

- Pension
- Defined Contribution

*“Steady plodding brings prosperity;
hasty speculation brings poverty.”*

Proverbs 21:5

Converge Retirement Plan has been serving the employees of Converge-affiliated churches for 50 years. Our primary goal is to provide added financial security to plan participants in retirement. The Plan has two parts: **Defined Benefit** (Pension) and the **Defined Contribution**.

One of the unique features of our pension plan is it provides a lifetime income for the participant. This means you do not have to ever worry about outliving your income. As an added option, this benefit can continue for your spouse in the event of your death.

Eligibility

Clergy and non-clergy can participate in the Retirement Plan if you are 23 years of age or older and a full-time (at least 1000 hours per year) employee of a church or district affiliated with Converge.

Assuming these criteria are met, we would be happy to walk you through the enrollment process. There is no waiting period for enrollment.



- **Clergy members** are required to enroll in the Pension before they can contribute to the Defined Contribution account.

Pastors leaving Converge-affiliated churches may continue participating if the new church or ministry they serve has a statement of faith similar to that of Converge. This assumes the new employer agrees to contribute on the behalf of the participant.

- **Non-clergy** enrollment options vary depending on your employer's contribution. The first question to be asked is whether or not your employer contributes to your retirement account.

YES, my employer contributes to my retirement plan.*



NO, my employer does not contribute to my retirement plan.



*We highly encourage churches to contribute first to the Pension.



Pension

Most people need 60-80% of their pre-retirement income in retirement. The pension is designed to supplement your retirement income. The benefit of a lifetime monthly income helps to meet the income needs of our retirees and surviving spouses. Your employer will contribute 6% of your income to fund the pension.

Types of Benefits

1. **Normal Retirement Benefit** Normal monthly benefits begin when a participant reaches age 65. The amount of the benefit will be the sum of the accumulated benefits earned during your years of active participation in the plan.
2. **Early Retirement Benefit** Participants are eligible to retire any time after their 60th birthday and receive an early retirement benefit. The amount of an early retirement benefit is reduced because payments are stretched over a longer period of time.
3. **Disability Benefit** If a participant has been in the plan for five years and contributions from the employer are current at the time of disability, the Retirement Plan will continue making the annual contribution to the Pension based on salary at the time of the disability. If disabled, a participant will remain in the plan until normal retirement age. Accumulated benefits are protected and continue to grow until normal retirement age.

4. **Death Benefit** The death benefit for active participants, age 65 and younger, is equal to one year of compensation as reported to the Retirement Plan. The death benefit is payable at a rate of 20% of annual compensation for each year in the plan up to 100% after five years of participation. The surviving spouse will receive a monthly pension benefit when the participant would have reached the age of 60. The amount is calculated as if the participant had reached age 65.

Benefit Payment Options

Several pension payment options are possible. Your choice of pension payment option is made just prior to retirement.

1. **Lifetime Only Option** The benefit is paid for the participant's lifetime only. This means that payments will stop at the time of the participant's death.
2. **Surviving Spouse Option** A monthly benefit is paid to the participant for his/her lifetime. If the spouse outlives the participant, the spouse will receive a benefit for the spouse's lifetime.
3. **Guaranteed Five- or Ten-Year Certain Option** Payments are guaranteed to the participant for his/her lifetime. If the participant dies before the end of the guaranteed period, the beneficiary will receive payment for the rest of the guaranteed period.

Housing Allowance

For ordained or licensed ministers, or commissioned missionaries the Internal Revenue Service rulings allow income from denominational retirement plans to be designated as housing allowance. The pension committee has declared 100% of any distribution you receive from both the Pension and the Defined Contribution to be designated as housing allowance. The participant is responsible to calculate the amount received from the Retirement Plan that is used for housing expenses and to add any unused distributions to your income tax return as taxable income.



Defined Contribution

Also known as the Supplemental account, the objective is to provide an opportunity to build a separate “nest egg” which can be used to supplement retirement income. Because of increased life spans compared to just a few years ago, this plan has become more important as part of an overall retirement strategy. Pre-tax employer contributions to the Defined Contribution account can be made after the Pension contributions are made. Participants can also make pre-tax contributions through a salary reduction agreement.

Contributions

In addition to the Pension, we encourage your employer to contribute at least 4% on your behalf to the Defined Contribution account. For updated maximum contribution limits for participants, please visit our website: convergeretirement.org.

In the event of a qualified hardship, money from the Defined Contribution plan can be withdrawn before age 60. Participants who take early withdrawal will face significant penalties from the IRS. Because of the combination of losing growth of your money over time and the IRS early withdrawal penalty, we strongly encourage our participants to consider early withdrawals as a last resort.

Summary

Joining the Retirement Plan should be top priority. The entry point to the Retirement Plan is through the Pension. In addition, both church employers and participants are encouraged to take advantage of the Defined Contribution Account.

Mandatory Contribution

Pension: 6% of salary

Recommended Contribution

Defined Contribution: 4% of salary

Our goal is to provide participants with the security of a monthly pension check at retirement.

Consider a Rollover

The Retirement Plan recognizes that most participants don't start and stay with a single ministry throughout their entire career. We accept rollovers from:

- Traditional IRAs
- 403(b) and 401(k) plans
- Tax sheltered annuities
- Or eligible plans maintained by a governmental employer

Consider rolling these funds over to the Defined Contribution account and gain the benefit of receiving the Clergy Housing Allowance benefit, if you qualify, on future distributions.





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