

# Benefits

For Servants of the Church



*More than a Century of Serving Those Who Serve*

## Pensions and Benefits USA

CHURCH OF THE NAZARENE  
17001 PRAIRIE STAR PARKWAY  
LENEXA, KS 66220

**888-888-4656**  
**pensions@nazarene.org**

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**Pensions and Benefits USA**



# A PARTNER IN MINISTRY

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**P**ensions and Benefits USA is a partner in ministry to the more than 17,000 faithful ministers and church-employed laypersons and families who serve thousands of Nazarenes in churches across the USA. With a variety of services—such as a Survivor Benefit, long-term disability insurance and retirement plans—we also are a source of tax and benefit information for ministers at every stage of their career—from first pastorate through retirement.

To pay for these benefits, we rely on the faithfulness of USA churches to contribute to the Pensions and Benefits Fund. When local churches and U.S. districts pay their Pensions and Benefits Fund, they're helping to support their own ministers and church employees. The local church, the district, and Pensions and Benefits USA are partners together in this ministry.

This brochure provides an overview of the plans and services we offer.



# Retirement

## Social Security

Social Security is a vital part of everyone's retirement. Under current tax laws and Church of the Nazarene polity, ministerial participation in Social Security is virtually mandatory. Pensions and Benefits USA encourages local churches to reimburse the Social Security tax paid by their ministers. Most Nazarene churches already make this a standard part of their employee benefit packages, and have for over fifty years.

## Nazarene 403(b) Retirement Savings Plan

This defined contribution retirement plan provides a way for Nazarene ministers and church-employed laypeople to save for their future retirement needs. Voluntary contributions are deducted from an employee's salary before any income taxes are incurred. Therefore, employees do not pay income taxes on their contributions and compounded earnings until they withdraw the money. Withdrawals made by retired Nazarene ministers are designated as "housing allowance" and thereby qualify as tax-free funds.



Pensions and Benefits USA encourages all church employers to “match” their employees’ contributions to help them prepare for a more comfortable retirement.

Most Nazarene ministers are enrolled automatically. They receive an Annual Pension Supplement (APS) from the Pensions and Benefits Fund into their personal accounts. The APS contribution is based on the amount paid annually by each church to the Pensions and Benefits Fund. A chart illustrating current Annual Pension Supplement amounts can be found at [pbusa.org](http://pbusa.org). The Board of Pensions and Benefits USA determines the annual amount of these contributions.

Participants may control how all their monies are invested. They may choose to invest in any of several different funds. The investment strategies of these funds range from conservative to aggressive.

The amount of money available to participants at retirement depends on the amount of contributions made to the account, the holder’s investment choices, and the earnings accrued by those investments for the time period invested.

### Basic Pension Plan

The Basic Pension Plan began paying benefits April 1, 1971, for years of service since 1908. Ministers with qualifying years of service are

covered automatically by this plan. Benefit payments are possible due to annual Pensions and Benefits Fund income received from local U.S. Nazarene churches and from investment income on money held in reserve to pay future benefits. More than 5,000 retired ministers and widowed spouses currently receive benefits under this plan.

This portion of the Church of the Nazarene Single Defined Benefit Plan provides benefits for those full-time active district-licensed and ordained ministers serving in U.S. Nazarene churches who have qualifying years of service prior to 1996. Those full-time active district-licensed and ordained ministers serving in U.S. Nazarene churches who have qualifying years of service after 1996 receive retirement benefits under the Nazarene 403(b) Plan. Personal contributions are not allowed to the Basic Pension Plan.

At retirement, participants receive a monthly benefit calculated by multiplying their years of service times an established benefit formula. The formula includes a base amount per year of service and a bonus factor for years beyond ten. A 403(b) offset for P&B Fund contributions is applicable if the individual had years of service under this plan after January 1, 1996. The Board of Pensions and Benefits USA establishes the formula which is reviewed annually.

# Insurance

## The Survivor Benefit

Pensions and Benefits USA automatically provides a base level Survivor Benefit for eligible ministers. For those actively serving local churches, coverage is based on the minister's age: \$30,000 for ministers age 50 and under; \$15,000 for ministers age 51 to 70, and \$7,500 for ministers age 71 to 75. Retired ministers (or active and over age 75) have a Survivor Benefit based on years of service: \$6,000 for 31+ years; \$3,000 for 21 to 30 years; and \$1,500 for 10 to 20 years. You pay no premium for this coverage, but do need to complete a beneficiary form.

## Nazarene Supplemental Group Term Life Insurance Plan

This plan offers additional life insurance coverage to ministers and church-employed laypeople. Participants may choose their own amount of coverage. As with all term life insurance plans, youngest participants pay the lowest premiums. Employer payment of these premiums means tax-free benefits for participants.



## Basic Long-Term Disability Insurance Plan

This plan provides disability coverage for entrants in the Nazarene 403(b) Retirement Savings Plan who have no “grandfathered” disability benefits under the Basic Pension Plan. Eligibility is based on active service with a district credential, and on meeting the criteria to receive a current year APS contribution to the Nazarene 403(b) Retirement Savings Plan. The Pensions and Benefits Fund pays the premiums for this coverage.

## Nazarene Accidental Death and Dismemberment Insurance Plan

This plan covers ministers, church-employed laypeople, and their spouses and children who desire additional protection against the financial burdens caused by an accidental fatality or dismemberment.

Participants may choose one of four different primary coverage amounts, and the annual premiums are very affordable.

The plan provides increased benefits for the wearing of seat belts, and provides higher education benefits for the participant’s children.



## Nazarene Long-Term Disability Insurance Plan

This plan pays a monthly benefit to ministers employed by a Nazarene church or church agency who, because of an illness or an injury lasting three months or longer, are unable to work and earn an income. Participants choose the monthly benefit they desire, and premiums are based on the level of coverage chosen.

The plan also contains features that facilitate a disabled minister’s reentry into the workforce.

# Benevolence

Occasionally, ministers face situations of extreme financial need. In some of these cases, Pensions and Benefits USA can lighten the load with a direct cash subsidy. These are not intended to replace insurance, but can help with out-of-pocket costs not paid by insurance. In addition to the benevolence plans listed below, there are other specialized benefits as well. Requests for such assistance comes through the DS and may be reviewed by the district advisory board.

## Emergency Medical Assistance

This plan helps cover emergency “hardship” medical expenses beyond the amount covered by regular insurance and Medicare.

## Temporary Monthly Disability Assistance

For those ministers who have been determined by the Social Security Administration to be disabled, this plan pays a benefit to assist during the “waiting period” before government payments begin and after salary has been terminated.

## Funeral Assistance

This plan helps pay funeral costs where there is no life insurance coverage or where such coverage and estate assets are inadequate for funeral expenses.



# Ready to Serve You

Pensions and Benefits USA has partnered with Nazarene pastors since 1819, and we continue to be here to assist when needed.



## On the Web

For more information, please visit our website at [pbusa.org](http://pbusa.org)



## E-Mail

You can reach us easily at: [pensions@nazarene.org](mailto:pensions@nazarene.org)



## Toll-free Phone

For questions, or to talk to a representative, phone us at: **888-888-4656**