

Quadrennial
Benefits
Conference



Welfare Plans



Wespath
BENEFITS | INVESTMENTS

Agenda

- **Comprehensive Protection Plan (CPP)**
 - Eligibility
 - Benefits
 - Contributions
- ***UMLifeOptions***
 - Eligibility
 - Benefits
 - Contributions
- **Voluntary Transition Program**

Comprehensive Protection Plan (CPP)



- Death and disability benefits
- Severance benefits

Benefits Available

Disability Benefits

Active Clergy

Death Benefits

Active and Retired Clergy

Severance Benefits

Active Full Members

Comprehensive Protection Plan (CPP)



Plan established in 1982;
amended at General Conference

Conference is the plan sponsor

Self-insured plan
administered by Wespath

CPP Plan Eligibility

Effective January 1, 2017

- Mandatory participation for eligible clergy
 - Serving full-time
 - Compensation equals 25% of denominational average compensation (DAC)
- Not eligible
 - Clergy appointed half-time or quarter-time
 - *UMLifeOptions*

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

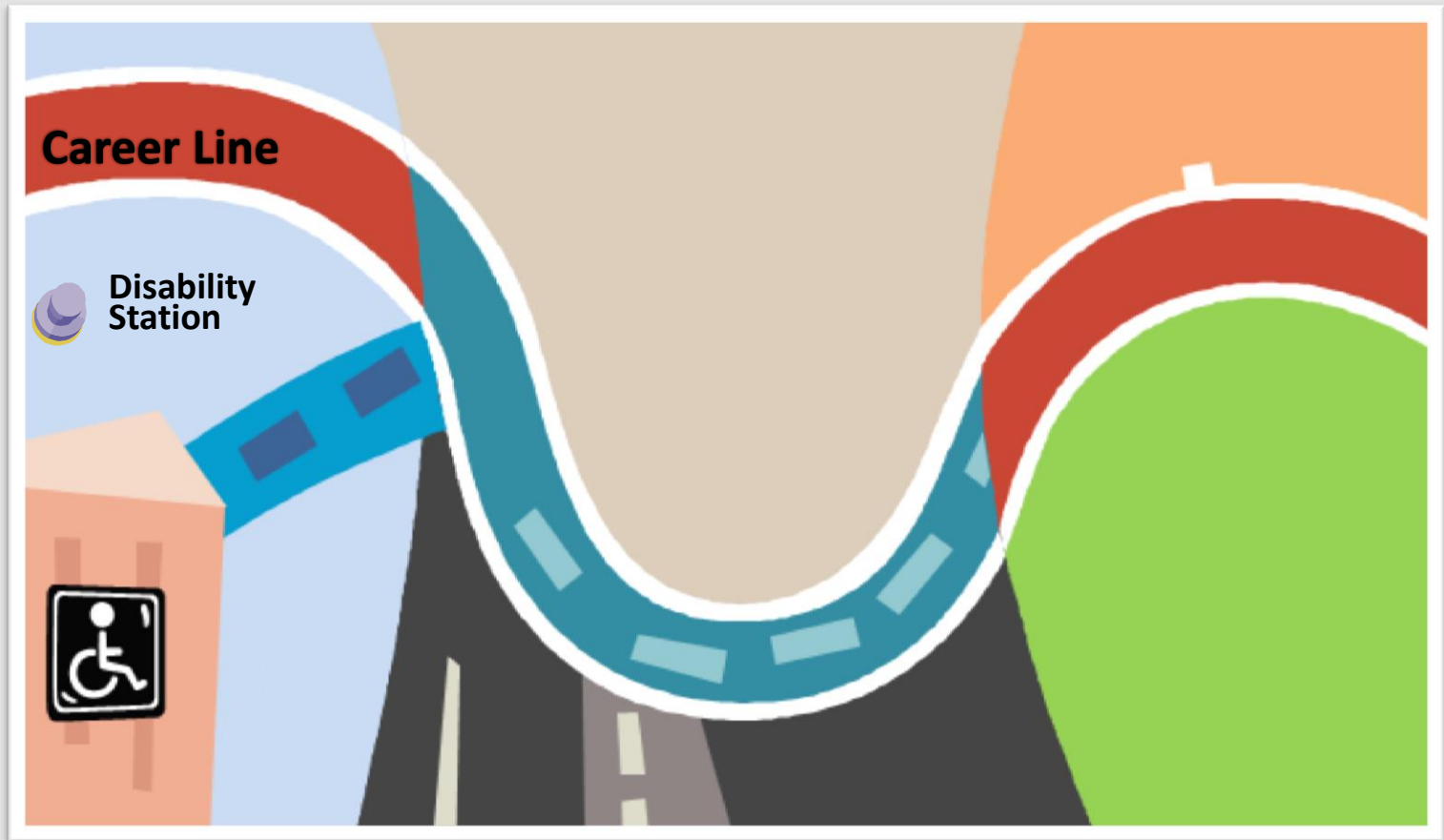
* Plan compensation excludes “cash in lieu of group health coverage”

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*)

Disability Benefits and Medical Leave



CPP—Long-Term Disability Plan Benefits

Definition

Unable to perform duties due to injury or illness
for at least six continuous months

Disability Amount

- 70% of pre-disability plan compensation (housing + cash salary)
- Plan compensation not to exceed 200% of the DAC
- Social Security offset (\$1 for \$1)
 - Imputed offset for those opting out of Social Security
- Other income offset

Income from Part-Time Work

Period	Other Income Offset
First 24 months of disability	<ul style="list-style-type: none">• Up to 100% of pre-disability compensation from disability benefits + earnings• Above 100%: \$1 for \$1 offset
After 24 months	<ul style="list-style-type: none">• 50¢ offset for each \$1 from earnings

Disability Benefits Administrator

Liberty Mutual

Third-party adjudication
and claims management



Benefit Duration Schedule

Age at Disability	Benefit Duration
Less than age 62	To Social Security retirement age (or retirement date, if earlier)
Age 62	60 months
Age 63	48 months
Age 64	42 months
Age 65	36 months
Age 66	30 months
Age 67	24 months
Age 68	18 months
Age 69 and above	12 months or age 72, whichever is earlier

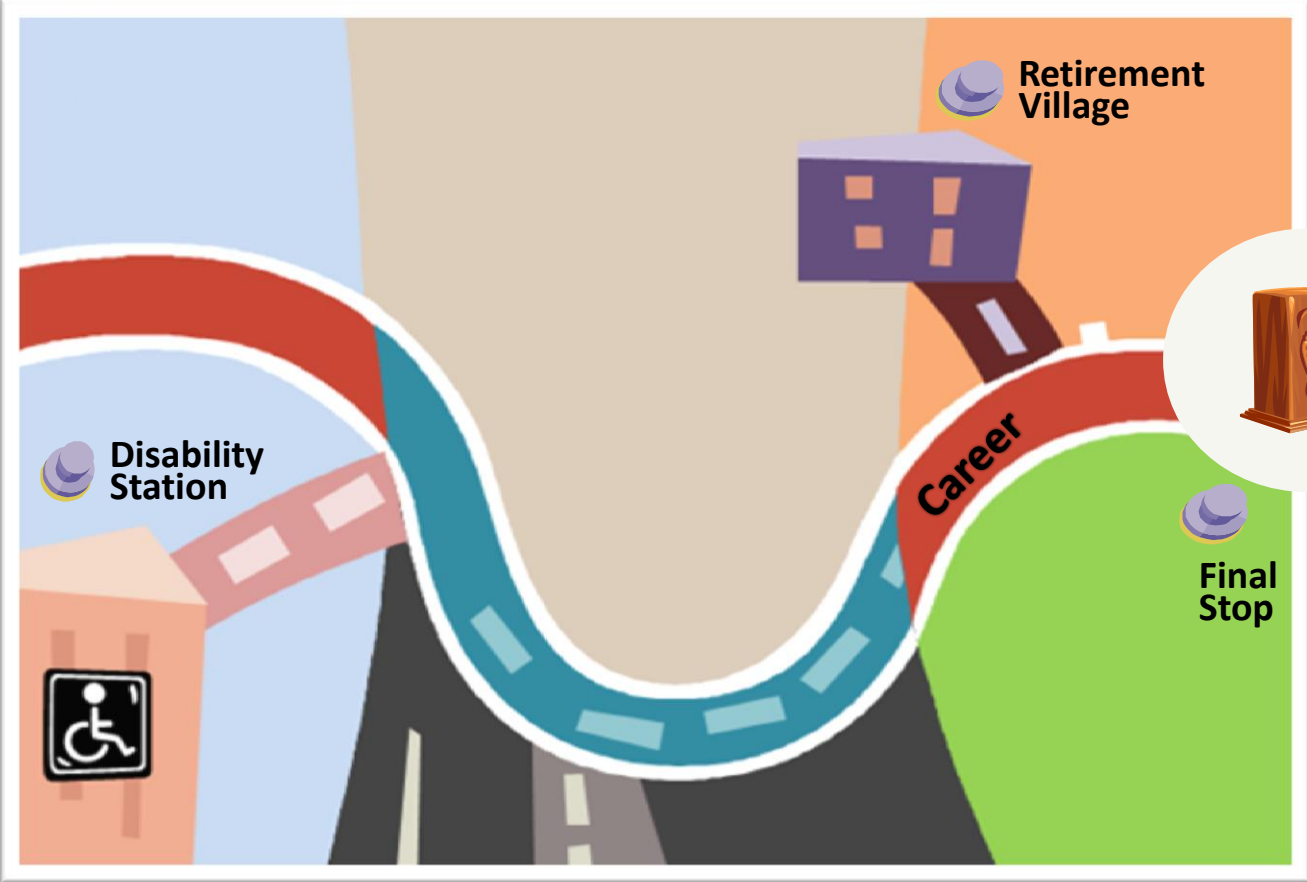
CPP Disability and Retirement Benefits

- CRSP* defined contribution (DC)—funded by CPP
 - 3% of compensation at time of disability
 - 3% annual increases
 - As of January 1, 2014: 1% match applies
- CRSP defined benefit (DB)—funded by conference
- Contributions to UMPIP**



* CRSP: Clergy Retirement Security Program

** UMPIP: United Methodist Personal Investment Plan



Death Benefits

**Active
Death Benefit**

**Retiree
Death Benefit**

- Eligibility
- Amount

Death Benefits



Active and retired clergy death benefit



Spousal death benefit



Surviving spouse death benefit



Child death benefit



Surviving child benefits



Minimum surviving spouse retirement benefit

Active Death Benefits

Provision	CPP Death Benefit
Clergy	\$50,000
Spouse	20% of DAC at time of death
Surviving Spouse	15% of DAC at time of death
Child	10% of DAC at time of death

Retiree Death Benefit Eligibility

Provision	Retired January 1, 2013 and After
Eligibility	<ul style="list-style-type: none">• Eligible to receive a benefit from CRSP at time of retirement, and• Enrolled in CPP for 10 of the last 13 years* <i>or</i>• Active participant in CPP for 25 years

* Varies by year retired; e.g., 8 of last 12 years in 2016

Retiree Death Benefit Amount

Provision	Retired December 31, 2012 and Earlier	Retired January 1, 2013 and Later
Retiree	30% of DAC at time of death	Flat amount of \$20,400
Retiree Spouse	20% of DAC at time of death	Flat amount of \$15,300
Retiree Surviving Spouse	15% of DAC at time of death	Flat amount of \$10,200
Retiree Child	10% of DAC at time of death	Flat amount of \$8,160

Medical (Incapacity) Leave ≠ Disability Benefits

Eligibility for medical leave *does not* equal long-term disability (LTD) claim approval

- **Medical leave** is a **relationship status with the annual conference**
- **CPP disability** is a **welfare benefit** claim determination
 - Liberty Mutual determines LTD claim approval based on medical forms received

Separate Decisions

	Medical Leave	Disability Benefits
WHAT	Relationship to the conference	Income replacement benefit
WHO	<ul style="list-style-type: none"> • Joint Committee • Board of Ordained Ministry • Clergy Session 	<ul style="list-style-type: none"> • Administrator • Wespath for eligibility or appeals
BASIS	Unable to perform duties due to medical reasons	Unable to perform clergy duties for at least six months based on medical evidence

Retirement Account Access

	MPP *	CRSP *	CPP *	UMPIP *
Disability	35% of account balance	DC account balance	70% of pre-disability compensation	100% of account balance if permanently disabled under IRS rules

* MPP— Ministerial Pension Plan

CRSP—Clergy Retirement Security Program

CPP—Comprehensive Protection Plan

UMPIP—United Methodist Personal Investment Plan

Changes Starting 2017

To Be Elected by Conference

- 75% conference appointment for clergy (member and/or local pastor)
- Leave appointment (coverage continuation for **no more than 12 months**):
 - Voluntary leave of absence (personal, family, transitional)
 - Attend school
 - Sabbatical
 - Medical leave of absence (not CPP disabled)

CPP Decision Points—Starting 2017

Clergy Who Will **Automatically Gain Coverage**

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

Clergy Who Will **Automatically Lose Coverage**

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

Clergy Who **May Lose Eligibility**

- 75% conference appointment if previously elected by conference for clergy member and not re-elected

UMLifeOptions

Plan began in 2009

Death and long-term disability benefits

Voluntary program for eligible clergy and lay employees (conference and local church staff)

Conference/local church can be plan sponsor

Participant can pay for optional coverage

Premiums calculated based on participant age

Fully insured program; administered by Unum

UMLifeOptions Plans

- Long-Term Disability (LTD) and Life Insurance
 - Clergy not covered under CPP
 - Lay employees
- Clergy Supplemental Life
 - Clergy covered in CPP
- Optional Life Insurance
 - Lay and clergy

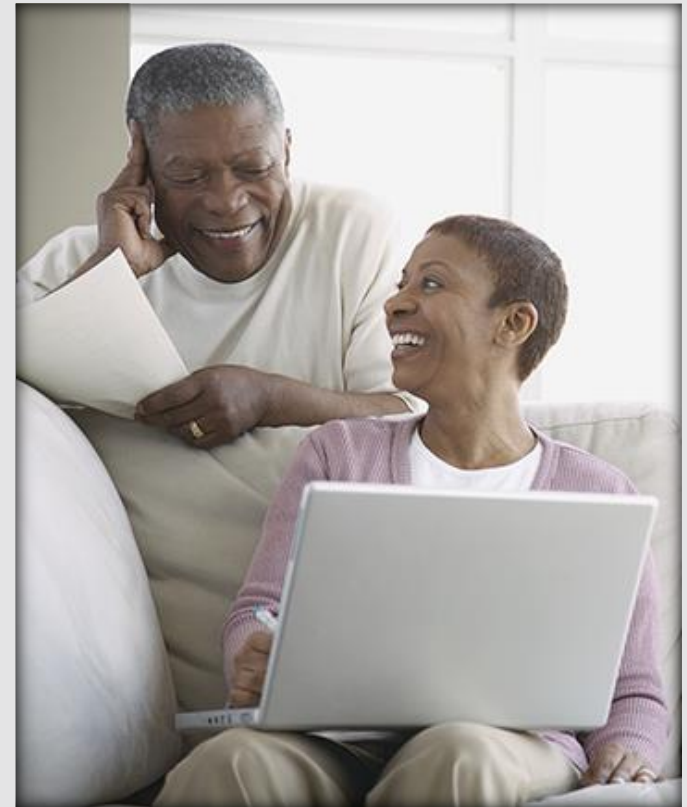
LTD and Life Insurance

- Plan sponsor paid
- Plan sponsor elections
 - LTD—elimination period
 - Life coverage
 - Flat dollar amount or percentage of compensation coverage
 - Waiting period
 - Eligible population
 - Clergy not covered in CPP
 - Lay employees



Clergy Supplemental Life Insurance

- Plan sponsor paid
- Plan sponsor elections
 - Coverage amount
 - Flat dollar amount or percentage of compensation
 - Waiting period
 - Eligible population
 - Clergy covered in CPP



Optional Life Insurance Coverage

- Participant paid
- Guaranteed issue for newly eligible clergy if apply within 60 days
- Participant elections
 - Coverage amounts
 - Some coverage amounts will require evidence of insurability
- Eligible population
 - Lay, clergy enrolled in Life Insurance coverage
 - Clergy covered in CPP

CPP vs *UMLifeOptions*

Benefits	CPP	<i>UMLifeOptions</i>
Premium Calculation	3% of Plan Compensation	Age Based
LTD Benefits	70% of pre-disability comp	60% of pre-disability comp
LTD Elimination Period	None (LTD benefits retroactive to day one)	90 or 180 day before LTD begin
Participant Death Benefit	Yes; flat dollar amount	Yes; flat dollar—plan sponsor elected
Spousal Death Benefit	Yes; percentage of DAC	Yes; flat dollar—plan sponsor elected
Surviving Spouse Death Benefit	Yes; percentage of DAC	No
Child Death Benefit	Yes; percentage of DAC	Yes; flat dollar—plan sponsor elected
Retiree Death Benefit	Yes; percentage of DAC (no premium required)	Yes; flat dollar—plan sponsor elected
Retiree Dependent Death Benefits	Yes; percentage of DAC	No
Surviving Spouse Annuity	Yes	No
Educational Benefit	Yes	No

Decisions Points for *UMLifeOptions*

For those clergy not eligible for CPP,
should the conference be the plan sponsor
for ordained clergy and/or local pastors at:

75% appointment?

50% appointment?

25% appointment?

Decisions 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?

Voluntary Transition Program (VTP)



**Eligible CPP participants
who wish to leave ordained ministry**

Denominational, standardized voluntary transition package
for clergy

Voluntary Transition Program



- Withdrawal
- Conference approval
- Severance benefits

Denominational, standardized
voluntary transition package for clergy

Voluntary Transition Program

Eligibility Criteria

- Clergyperson must be in good standing with at least 5 years of service in full connection
- Active participation in CPP for 5 years immediately preceding separation
- Cannot be within 2 years of eligibility to retire
- Withdrawal and surrender of credentials

Voluntary Transition Program— Severance Benefits

Transition Payments

- 2 weeks of Participant’s Plan Compensation (housing plus cash salary) for each full year of continuous service
- Up to maximum 26 weeks—“Transitional Period”
- Lump-sum payment via direct deposit

Voluntary Transition Program— Other Benefits

- Health benefits (continuation coverage)
 - Conference pays employer portion for Transitional Period
 - If stipend is provided, amount should equal employer portion when clergy was active
- Moving expenses (aligned with conference policy)
 - Conference is responsible for developing policy
 - Policy can mirror retiree policy or active policy

Voluntary Transition Program— Other Benefits



- Active death benefits (participants only)
- Retirement benefit option
- Outplacement services through vendor (Impact Group)

Voluntary Transition Program—Process

- Voluntary Transition Program Toolkit
- Wespath receives *Agreement Form* and initiates payment
- Conference oversees termination of relationship, health insurance coverage and moving expenses (if applicable)

Board Decision Points for VTP



- Determine funding for employer portion of health insurance continuous coverage for the transitional period
- Develop a moving expense policy (if not available)
- Determine funding for moving expense



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