



Benefit Insights

Spring Statement
Special Issue
2008

The Newsletter for the Free Methodist Church of North America Pension Plans

Pension Statements Are Here!

Please take a moment to review your statement to be sure that all of the facts and figures are correct, including your birth date, salary information, etc. For your protection, Social Security Numbers on our statements are now shown with only the last four digits. Please notify Human Resources at (800) 342-5531 if you notice any problems or discrepancies on your statement.

If you participated in the Defined Contribution plan (old plan) which ended in 1980, you will have a statement for that plan as well as our current Defined Benefit plan if you are an active participant.



DEFINED CONTRIBUTION statements reflect the December 2007 balance. Please remember the Defined Contribution plan has two valuations per year. There will be another valuation of the Defined Contribution account as of June 30, 2008. Since all Defined Contribution participants are 100 percent vested, you may draw your benefit from this plan at any time, regardless of your employment status. The benefit will be based on the last valuation balance. If you are retired and currently drawing your benefit from this plan, your statement will reflect the balance, payments made July 1 through December 31, along with any investment activity.

Please be aware that your Defined Contribution plan balance includes all church contributions and investment activity since you came into the plan. With a Defined Contribution plan, all benefits are limited to the balance in the participant's account. If the benefit you select is a monthly payment to last your lifetime, depending how long you live, the balance may be paid out to you in full before your death.

THE DEFINED BENEFIT PLAN began in 1981. Your statement reflects service through January 2008 for those who have not retired. Your statement gives an estimated projection for your retirement benefit based on retirement at ages 60, 62, and 65. If you are 100 percent vested and wish to take your benefit early (between ages 60-64) there will be a slight reduction of 1/180 for each month prior to age 65. The statement also provides information showing your retirement benefit that is earned up to your current date of employment which is payable at age 65. Please note that retirees and terminated participants do not receive a Defined Benefit statement. If you terminate employment under this plan, and have not withdrawn your benefit, you will receive a Deferred Vested statement at the time of termination.

Benefit options should be selected by age 70 ½ based on IRS rules unless you are still employed. If you are interested in drawing your benefit, please contact our office for a retirement application. Retirement estimates showing full survivor benefits are available upon request.

A Year in Review 2007



Our pension plans paid a total of \$4.6 million in benefits in the year 2007. The Defined Benefit Plan paid \$3.7 million and the Defined Contribution Plan paid \$943,254 in benefits.

The Defined Benefit Pension Plan assets totaled \$107,144,526 and the Defined Contribution Plan totaled \$6,883,374 as of December 31, 2007.

The investment earnings for 2007 resulted in a return of 8.26 percent for the Defined Benefit Plan and 7.56 percent for the Defined Contribution Plan.

Defined Benefit Plan participants totaled 2,661 individuals with 721 being retirees. Defined Contribution Plan participants totaled 326 individuals in the plan with 105 being retirees.

New enrollments to the Defined Benefit Plan totaled 84 and terminations with deferred vested benefits totaled 32. In addition, there were 50 terminations with no vested benefits. There were 26 individuals who deceased.

What exactly does “vesting” mean?

Vesting is based on the years of service. A year of service is any complete 12-month period during which employment is continuous. A pension plan participant must have at least five complete years of service before being eligible to receive pension benefits upon retirement. After five years, a participant would then be eligible to receive 50 percent of the accrued benefit at age 65. For each year after five, the participant will receive 10 percent more of the accrued benefit, until the individual completes 10 years of service, at which time they will be 100 percent vested and will receive their entire benefit upon retirement. Please note that if a participant dies or becomes disabled while still employed, they will be fully vested even if they have not served 10 full years. In addition, if a participant reaches the age of 65 and has at least five years of credited service, they become fully vested. A vested benefit is that portion of an accrued benefit to which a participant has a non-forfeitable right.

What is the difference between an accrued benefit to date and a projected benefit at age 65?

An accrued benefit to date is the total benefit you have currently established that would be paid at age 65 if you would terminate employment at this time. The projected benefit at age 65 is based on you continuing to work until age 65.

Q & A

Human Resources

“Working Together in the Body for Christ”

Located at the Free Methodist World Ministries Center in Indianapolis, Indiana, the Human Resources Department serves the personnel needs of the World Ministries Center and handles the day-to-day administration of the two existing Free Methodist Church of North America pension plans.

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