

The Canadian Ministers' Pension Plan serves the retirement needs of CRC ordained ministers of the Word. The following information is a summary and is not intended to provide all the details of the Plan and its administration. Additional information is available from the Ministers' Pension Office.

Eligibility

All ordained CRC ministers of the Word may become active participants of the Ministers' Pension Plan provided they have registered and costs of participation are paid. Although part time participation is not allowed, a minister who is serving at least 20 hours per week in the ministry may be eligible for participation in the Plan provided he/she has registered and full cost of participation is paid. Ordination is the date eligibility occurs for purposes of participation in the Plan. There is a 90 day registration period after ordination (or service of installation).

Type of Plan

The Ministers' Pension Plan is a defined benefit plan. This means that the benefits paid by the Plan are defined (by formula), and the funding of the Plan is determined by actuarial calculations of the amount of money needed to fund the defined benefit. The Plan is administered by the synodically appointed Pension Trustees. Specific investment choices for the pension fund are made by professional money managers within the context of guidance provided by the denomination's investment policy.

Primary Benefits

The primary features of the Plan include four benefit groups, as follows:

- 1) Retirement benefits commencing at age 66 or early retirement benefits in a reduced amount beginning at age 55.
- 2) Long-term disability benefits provided through an insurance company.
- 3) Survivors' benefits paid to a surviving spouse when death of a participant occurs while in active service.
- 4) Orphans' benefits paid to a participant's orphaned children up to age 18, or to age 21 if in school.

The Plan's "normal" benefit form includes a monthly benefit for the lifetime of a retiree, but guarantees payments for a minimum period of five years. There are several benefit forms from which to choose, but if a retiree is not married, or if the surviving spouse will not need any income from the Plan, the retiree may want to choose this benefit for his/her lifetime only. This form of payment results in the largest benefit for the retiree's lifetime.

The **Final Average Salary (FAS)** is the average of cash salaries of CRC ministers serving in the three years before the calendar year in which the minister's benefit amount is determined. A projected FAS is used for future estimate calculations.

The amount due to the retiree in most cases is the sum of the following:

- 1.1% multiplied by the FAS, then multiplied by a minister's pensionable years of service before January 1, 1985.
- 1.46% multiplied by the FAS, then multiplied by a minister's pensionable years of service from January 1, 1985 through December 31, 2010.
- 1.3% multiplied by the FAS, then multiplied by a minister's pensionable years of service after December 31, 2010.

Example of pension benefit calculation

If a minister has 38.5 years of pensionable service at the time of his retirement (at age 66) on July 1, 2018, the normal benefit would be calculated as follows:

$$1.10\% \times \$48,763 \text{ (FAS)} \times 5.0 \text{ years} = \$2,681.97$$

$$1.46\% \times \$48,763 \text{ (FAS)} \times 26.0 \text{ years} = \$18,510.43$$

$$1.3\% \times \$48,763 \text{ (FAS)} \times 7.5 \text{ years} = \$4,754.39$$

These total \$25,946.79 per year or \$2,162 (rounded) per month in Canadian funds.

Although this is the normal form, it may not be the one most suited to the needs of this minister and his or her spouse. The minister may be eligible to choose from 12 benefit forms including this form (Option No. 1) shown below:

	<u>Retiree Pension</u>		<u>Spousal Pension</u>	
	<u>Monthly Amount</u>	<u>Years Term Certain</u>	<u>Monthly Amount</u>	<u>Percent of Retiree Amount</u>
Normal Benefit	\$ 2,162	5	\$ –	(0.00%)
Option No. 2	\$ 2,088	10	\$ –	(0.00%)
Option No. 3	\$ 1,986	15	\$ –	(0.00%)
Option No. 4	\$ 1,917	5	\$ 1,278	(66.67%)
Option No. 5	\$ 1,894	10	\$ 1,262	(66.67%)
Option No. 6	\$ 1,855	15	\$ 1,237	(66.67%)
Option No. 7	\$ 1,973	5	\$ 986	(50.00%)
Option No. 8	\$ 1,939	10	\$ 969	(50.00%)
Option No. 9	\$ 1,886	15	\$ 943	(50.00%)
Option No. 10	\$ 1,814	5	\$ 1,814	(100.00%)
Option No. 11	\$ 1,809	10	\$ 1,809	(100.00%)
Option No. 12	\$ 1,796	15	\$ 1,796	(100.00%)

Pensionable Years of Service

Assuming costs are paid, pensionable years of service are the sum of the following:

- Service as the pastor of an organized Christian Reformed Church or as an endorsed chaplain, plus
- Other service as approved by synod, plus
- Approved leave of absence or severance.

Ministers beginning active participation in the Plan on or after January 1, 2015 would be fully vested and eligible to receive a pension at retirement. Some pension benefits may be offset, usually in the case of chaplains with pensionable service prior to January 1, 2006.

Survivor Benefits

Both preretirement and postretirement surviving spouses may receive a benefit from the Plan provided they meet the definition of a surviving spouse.

If the minister in the above example had passed away in December 2016, while still earning pensionable service in the Plan, an eligible surviving spouse would receive the spousal Option No. 4 from the example shown. The Plan would enhance the 37 years of pensionable service with 1.5 more years for a total of 38.5 years. However, if registration in the Plan is delayed beyond 90 days of ordination or installation, or if the pension costs are not paid, the additional years of service would not be granted and only years of service through date of death would be considered.

If the minister in the above example were to pass away in December 2018 (postretirement), an eligible surviving spouse would receive the benefit determined by the option that was selected at the beginning of pension distribution.

Long Term Disability

Active participants in the Ministers' Pension Plan may also be eligible to participate in long term disability protection as long as they're working a minimum of 30 hours per week. RBC provides long-term disability benefits for all active members of the Plan provided they have furnished *annually* to the pension office the required information regarding their compensation and the amount of any housing allowance paid in cash, or the value attributed to church owned housing. Additional information on this coverage is available in the RBC Long Term Disability Highlights.

Funding

Synod designed the pension plans in the U.S. and Canada to serve the retirement needs of ordained ministers. To that end, Synod has determined that all organized churches in the U.S. and Canada should support the Ministers' Pension Plan.

- Organized churches are required to pay church pension assessments determined at an amount per active professing member age 18 and older, or, if greater, the direct cost of participation for their "first or only" ordained pastor in the Ministers' Pension Plan. An additional minister of the Word at a church would be covered provided the direct cost of participation is paid.
- Emerging churches with an ordained minister of the Word would pay the direct cost of participation for their minister.
- If there is no participating minister at an organized church, synod has requested that organized churches continue to support the Ministers' Pension Plan by paying the amount per member each month which supports our ministers who have already retired.
- All pension related amounts are billed monthly during the first week of the month to which they apply.