

Frequently Asked Questions about Changes to the Nazarene APS Plan

2009 ANNUAL PENSION SUPPLEMENT and LIFE INSURANCE

Annual Church P&B Allocation Paid	APS Contribution	Maximum APS Grants per Church	Total APS Available per Church	Life Insurance for APS Eligible Clergy
\$1 to \$50	\$50	1	\$50	\$15,000
\$51 to \$500	\$500	1	\$500	\$15,000
\$501 to \$750	\$600	1	\$600	\$15,000
\$751 to \$1,000	\$700	1	\$700	\$15,000
\$1,001 to \$1,500	\$800	1	\$800	\$15,000
\$1,501 to \$2,000	\$900	2	\$1,800	\$15,000
\$2,001 to \$3,000	\$1,000	2	\$2,000	\$15,000
\$3,001 to \$5,000	\$1,000	3	\$3,000	\$15,000
\$5,001 to \$10,000	\$1,000	4	\$4,000	\$15,000
\$10,001 to \$25,000	\$1,000	5	\$5,000	\$15,000
\$25,001 and more	\$1,000	15	\$15,000	\$15,000

Q. My church does not pay anything into the P&B Fund (“Pension Budget”). Will this affect what I receive in benefits from P&B?

A. Yes. Starting in 2009, it will be necessary for a church to pay something into the P&B Fund in order for those serving that church to receive benefits funded by the P&B Fund. Last year, nearly 18 percent of our local congregations failed to contribute anything to the P&B Fund. Unfortunately, the remaining 82 percent of churches can no longer carry the full load of the program. It takes everyone participating for the programs to remain viable. See the chart above for more detail regarding APS contributions in relation to P&B allocation paid.

Q. What about those not serving a local church, or who are serving under district assignment?

A. Full-time evangelists, full-time district-assigned ministers and district superintendents will receive \$1,000 APS contributions. The life insurance funded by the P&B Fund will be the same (\$15,000) for all ministers eligible to receive an APS contribution.

Q. Is the APS and insurance chart the way to determine what my local church should pay into the P&B Fund?

A. No. The policy with regard to determination of APS amounts is not related to any allocation formulas. It is understood that the USA National Board and General Board policies regarding how P&B Fund allocations are to be determined remain as they have been. The information which has been provided on this page simply reflects the procedure we will follow at the end of the year when we determine what amount of APS will be deposited into individual 403(b) accounts.

We would hope the incentive for payment of the P&B Fund allocation is as it always has been—support of the only system our church has to provide for base levels of benefits for those serving now and who have served in the past. If churches choose to not contribute to the fund, we in turn will be unable to provide benefits for both retirees and active ministers. It's simply a matter of living within our means.

Q. I am retired and receiving monthly payments from the Basic Pension Plan. Will the APS changes affect my benefits?

A. There are no changes in benefits being paid from the Basic Pension Plan and the Pensioners Death Benefit Plan, which provide coverage for those receiving a pension benefit from the Basic Pension Plan. The amount of the death benefit is 18 times the net standard form of benefit payable under the old Basic Pension Plan. Eligible participants also include ordained and district-licensed ministers over the age of 70½ who are fully vested for a benefit under the old Basic Pension Plan, but have not yet chosen to begin receiving a monthly retirement benefit. Monthly pension payments will not be reduced.

Q. Why are these changes being made?

A. Dr. J. David McClung, chairman of the Board of Pensions, says it well in our news release: "The Board of General Superintendents recently issued a statement saying giving to the World Evangelism Fund (WEF) is below projections and is not keeping up with inflation. Of course, Pensions and Benefits USA receives no World Evangelism Fund contributions, but the downward trend in giving to the Pensions and Benefits Fund parallels that of WEF.

"At the same time, we are also concerned about maintaining support services for eligible active ministers and church-employed laypersons—services such as life and long-term disability insurance coverage and contributions to 403(b) accounts. We plan to continue this support. But to be good stewards of the funds with which we are entrusted, we need to adjust how payments to Nazarene 403(b) retirement accounts are determined."

Q. When the economy improves, and if P&B Fund income increases, can benefits be improved?

A. It is impossible to know the future. What we do know is that the Board of Pensions and Benefits USA reviews benefit levels every year. In the past, when funding was available, benefits have been improved. It is now and always has been the desire of the board to provide as much assistance as is prudently possible from available funding. That commitment remains unchanged.



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