

36—MONTHLY INCOME BENEFIT DESCRIPTION

The FCMM Retirement Plan offers an *in-plan* method of converting some or all of your retirement account assets into monthly income:

FCMM MONTHLY INCOME BENEFIT (often referred to as “annuity”)

Any money a participant has in the Retirement Plan can be turned into a Monthly Income Benefit at retirement at the flexible return rate in effect at that time. The rate is a minimum 2% plus a variable factor that may be adjusted by the FCMM Board of Trustees. As of 1/1/2020, that variable rate is 2%, for a total of 4% (2% plus 2%). The variable portion can be revised up or down as determined by economic factors and market performances.

The advantage of the monthly income benefit is that it provides income as long as one lives, as long as a spouse lives, or as long as the period chosen, depending on the participant’s selections at retirement and the flexible rate of return at that time.

Important for missionaries and ministers, only a church plan like FCMM can designate retirement distributions as housing allowance. Not only FCMM’s Monthly Income Benefit, but any other form of distribution from your account offers this feature.

HOW IS A MONTHLY BENEFIT AMOUNT DETERMINED FOR THE RETIREMENT PLAN?

When a participant is ready to begin drawing the monthly income benefit portion of his/her account, a number of factors are used to determine the amount of the monthly benefit payment: the value in the participant’s account, the age of the participant, the age of the participant’s spouse when applicable, current actuarial figures, the interest rate, and the type of benefit selected. The monthly benefit is determined by seeking to answer this question: *Based on the overall value in one’s account, how much can FCMM give this retiree every month while the remainder of the account is continuing to produce investment growth so that on the date of one’s actuarial estimated death the account reaches zero?*

Actuarial tables are continually being revised to better reflect the increasing lifespan of people today who have access to healthier diets, better health care, and generally safer environments. The advantage of FCMM Monthly Income Benefit is that if a retiree lives past the actuarial life expectancy, he or she still continues to receive a benefit as long as he or she lives. If the participant (and spouse, if applicable) dies prior to that actuarial estimated age, the “unused” portion is neither inheritable nor transferable. The amount continues to be part of the pool for other participants’ benefits that will ensure lifetime income for all in the pool.

For many people, the monthly benefit can be a helpful resource in planning for lifelong income to help meet needs throughout the retirement years. Retirement Selection Forms containing detailed information will be sent prior to beginning to receive payments.

FCMM Monthly Income Benefit Options

Single Life: Payments continue only as long as you live. Upon death there is no estate residue.

Five Year Certain: Payments continue as long as you live. If death occurs prior to having lived the full five years of retirement, payments would continue to your beneficiary for the balance of the months from your death to the end of the five-year period and would provide no payments beyond the five years.

Ten Year Certain: The same as the Five Year option except the limiting factor is ten years instead of five.

Joint and 2/3: Payments continue for as long as you and your spouse live. Upon the death of either one of you the payments continue but at the reduced rate of 2/3's of the full amount.

Joint and Full: Payments continue for as long as either of you lives.

WHAT IF I DON'T WANT ANY OR ALL MY RETIREMENT FUNDS IN A MONTHLY INCOME BENEFIT?

FCMM participants who have funds in the Retirement Plan investment options (Options C-J) have various flexible options in how they draw out retirement benefits. Thus, a participant can take that money in a "lump sum" distribution or leave the money within FCMM for continued investment growth, drawing on it as needed. Any money remaining in investment Options with FCMM (not applied to a Monthly Income Benefit) is inheritable should the participant pass away prior to drawing out all these resources. At age 72 (age 70 ½ for those born on or before 7/1/1949), the IRS imposes Required Minimum Distributions based on IRS tables for funds not converted to a Monthly Income Benefit.

Participants may wish to seek professional financial counsel in determining a personal investment strategy that will eventually provide a desired retirement benefit distribution—a monthly benefit on the entire value in the participant's account, a monthly benefit on a portion of the account, or no monthly benefit at all.

AM I REQUIRED TO TAKE OPTION C MONEY AS A MONTHLY INCOME BENEFIT?

No. At retirement, money in the FCMM Lifetime Fund (Option C) can be converted to a monthly benefit at full accrued value with a variable interest rate. If you decide not to receive FCMM's Monthly Income Benefit, you may take a lump sum distribution(s), subject to a Fair Market Value (FMV) adjustment. For example, if the market value of Option C investments stood at 98%, a choice to withdraw or rollover would result in receiving 98% of the requested amount. (No FMV adjustment is applied when electing a Monthly Income Benefit from Option C, therefore 100% is factored into the benefit.) For an eligible clergy staff member, transferring funds out of FCMM into some other retirement vehicle will also likely result in loss of the clergy housing allowance tax benefit.

The FCMM Retirement Plan Document, as well as the abbreviated Summary of Important Plan Features (Form 38) are posted on the FCMM website.