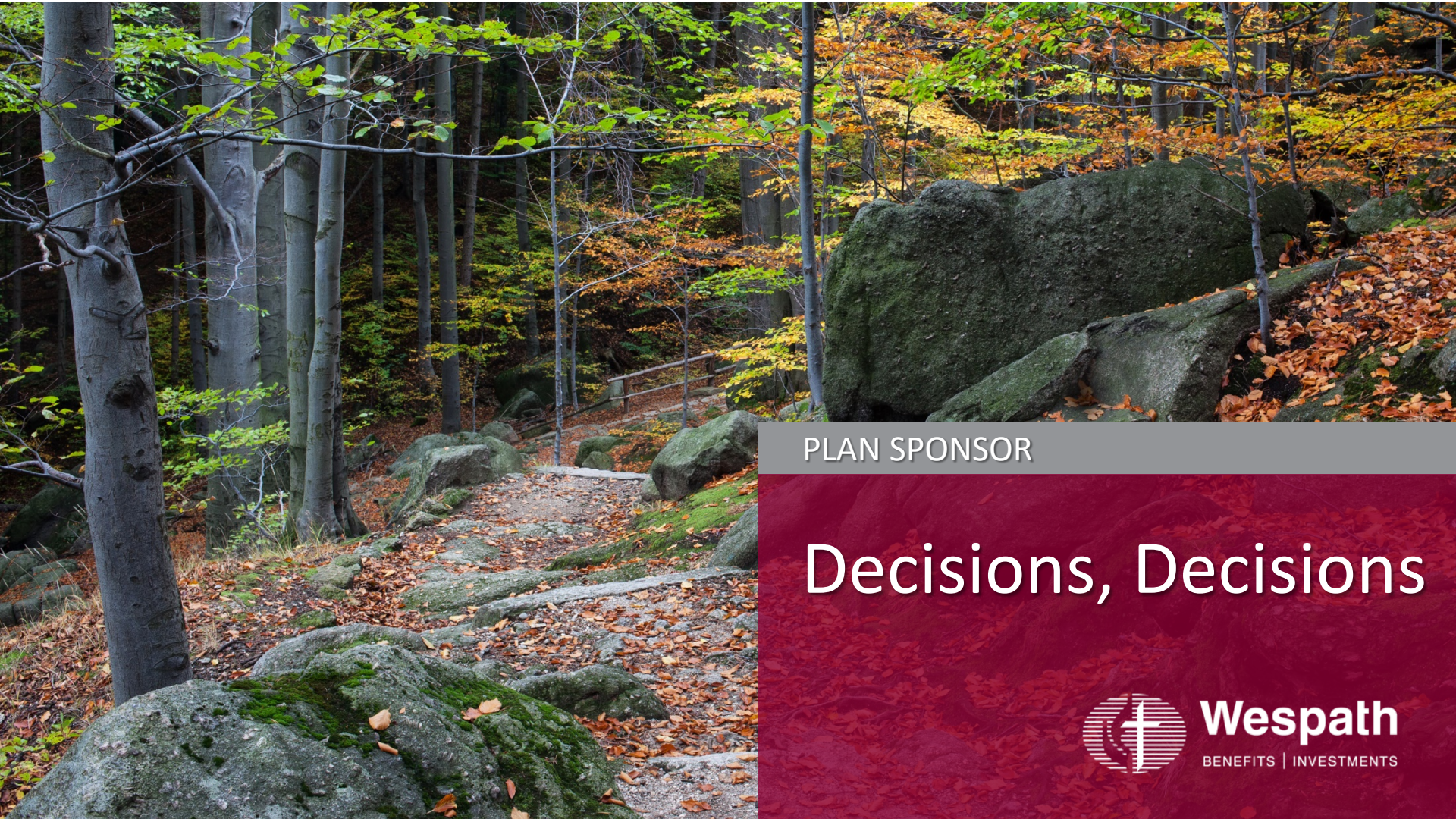


Quadrennial  
Benefits  
Conference



PLAN SPONSOR

# Decisions, Decisions



**Wespath**  
BENEFITS | INVESTMENTS

# Agenda

- Retirement and Health and Welfare Plans
- Decisions and Considerations
  - Part-timers and extension ministries
  - Don't forget your lay employees!
  - Benefit levels
  - Investments
- Funding and Supports
- Adoption Agreements
- Questions?

# Retirement and Health and Welfare Plans

## Retirement Plans

- Clergy Retirement Security Program Pre-82— Supplement One
- Ministerial Pension Plan (MPP)
- Clergy Retirement Security Program (CRSP)
- United Methodist Personal Investment Plan (UMPIP)

## Health and Welfare Plans

- Comprehensive Protection Plan (CPP)
- Disability and life insurance
- Health insurance for active and retired participants

# Decisions, Decisions... What You Need to Consider



- Eligibility criteria (full-time or part-time)
- Service type (ordained or licensed)
- Leaves of absence
- Benefit type and benefit level

# Decisions, Decisions...

## What You Need to Consider



- Investment allocations
- Fiduciary (compliance) requirements
- Enrollment rules
- Retirement rules
- Disability

# Clergy Retirement Security Program: Supplement One

**“Pre-82 Plan”**

**Provides benefits based on years of service  
before January 1, 1982**

**Benefits calculated using a  
‘Past Service Rate’ (PSR)**

# Clergy Retirement Security Program: Supplement One

Two decisions to be made **each** year:

**Past Service Rate  
(PSR)**

**Contingent  
Annuitant Percent  
(CAP)**

# Past Service Rate (PSR)



- Dollar amount chosen annually by the conference (upon Conference Board of Pension recommendation)
- PSR can be increased each year or kept the same
- PSR cannot be decreased

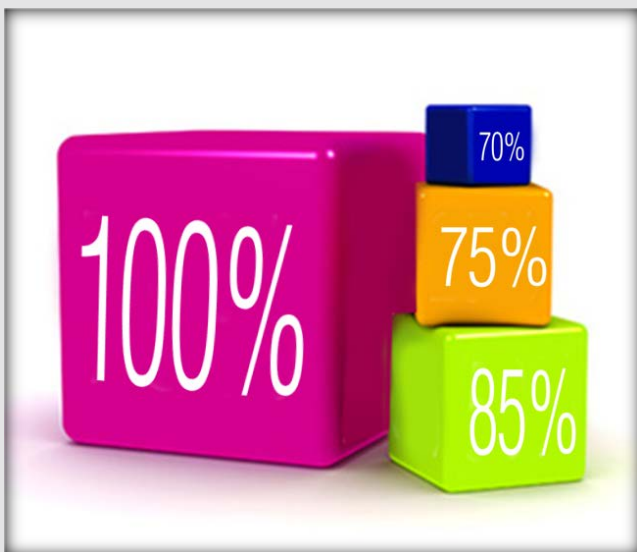
**If conference underfunded, any increases must be fully funded by December 31 that same year**



# Considerations for Whether to Change the PSR

- Developing a philosophy for this decision
- Identify who benefits from this increase
- Instead of increasing PSR, should you offer grants?
- Can the conference afford to increase it?

# Contingent Annuitant Percent (CAP)



- Percentage of benefit to be paid to surviving spouse of clergy with Pre-82 service
- Conference choice: 70%, 75%, 85% or 100%

## IMPORTANT!

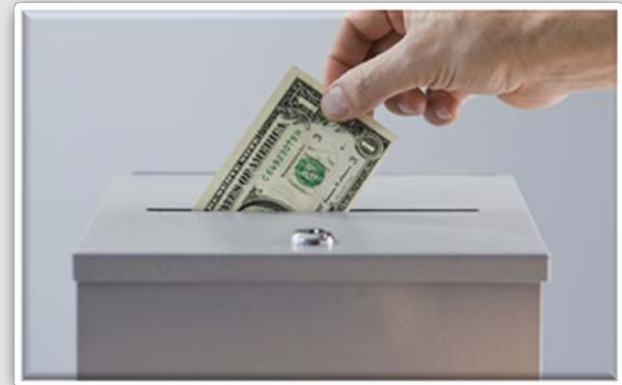
This can never be decreased—*only increased!*  
(or kept at current level if 100%)

# Ministerial Pension Plan (MPP)

## Remember!

Contributions paid into accounts from 1982-2006

- MPP contributions ceased on Dec. 31, 2006
- Conference contribution rates
  - Varied by conference



**Decisions to be made now—NONE!**  
(At least for now)

# Clergy Retirement Security Program— Mandatory Participation for Clergy



- Episcopal appointment to a local church or extension ministry
- Receiving compensation
- Full-time appointment
- Clergy (members, local pastor and deacon)

# Clergy Retirement Security Program— Clergy on Medical Leave



## As elected by the conference

- Conference members placed on medical leave but not approved for long-term disability protection through the Comprehensive Protection Plan (CPP)

# Clergy Retirement Security Program— Those Appointed Less Than Full-Time



## Decisions as elected by the conference

- Less than full-time (50% and up)
  - Student local pastor
  - Part-time local pastor
  - Clergy members appointed less than full-time

# Clergy Retirement Security Program—Extension Ministries

## What about clergy at Extension Ministries?

Yes

**If conference-responsible extension ministry**

(As provided in ¶344.1(a)1 in *The Book of Discipline*)

**Examples:**

Provost, district superintendents, campus ministers, general evangelists

No

**If not conference-responsible**


**Example:**

Chaplains in assisted living facilities

# United Methodist Personal Investment Plan (UMPIP)

Formerly known as the  
Personal Investment Plan (PIP)

**United Methodist Personal Investment Plan**  
*At-a-Glance*



The United Methodist Personal Investment Plan (UMPIP) is a retirement plan administered by the General Board of Pension and Health Benefits of The United Methodist Church (General Board)—the largest denominational pension fund in the world. UMPIP is designed to provide one piece of your overall retirement portfolio.

You are immediately eligible to participate if your employer or salary-paying unit sponsors the plan. Participation for plan sponsor contributions begins once you meet the eligibility requirements established by your plan sponsor.

**PLAN FEATURES**

- Convenient before-tax, Roth and/or after-tax contributions in a flat dollar amount or percentage of your eligible compensation, up to Internal Revenue Code limits
- Plan sponsor may elect to contribute matching contributions or a percentage of your eligible compensation to your account<sup>1</sup>
- Taxes are deferred on before-tax contributions and investment earnings until distribution
- Roth contributions are made after taxes are withheld, but Roth contributions and earnings are not taxable at distribution if qualified<sup>2</sup>
- After-tax contributions are made after taxes are withheld, but earnings on after-tax contributions are taxable at distribution
- Accepts eligible rollovers from most retirement plans (including Roth accounts) and traditional IRAs<sup>3</sup>
- Variety of investment fund options
- LifeStage Investment Management Service
- Hardship loans and withdrawals
- Age 59 ½ and rollover account withdrawals
- Distributions available upon termination of employment, retirement, disability or death
- Lump sum, partial lump sum or cash installment distribution options
- LifeStage Retirement Income
- On-demand and quarterly account statements
- Access account information 24/7 through Benefits Access ([www.benefitsaccess.org](http://www.benefitsaccess.org)) and through our automated phone system
- Participant forms and other information available at [www.gbophb.org](http://www.gbophb.org)
- Representatives available to answer calls at 1.800.851.2201 Monday through Friday from 8:00 a.m. to 6:00 p.m., Central time


**EY Financial Planning Services** offers valuable investing and financial planning guidance. This program is available to:

- active participants with an account balance,
- surviving spouses with an account balance, and
- retired and terminated participants with an account balance of at least \$10,000.

EY Financial Planning Services are available at no cost to you.\* Just call EY directly at 1.800.300.2539 Monday through Friday between 8:00 a.m. and 7:00 p.m., Central time.

\* Costs for these services are included in the General Board's operating expenses that are paid for by the funds.

<sup>1</sup> Contribution rates may vary for each plan sponsor.  
<sup>2</sup> See Roth Contribution Guide.  
<sup>3</sup> Roth IRAs are not accepted.

 **General Board  
Pension and Health Benefits**  
*Caring For Those Who Serve*

3272/020816

1998 – 2005  
Consists of participant  
money only

January 1, 2006 – Present  
Participant and employer  
contributions



# Role of UMPIP and Conference Board of Pensions

- Whether or not to have the conference sponsor UMPIP as an option for less-than-fulltime clergy
- How to help the conference offer this plan to lay employees of churches (even if only for participant contributions)
  - As outlined in ¶258.2(g)12 of *The Book of Discipline*

# Review Questions



**What are the plans?**

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**What types of decision do you need to consider?**

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**What two decisions need to be made for the CRSP Pre-82 plan?**

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# Decisions—Recap!

- Pre-82 PSR and CAP
- CRSP coverage for clergy on medical leave with no CPP benefits
- CRSP coverage for certain extension ministry appointments
- CRSP and UMPIP for clergy appointed less-than full time

# Comprehensive Protection Plan Eligibility—Starting 2017

**Mandatory**

```
graph TD; A[Mandatory] --> B[Full-time conference appointment]; A --> C[Compensation at least 25% of Denominational Average Compensation (DAC)];
```

**Full-time conference  
appointment**

**Compensation at least  
25% of Denominational  
Average Compensation  
(DAC)**

# Comprehensive Protection Plan Decision Points—Starting 2017

## Clergy Who **May Lose Eligibility**

- 75% Conference appointment if previously elected by conference for ordained clergy and associate members and not re-elected

## Clergy Who Will **Automatically Lose Coverage**

- Ordained Clergy and Associate Members appointed 25% and 50% (if previously elected through special arrangements)

## Clergy Who Will **Automatically Gain Coverage**

- Clergy appointed to 100% with plan compensation at least 25% of the DAC (instead of 60%)

# Board Decisions Needed for CPP

## Should the conference provide CPP benefits for 75% appointment?

- For ordained clergy only
- For local pastors only
- For both

# Board Decisions Needed for CPP

**Clergy  
NOT Eligible  
for CPP**

Should the conference be the plan sponsor for *UMLifeOptions* (a supplemental death and disability benefit plan)?

- For 75%, 50% and/or 25% appointments

# Decision Points for *UMLifeOptions*

**If the conference  
will not be the plan sponsor  
for *UMLifeOptions***

How will you communicate to participants that they have this option for coverage through their local church—both for clergy and lay employees?



# Board Decisions Needed for CPP

**Clergy on Leave Appointment  
for 12 months**

**Should the conference elect  
to provide continuation  
coverage?**

# Active Health Plan Decision Points

## Offer an Active Health Plan or No?

### If YES—How?

- Self-insured vs. fully-insured group health plan
- Private exchange
- HealthFlex/  
HealthFlex Exchange

### If YES—What Type?

#### Plan Type

- HMO
- PPO
- CDHP (consumer-driven health plan)
- HDHP (high-deductible health plan)

### Whom to Cover

- Mandatory? Optional?
- Clergy? Conference lay staff? Local church lay staff?

# Active Health Plan Decision Points

## Active Health Plan or No?

### If No — How?

- Increase taxable compensation to clergy for purpose of purchasing health insurance
- Allow clergy to enroll in local church health plan (if applicable)
- Provide assistance and guidance on obtaining appropriate coverage

# Well-Being Decision Points

## What About Well-Being?

### If YES—How?

- Through health plan
- Separate program

### If YES—What Type?

- Fitness
- Healthy eating
- Blood tests
- Weight loss

### Who to Cover

- Actives? Retirees?
- Clergy? Lay employees?

# Decision Points

## Retiree Health Coverage or No?

### If YES—How?

- Health plan?  
Individual plan?
- With or without  
“connector”?

### If YES—What Type?

- Portion of premium?
- HRA? Taxable stipend?
- Fund indefinitely?

**If YES— should coverage  
be provided for all future retirees?**

# Funding Considerations



# What You Need to Know

- Discover existing accounts and any restrictions to use:
  - “What are the parameters currently in place for their use(s)?”
- Using these and/or new sources, develop the time frames and cash flows in order to address benefit expectations
- Identify available reserves
- Create a monitoring process

# What's Your Philosophy?

**What's your PSR decision history?**

**Should you offer grants for certain groups?**

**How have your decisions been documented?**

**Identify and understand what you can change  
...and WHAT YOU CAN'T.**



# Decisions, Decisions...



## Questions to ask...

- Do you have all the details you need to make an informed decision?
- Who is impacted by this decision?
- Will the conference incur additional costs or liabilities because of the decision?
  - If so, how will you pay for it?

# Funding Decision Supports

## Actuarial Services at Wespath

- Funding requirements provided early to meet budget planning needs
- Valuations provide information for long-term needs
- Assistance in completing your annual Comprehensive Benefit Funding Plan
- Redirection of pre-82 overfunding, if any, to Clergy Retirement Security Program—Defined Benefit annual contribution
- Economic projection process

# Funding Decision Supports

- **Wespath Investment Management**
  - Determining appropriate investment mix
  - Help with establishing your conference's investment policy
  - Work with your investment committee
  - Provide updated information on fund performance
- **Conference liaison**
  - Support at Board meetings

# Adoption Agreements— How to Put Your Plan(s) in Place

- One for each plan
- Review regularly—  
as determined by  
your board

**How have your decisions  
been documented?**

**Who to include in the  
decision-making process:**

- Appointive cabinet
- Board of Ordained Ministry



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