

Quadrennial  
Benefits  
Conference



# Implementing Legislative Changes




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# General Conference 2016— Legislative Changes



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LEGISLATIVE CHANGES

**General Conference 2016**

General Board of Pension and Health Benefits is renamed **Wespath Benefits and Investments**—effective July 2016.  
a general agency of The United Methodist Church



# Legislative Changes

- Changes to the Comprehensive Protection Plan (CPP)
- Revised definition of “compensation”
  - To exclude additional compensation paid in lieu of group health plan coverage
- Revised definition of Denominational Average Compensation (DAC)



# New CPP Eligibility Rules

Streamline plan eligibility/premium structure

Eliminate special arrangements

Offer lower premium costs to conferences than current provisions (in general)

Premium is 3% of plan compensation for all clergy covered

# CPP General Eligibility

Current Provisions	Approved Change
<p><b>General Eligibility</b></p> <ul style="list-style-type: none"><li>• Full-time clergy and local pastors earning at least 60% of DAC/CAC*</li></ul> <p><b>Special Arrangements</b></p> <ul style="list-style-type: none"><li>• Part-time clergy (<i>excluding</i> part-time local pastors)</li><li>• Full-time clergy earning at least 25% of the DAC/CAC* but less than 60% of the DAC/CAC*</li><li>• Clergy on a leave of absence (LOA)</li></ul> <p>* CAC—Conference Average Compensation</p>	<p><b>General Eligibility</b></p> <ul style="list-style-type: none"><li>• Full-time clergy and local pastors**</li><li>• Plan sponsor can elect coverage for elders, deacons and associate members and/or <b>local pastors</b> with <math>\frac{3}{4}</math>-time appointments**</li><li>• Plan sponsor to elect <i>continuation</i> of coverage (voluntary leave, sabbatical leave, medical leave and leave to attend school)</li></ul> <p><b>Special Arrangements</b></p> <ul style="list-style-type: none"><li>• Not available</li></ul> <p>** <i>Plan comp must be at least 25% of DAC</i></p>

# Plan Eligibility—Effective January 1, 2017

- Mandatory participation for eligible clergy
  - Serving full-time
  - Compensation equals at least 25% of DAC
- Not eligible
  - Clergy appointed half-time or quarter-time
    - *UMLifeOptions*

**Premium calculation: 3% of plan compensation (*housing plus cash salary*)**

# Plan Sponsor Election

- Three-quarter time clergy
  - Full and provisional members (including deacons and elders), associate members and members of other Methodist denominations
- Three-quarter time local pastors
- Leave of absence for no more than 12 months
  - Voluntary leave (personal, family, transitional)
  - Medical leave (not CPP disabled)
  - Attend school
  - Sabbatical leave

**Premium calculation: 3% of plan compensation (*housing plus cash salary*)**



### Conference CPP Adoption Agreement

The undersigned, \_\_\_\_\_ Conference (Conference), by executing this adoption agreement, hereby adopts the Comprehensive Protection Plan (CPP) as of the Effective Date set forth in Section 1 of this adoption agreement.

#### Section 1 – Effective Date

Generally, the “Effective Date” shall be the first day of the Plan Year following—or in certain cases, 60 days following—the date upon which this adoption agreement has been accepted in writing by Wespath Benefits and Investments (Wespath). If the Conference fails to complete a new adoption agreement for the next following Plan Year at least 30 days prior to the beginning of that Plan Year, the current adoption agreement will remain in force until 60 days after such time as a new adoption agreement is accepted by Wespath.

#### Section 2 – Plan Sponsor

The Conference is the plan sponsor for clergypersons under episcopal appointment serving that Conference or a Conference-controlled entity of that Conference which satisfies the eligibility requirements to participate.

The Conference is the plan sponsor for deacons serving within a local congregation or charge or cooperative parish in the Conference in accordance with the applicable paragraphs of *The Book of Discipline*.

#### Section 3 – Eligibility for Participation

Pursuant to CPP Article III, the Conference shall enroll its eligible clergy, including deacons, in CPP effective on the date they meet the eligibility requirements under CPP §3.01a (Full-time Participation).

##### Part-Time Clergy Election—Three-Quarters Time Appointment

Please indicate by checking the box below if the Conference elects to cover its three-quarters time appointments in CPP.

- Conference elects **to cover** ¾-time clergy who are full and provisional members (elders and deacons), associate members and clergy of other Methodist denominations earning at least 25% of denominational average compensation (DAC) subject to terms of the Plan.
- Conference elects **to cover** ¾-time clergy who are local pastors and members of other (non-Methodist) denominations earning at least 25% of DAC subject to terms of the Plan.
- Conference elects **not to cover** any ¾-time clergy earning at least 25% of DAC subject to terms of the Plan.

##### Continuation of Coverage Election

Pursuant to CPP Article III, the Conference may elect a continuation of coverage for Active Participants who, due to a leave of absence, sabbatical leave, or appointment to attend school, are not otherwise eligible to continue coverage, for 12 months.

Please indicate by checking the box below if the Conference elects to continue coverage for Active Participants who, due to a leave of absence, sabbatical leave, or appointment to attend school, are not otherwise eligible to continue coverage.

- Medical leave of absence (not CPP disabled)
- Voluntary leave of absence (personal, family, transitional)
- Attend school
- Sabbatical leave
- Conference elects **not to cover** clergy on a leave of absence or appointed to attend school

(over)

# Grandfathered Retiree Death Benefit

Clergy appointed  $\frac{1}{2}$  or  $\frac{1}{4}$  time losing CPP eligibility meeting the following criteria as of June 30, 2017

- Age 60 with CPP participation 8 of the last 11 years or
- Age 57 with 20 years of CPP participation



# Retiree Death Benefit Amounts

<b>Provision</b>	<b>Retired January 1, 2013 and After</b>
Retiree	Flat amount of \$20,400
Retiree Spouse	Flat amount of \$15,300
Retiree Surviving Spouse	Flat amount of \$10,200
Retiree Child	Flat amount of \$8,100



# Navigating the Path (Next Steps)

## Communications to Conferences/Participants

Losing CPP Coverage	<b>Conference:</b> Letter from Wespath listing clergy losing coverage with Unum highlights sheet—end of October
	<b>Participant:</b> Letter from Wespath with Unum highlights sheet—early November
	Identify clergy with grandfathered retiree death benefits
Gaining CPP Coverage	<b>Participant:</b> Letter from Wespath—early November
Gaining Unum Coverage	<b>Participant:</b> Letter from Unum—mid-January

## Options for Clergy Not Eligible for CPP

<i>UMLifeOptions</i>	Conference or local church can be the plan sponsor
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# Revised Compensation Definition— 2017 and Beyond

- Compensation considered for retirement and welfare plan purposes
- Excludes additional compensation paid to clergy in lieu of a conference/church-provided group health plan



# Applicability

Applies to conferences that eliminate sponsorship of group health plan coverage to clergy at local churches, in 2014 or later

and

Additional compensation paid to each clergyperson in lieu of a conference/  
church-provided group health plan



# Why Exclude this Additional Compensation/Amount?

Including it would result in an increase in:

- CRSP and CPP contributions required from the conference/church
- Conference Average Compensation (CAC), *and*
- Denominational Average Compensation (DAC)

**This would create higher plan costs/contributions  
across all conferences**

# Health Care Compensation

## Compensation

Effective Dates	Cash excluding Health Care Compensation (C)	Housing Allowance (H)	Parsonage (P)	Total Plan Compensation (C+H or C+P)	Portion of Cash Designated as Housing	Health Care Compensation
01/01/2017	\$32,000	\$0	\$8,000	<b>\$40,000</b>	\$2,000	\$10,000
01/01/2016 - 12/31/2016	\$42,000	\$0	\$10,500	<b>\$52,500</b>	\$2,000	

# Denominational Average Compensation



Average plan compensation of clergy enrolled in United Methodist clergy plans and serving full-time appointments



# Denominational Average Compensation

- Definition revised to be consistent with the revised plan compensation definition
- To exclude additional compensation paid to clergy in lieu of a conference/church-provided group health plan

**DAC for 2017 is \$68,876**



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