose of administering the pension system, the Church Pension Fund shall be entitled to receive and to use all net royalties from publications authorized by the General Convention, and to levy upon and to collect from all Parishes, Missions, and other ecclesiastical organizations or bodies subject to the authority of this Church, and any other societies, organizations, or bodies in the

Church which under the regulations of the Church Pension Fund shall elect to come into the pension system, assessments based upon the salaries and other compensation paid to Clergy by such Parishes, Missions, and other ecclesiastical organizations or bodies for services rendered currently or in the past, prior to their becoming beneficiaries of the clergy pension plan.

Title III, Canon 9

Sec. 4(a) — A Priest desiring to become canonically resident within a Diocese shall present to the Ecclesiastical Authority a testimonial from the Ecclesiastical Authority of the Diocese of current canonical residence, which testimony shall be given by the Ecclesiastical Authority to the applicant, and a duplicate made thereof may be sent to the Ecclesiastical Authority of the Diocese to which transfer is proposed. The testimonial shall be accompanied by a statement of the record of payments to The Church Pension Fund by or on behalf of the Priest concerned and shall be in the following words:

I hereby certify that A.B., who has signified to me the desire to be transferred to the Ecclesiastical Authority of _____, is a Priest of _____ in good standing, and has not, so far as I know or believe, been justly liable of evil report, for error in religion or for viciousness of life, for the last three years.

Date _____ Signed _____

Sec. 7 — On reaching the age of seventy-two years, a Priest shall resign from all positions in this Church and the resignation shall be accepted. Thereafter, the Priest may accept any position in this Church, including, with the permission of the Ecclesiastical Authority, the position or positions from which resignation pursuant to this Section has occurred; Provided, that (a) the tenure in the position shall be for a term of not more than twelve months, which term may be renewed from time to time, (b) service in the position shall have the express approval of the Bishop of the Diocese in which the service is to be performed, acting in consultation with the Ecclesiastical Authority of the Diocese in which the Priest is canonically resident. (c) Anything in this canon to the contrary notwithstanding, a Priest who has served in a non-stipendiary capacity in a position before resignation may, at the Bishop's request, serve in the same position for a term not to exceed twelve months thereafter, and this term may be renewed from time to time.

Glossary of Terms

Active or deemed active ministry

For pension purposes, a member of the clergy is considered active if he or she earned Credited Service working as an ordained bishop, priest or deacon for at least six of the preceding 12 months, or if the cleric entered the ordained ministry within the last 12 months, the cleric earned Credited Service for at least one of the last seven months and the cleric's employer is paying assessments to CPF on his or her behalf. If a member of the clergy becomes inactive, he or she will not be considered active again until the cleric has earned 12 additional months of Credited Service.

A member of the clergy is considered deemed active if the cleric is not currently in active ministry, if the cleric qualifies for a benefit but has elected to postpone receipt of the benefit. For example, if the cleric is retirement eligible and qualifies for a retirement benefit, is no longer in active ministry and has elected to postpone the commencement of his or her retirement benefit, the cleric is deemed active.

CPF

The Church Pension Fund, a New York corporation.

Credited service (CS)

The period of years and months for which full assessments have been paid on behalf of a member of the clergy to the Clergy Pension Plan.

Dependent children

Unmarried children in a cleric's immediate family who are under age 25 and not living independently. Older children who were disabled before age 25 may also be classified as dependent, as approved by CPF. If a cleric adopts more than two children after age 50, only the two oldest otherwise eligible children will be considered dependent children for purposes of any benefit available under the Clergy Pension Plan.

Eligible spouse

The spouse of a member of the clergy pursuant to the laws of the State governing the creation of the civil state of marriage and to the Canons of The Episcopal Church governing the solemnization of Holy Matrimony (Title I, Canon 18 (2006)). In general, spouses who have been married to clergy during their years of compensated ministry and whose clergy spouses have earned three or more years of Credited Service in the Clergy Pension Plan during the marriage may be eligible for survivor's benefits. However, eligibility for these benefits varies considerably depending on

such factors as marital status and options chosen at the time of retirement, date of marriage, date of death, divorce, status of paid assessments and other individual circumstances.

Fully covered Assessments paid in full, with no balance outstanding longer than six months and at least six months of Credited Service earned in the last 12 months.

Good standing Not prohibited from exercising ministry within The Episcopal Church due to deposition, removal, suspension or inhibition (other than a temporary inhibition) in accordance with the Constitution and Canons of The Episcopal Church.

Highest average compensation (HAC) Generally, the average of the highest-paid seven out of eight consecutive 12-month periods during which a member of the clergy participated in the Clergy Pension Plan.

Hypothetical minimum compensation An amount established by the Clergy Pension Plan for use in calculating assessments and pensions in special situations, such as graduate study, family and medical leave and part-time work.

Part-time Work that is not full-time, for which assessments are paid and Credited Service is earned in proportion to the time worked.

Reduced disability Reduced benefits paid after one year of full disability retirement benefits, when limited work for compensation is performed for any employer, church or secular, while the disability continues, and compensation is reported to the Fund's Medical Board, but no assessments are paid. The maximum earnings from any employer permitted under the reduced disability provisions are 80% of a cleric's Highest Average Compensation as of the date of the disability retirement, adjusted for inflation.

Total Assessable Compensation The sum of the cleric's cash salary (including stipends, bonuses, fees, one time cash payments, tuition paid for dependents, and salary reductions, including those to fund a tax favored annuity, RSVP or other 403(b) account), Social Security offset payments, payment for utilities, housing allowance (or calculated value of church-supplied housing), housing equity allowance and other income taxable under the Internal Revenue Code, as determined by the Plan Administrator.

Vested The point at which benefits have been earned and secured for future payment. To be vested in the Clergy Pension Plan, a member of the clergy must have earned at least five years of Credited Service.

Index

Annual Certificate	12, 15
Assessment	4, 6, 8, 12, 13
Between jobs in the Church	6
Cash salary	5
Cost-of-living increases	25
Credited Service	4, 8, 10, 11, 17
Defined benefit plan	1
Disability	6
Disability benefits.	9, 10
Divorce	13, 15, 25
Early retirement	16, 18
Eligible spouse	14, 22
Extension of ministry	7
Extra Christmas benefit	20, 25
Federal income tax	23
Graduate study	7
Highest Average Compensation	4,17
Housing.	5, 23
Interim work	6
Life insurance	12, 20, 26
Lump Sum Death Benefit	12
Marriage	22, 25
Medicare	18, 20
Military service.	8
Normal retirement	16, 17
Personal Information Summary	13, 15
Post-retirement health benefits	20
Resettlement benefit	11, 19
Retirement at age 72.	16
Second Adult Beneficiary	22
Secular work.	7
Social Security	10, 14, 24
Surviving child benefit	11, 23
Surviving disabled child benefit	12, 23
Survivor's benefit	10, 21
Utilities.	5

Contact Us

<i>Company or Department</i>	<i>Contact Information</i>	<i>Service</i>
Pension Services	(800) 223-6602 <i>benefits@cpg.org</i> M-F 8:30am – 5:30pm ET	The Clergy Pension Plan, Lay Employees' Pension Plans, Retirement Savings Plan (RSVP)
Client Engagement	(866) 802-6333 M-F 8:30am – 7:00pm ET	General pension questions
The Church Pension Fund	(800) 223-6602 <i>www.cpg.org</i>	General information
The Episcopal Church Medical Trust	(866) 273-4545 <i>mtmedsupp@cpg.org</i>	Post-retirement healthcare benefits questions, including enrollment
Church Life Insurance Corporation	(866) 802-6333 <i>churchlife@cpg.org</i>	Group and Individual Life Insurance, Supplemental Life Insurance, Disability Insurance, Retirement Savings Plan, IRAs, Annuities
Pastoral Care	(800) 223-6602	Pre-retirement questions and personal pre-retirement meetings, disability questions, work after retirement issues
Prudential Life Insurance Company	(800) 732-0416 <i>www.cpg.org/ltc</i>	Long term care insurance
Written correspondence	The Church Pension Fund Att: Pension Services 445 Fifth Avenue New York, NY 10016	

Please note that this Guide is provided to you for informational purposes only and should not be viewed as investment, tax or other advice. In the event of a conflict between the information contained in this Guide and the Official Plan Document, the Plan Document will govern. The Church Pension Fund and its affiliates retain the right to amend, terminate or modify the terms of any benefit plans described in this Guide at any time, without notice and for any reason.

Life insurance is issued by Church Life Insurance Corporation; 445 Fifth Ave., New York, New York 10016 ("Church Life"). Life insurance policies contain exclusions, limitations, and restrictions for keeping them in force. For complete details of coverage, including exclusions, limitations and restrictions, the actual policy or certificate should be consulted. If the descriptions of the Church Life products in this document conflict with the terms of the actual life insurance policy, then the terms of the actual life insurance policy shall govern.



CHURCH PENSION FUND
Serving the Episcopal Church and Its People

445 Fifth Avenue
New York, NY 10016
(800) 223-6602
www.cpg.org