



CHRISTIAN SCHOOLS  
INTERNATIONAL

## Christian School Pension Plan & Trust Fund

# UPDATE

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**To:** Plan Participants

**From:** Howard Van Mersbergen  
Executive Secretary-Treasurer

- CSI Pension Plan: What's Happening
- Your Pension Benefit: How the Pension Plan Works
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### CSI Pension Plan: What's Happening

Since it was first established in 1943, the CSI Pension Plan has been providing retirement benefits to more than 2,000 retirees. Currently there are more than 9,000 participants who have benefit credits in the plan. This valuable benefit is designed to work with Social Security and your personal savings to give you an income you can count on when you retire.

Today, there are some important challenges facing the Plan. The main issue is that each year we're promising more in future benefits than we're receiving in contributions to the Plan. There are two main reasons for this:

- We are all living longer, so benefits are paid out over a longer period of time.
- The average age of Plan participants is increasing, so there are fewer years for Plan contributions to grow before participants begin receiving payments.

The Plan has seen a number of changes since it was first established – changes made with the best interests of schools and participants in mind. While the Plan is currently financially sound, we must ensure the Plan remains viable for our future retirees. CSI has been working closely with a consulting firm, Mercer Human Resource Consulting, Inc., to examine proposed solutions to these challenges. The Board of Trustees looked at numerous studies to make sure we understand the problem and the proposed solutions. We presented our research to a sampling of participants, retirees and school administrators in December and now want to discuss the possible solutions with everyone who participates in the Plan.

Please watch for information about your school's upcoming meeting and plan to attend so you can learn more about the issues and proposed solutions and ask questions.

### **Mark Your Calendar!**

#### *School Meetings*

CSI is planning meetings with all participants to describe proposed changes to the Pension Plan and answer any questions you may have. We want everyone to participate – it's important to get your feedback as we explore changes to the Plan.

School meetings will take place either **March 15 or 16**. Watch for more information from your school about the date, time and location of your meeting.

## Your Pension Benefit: How the Pension Plan Works

The CSI Pension Plan is designed to provide you with a monthly benefit during your retirement. The Plan is a *defined benefit plan* – meaning the pension you will receive at retirement is defined (or predetermined) based on a formula. You can predict your monthly retirement payment amount based on this formula.

Both you and your school contribute a certain percentage of your pay toward the Pension Fund. In some cases, your school pays your share of the contribution to the Plan in addition to their own. These contributions are structured so that, along with the investment earnings, they provide enough income to pay for the benefits participants have earned at retirement.

CSI manages the money in the Pension Fund by investing all contributions – both yours and your school's. You do not have any responsibility for making investment decisions – CSI assumes all of the investment risk associated with the contributions. This is different from the way other types of retirement plans work, such as a 401(k) or IRA, where you are responsible for managing your own investments and must assume all risk associated with your choices. With those types of plans, you really don't know how much income you can count on at retirement, because it depends on your individual investment results.

You are *vested* in your CSI pension benefit after five years of service. This means you own the benefit you have earned in the Plan to-date. This benefit is called your accrued benefit. (Until you are vested you have a right to your employee contributions – or contributions made on your behalf – with interest.) When you are eligible to retire, you have a variety of payment options available under the Pension Plan so you can choose, for example, to retire early or cover your spouse after your death.

We will provide more information about the Pension Plan and how it works during the upcoming meetings.

## Proposed Solutions: Changes to the Pension Plan

We will discuss proposed changes to the Pension Plan during your school's meetings, but want to provide you with an overview of the ideas we're considering. **Please remember that these proposed changes apply only to *future benefit accruals* – no changes will be made to benefits you earn up to the effective date of any changes.** Proposed changes include:

- *Increasing contributions from participants and schools to maintain the current benefit accruals.* People are living longer, so the Plan needs more contributions to pay the same level of benefits to participants over this extended period of time. While this option would maintain the current level of benefit payments, it may be a challenge for schools to make an increased contribution toward the pension benefit without affecting other aspects of compensation, such as salaries.

Schools also have other options, including continuing current contribution levels – which would result in lower *future* benefit accruals for participants. In this case, participants would receive the same total benefit over time on average, but because that benefit is paid out over a longer period of time each monthly payment would be decreased.

- *Increasing the age for unreduced benefits for those who retire early.* Currently, participants age 62 or older receive an unreduced benefit. Participants who retire before age 62 receive a reduced benefit because they receive monthly payments beginning earlier than normally expected. A proposed change would be to increase the age for unreduced benefits to age 65. This change of increasing the age for unreduced benefits is similar to the Social Security Administration increasing its normal retirement age from age 65 to age 67 to account for the fact that people are living longer.

Again, we will discuss these proposed changes for future benefits in detail – and respond to your questions – during upcoming meetings.

#### **About This Newsletter**

We've designed this newsletter to give you a brief summary of the Pension Plan and some proposed changes to the Plan. This update does not contain all the details of the Plan. In case this newsletter differs from the plan documents, the official plan documents will govern.