

## Joint and Survivor Pension Options

When planning for your retirement years, you may want to consider how you and your spouse can obtain an added measure of financial peace of mind when one of you dies.

You and your spouse may elect to increase the surviving spouse's pension benefit payable under the Pension Plan by electing to take an adjusted monthly retirement pension benefit for a larger survivor's pension. The values of the normal and the joint and survivor options are actuarially equivalent, based upon standard mortality tables and future interest assumptions.

Note that once you have started your pension, your joint and survivor election cannot be changed. If you marry after retirement, your spouse of at least one year will be eligible for payment. If you divorce after retirement, please refer to the document *Benefits Plan and Divorce* (PLN-106).

To make a well-informed choice about this important option, you'll want to think about:

- the potential financial impact of the available options on you and your spouse after you retire (For example, a minister's pension benefit may be nontaxable if taken as a housing allowance, but the survivor's pension will be subject to tax.)
- the personal health circumstances of you and your spouse
- the financial impact of one spouse's death on your joint income and expenses
- the availability of the spouse's own pension or retirement benefits

We suggest that you discuss these benefit options with your spouse, family, and financial adviser or attorney.

### When Can Options Be Elected?

Joint and survivor options can only be elected when you retire.

You may elect a joint and survivor option if you have been legally married to your spouse for at least one year before starting your pension payments.

### Example

Minister M retires at the normal retirement age of 65, with an annual pension of \$36,000 payable in monthly installments of \$3,000. At tax time, he excludes the income as housing allowance.

When he dies, his spouse will receive a survivor's pension of \$1,500 a month, and the benefits may be subject to tax. If the spouse has no pension of her own, this reduction may impose a heavy financial strain upon her for the rest of her life.

### Joint and Survivor Options

Electing a joint and survivor option, as outlined in the included chart, allows your spouse to receive a larger benefit payment after your death than he or she would have received under the *normal form* of pension benefit.

The default distribution option is called the normal form of retirement pension. This lifetime pension for you offers a survivor's benefit of 50% of your unreduced benefit. "Unreduced benefit" means that the 50% is based on your accrued pension credits without adjustment for an early retirement. If you retire after age 65, your eligible survivor receives 50% of your increased deferred pension.

The normal option does not reduce your monthly pension benefit payment. The other available options usually reduce your monthly pension payments while you are alive.

The term "normal" simply refers to the fact that this selection is the default option. Normal does not imply that this option is the best one for all plan members or that the Board recommends this option. Please review all the options carefully with your spouse and consider your personal health and financial circumstances before making a selection.

### Considering Your Health

The joint and survivor options are equivalents based on standard mortality tables and future interest assumptions. The options take into account the total pension credits you have accrued and the ages of you and your spouse. In deciding which option best suits your needs, consider your life expectancy based on gender, as well as your current health and family health histories.

If one of the joint and survivor options is chosen, the financial impact of one spouse's death can be lessened with more level payment through both spouses' lives.

For example, if Minister M had elected the Joint and 75% Spouse option, the member's benefit, adjusted for the election of the option, would be \$33,480 annually, payable as a monthly benefit of \$2,790. Upon his death, instead of receiving 50% of his monthly benefit, his spouse would receive a monthly benefit equal to 75% of his adjusted benefit. This amounts to \$2,092.50 per month, which may be subject to tax.

## Considering Your Finances

Several financial factors play into your selection of the option most appropriate for your circumstances.

In choosing an option, be sure to weigh the impact of your spouse's pension and options, insurance, and other income sources, and the impact of one spouse's death on the household budget.

Also keep in mind that when one spouse dies, it could have implications for the survivor's Social Security benefits, the receipt of any annuities, the taxation of benefits, and the transfer of retirement account assets.

## Personal Estimate

To receive a personalized estimate of your pension benefits at retirement, log in to Benefits Connect, the secure, easy way to access your Benefits Plan information, on Pensions.org. If you have questions, you can call the Board at 800-773-7752 (800-PRESPLAN).

*If any discrepancy exists between this product sheet and the official Retirement Savings plan document, the official plan document governs. Visit Pensions.org or call the Board of Pensions at 800-773-7752 (800-PRESPLAN) for a copy of this official document.*

## Monthly Payment Options at a Glance

Payment Option	Available to	How It Works	Person Eligible for Survivor's Pension
Joint & 50% Survivor Pension (Normal)	All members covered under the pension provisions	You receive a monthly payment for your lifetime. After your death, your eligible survivor receives 50% of your accrued pension credits or, if you retire after age 65, your eligible survivor receives 50% of your increased pension.	Eligible survivor
Joint & 75% Spouse Pension (Option I)	Married members covered under the pension provisions	You receive an adjusted monthly payment for your lifetime. After your death, your spouse, if then living, receives monthly payments of 75% of the monthly amount you received when you were alive.	Only spouse married for at least one year before your retirement
Joint & 75% Last to Survive Pension (Option II)	Married members covered under the pension provisions	You receive an adjusted or reduced monthly payment for your lifetime. After the death of you or your spouse, the survivor of the couple receives monthly payments of 75% of the monthly amount you received when both you and your spouse were alive.	Only spouse married for at least one year before your retirement.  Any other surviving spouse will receive a benefit based on 50% of pension credits (unless survivor pension assigned to former spouse under a QDRO).
Joint & 66 $\frac{2}{3}$ % Last to Survive Pension (Option III)	Married members covered under the pension provisions	You receive an adjusted or reduced monthly payment for your lifetime. After the death of you or your spouse, the survivor of the couple receives monthly payments of 66 $\frac{2}{3}$ % of the monthly amount you received when both you and your spouse were alive.	Only spouse married for at least one year before your retirement.  Any other surviving spouse will receive a benefit based on 50% of pension credits (unless survivor pension assigned to former spouse under a QDRO).
Joint & 100% Last to Survive Pension (Option IV)	Married members covered under the pension provisions	You receive an adjusted or reduced monthly payment for your lifetime. After the death of you or your spouse, the survivor of the couple receives monthly payments of 100% of the monthly amount you received when both you and your spouse were alive.	Only spouse married for at least one year before your retirement.  Any other surviving spouse will receive a benefit based on 50% of pension credits (unless survivor pension assigned to former spouse under a QDRO).