Ministerial Pension Plan Annuitization Rule Changes

The Ministerial Pension Plan (MPP) currently requires that you annuitize *at least* 65% of your MPP account balance. As a result of General Conference 2012 changes, if you begin taking your MPP distribution after 2013, you must annuitize *exactly* 65% of your account balance. You will no longer have the option to annuitize more than 65% of your MPP account balance.

If you are thinking of retiring before 2014 in order to annuitize more than 65% of your account balance, consider the following points:

1. Interest rates are currently very low. Lower interest rates mean lower monthly annuity payments. While lifetime monthly income is important, locking in more than 65% of your account balance in today's interest environment may not be a prudent financial decision.
2. It is generally not a good idea to have all your money tied up in an annuity. If you don't also have a balance in the defined contribution portion of the Clergy Retirement Security Program (CRSP), the United Methodist Personal Investment Plan (UMPIP) or other accounts, consider setting aside a portion of your MPP account balance for emergencies.
3. Retiring before you are financially and emotionally ready may cause significant problems that cannot be outweighed by the possibility of additional lifetime monthly income. Receive no-charge phone consultations with a financial advisor to help with your decision. See below for information about Ernst & Young Financial Planning Services.
4. There are viable options for the remaining 35% of your MPP account balance:
   - You can elect LifeStage Retirement Income, a new service that turns your account balance into monthly income. This income is not an annuity and, therefore, is not guaranteed for your lifetime. However, unlike your monthly lifetime annuity payments, any remaining account balance can be accessed for financial emergencies and can be distributed to your beneficiaries after you die.
   - You can use some or all of your remaining MPP account balance to purchase an annuity from an insurance carrier when the rate environment is more favorable.

It's good to have a balance of annuities and retirement accounts:

Annuities	Monthly Payments from Your Account
Paid for life—you can't outspend or outlive your payments	Paid only as long as you have an account balance; however, LifeStage Retirement Income seeks to make your account last for your lifetime, while helping you maintain purchasing power
Payments can continue to your spouse upon your death, but cease upon your spouse's death Your initial monthly benefit is reduced to pay for spousal benefits	Any remaining account balance can be left to your spouse or other beneficiaries (with spousal consent) and can even be left to their beneficiaries Your monthly payments are not reduced when you elect to leave your remaining balance to beneficiaries
Irrevocable—you can't take a distribution in addition to your monthly annuity payments	You can stop or change payment amounts, or take a lump sum distribution of your remaining account balance or any portion, at any time

You may want to consider consulting with Ernst & Young Financial Planning Services before making a decision to retire, particularly if it is based solely on the MPP annuitization rule change. Call Ernst & Young directly at **1-800-360-2539**. Representatives are available Monday through Friday from 8:00 a.m. to 7:00 p.m., Central time.

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4505/011113