

Quadrennial
Benefits
Conference



CPP Deep Dive



Wespath
BENEFITS | INVESTMENTS

Agenda

- Key Definitions
- Summary of General Conference 2016 Changes
- Comprehensive Protection Plan (CPP) Overview
- CPP Disability Application Process
- Voluntary Transition Program
- *UMLifeOptions*

Key Definitions

Denominational Average Compensation (DAC)

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

2016: \$67,333

2017: \$68,876

Key Definitions

Comprehensive Protection Plan (CPP)

Death and disability plan for eligible clergy

Plan Compensation

Housing/Parsonage + Cash Salary

- Amount used to determine long-term disability benefits

UMLifeOptions

Fully-insured LTD and Life insurance plan for lay employees/clergy not eligible for CPP

Long-Term Disability (LTD)

Income replacement based on claim approval

Benefit Duration

Length of time a clergy is eligible to be on LTD

Claim Adjudication

Process of determining whether an LTD claim is approved or denied

General Conference 2016 Changes

- **Eligibility changes**
 - Elimination of special arrangements
 - Coverage for certain part-time clergy
- **Long-term disability benefits**
 - Elimination of minimum benefit
 - Social Security offset changes
 - Removal of mental-nervous (MN) limitation
 - “Appropriate treatment”

General Conference 2016 Changes

- **Death benefits**
 - Grandfathered retiree death benefits for certain participants losing ongoing coverage
- **Voluntary Transition Program**
 - **Associate members**—added
 - **Clergy on personal leave**—added

CPP Eligibility

CPP Plan Eligibility

Effective January 1, 2017

- Mandatory participation for eligible clergy
 - Serving full-time
 - Compensation equals 25% of 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
 - 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*)

Comprehensive Protection Plan (CPP)



- Death and disability benefits
- Severance benefits

Benefits Available

Disability Benefits

Active Clergy

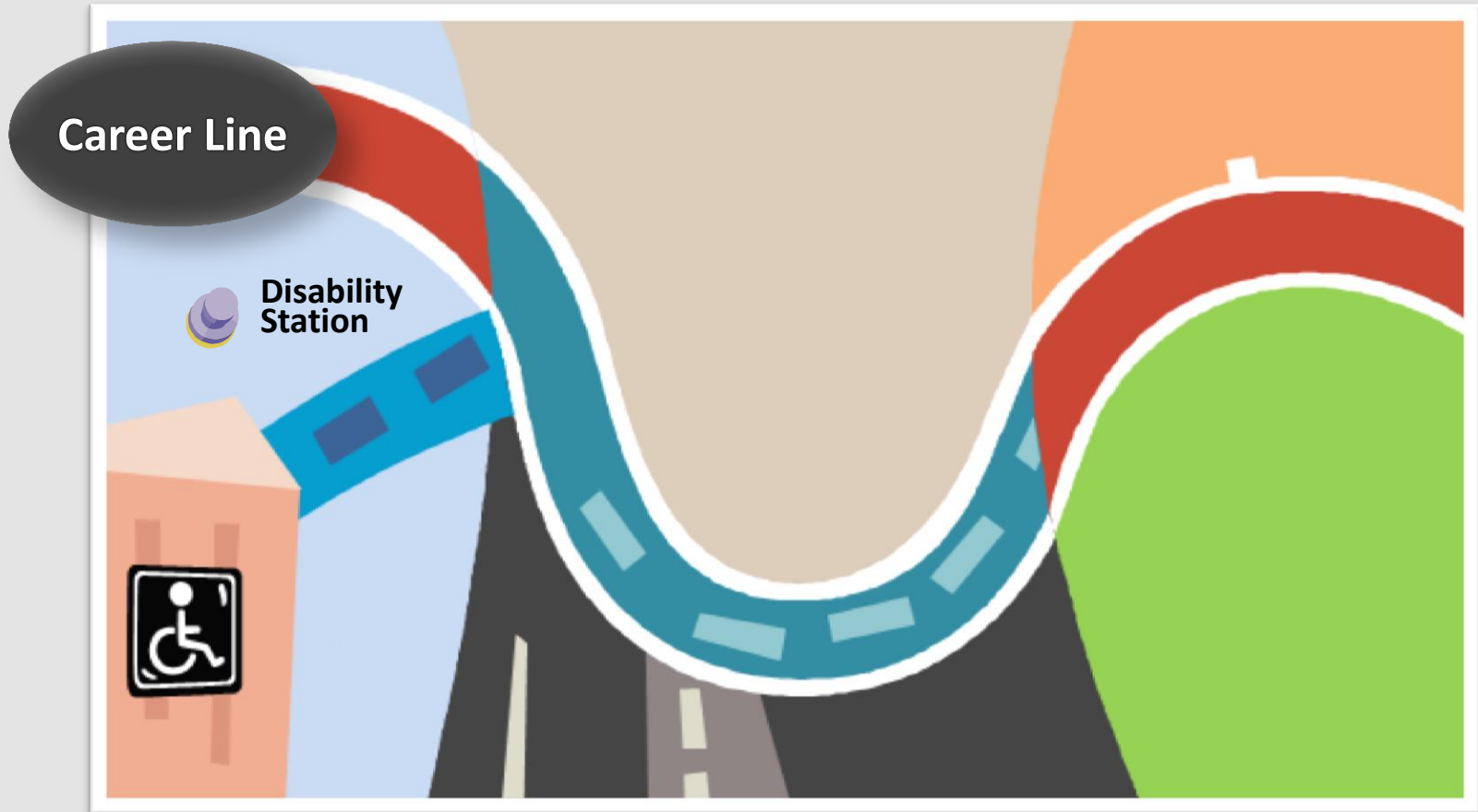
Death Benefits

Active and Retired Clergy

Severance Benefits

Active Full Members

Disability Benefits and Medical Leave



Disability Benefits Administrator

Liberty Mutual

Third-party adjudication
and claims management



Long-Term Disability Plan Benefits

Definition

Unable to perform duties due to injury or illness
for at least 6 continuous months

Disability Amount

- 70% of pre-disability plan compensation (housing + cash salary)
 - Plan compensation not to exceed 200% of DAC
- Social Security offset (\$1 for \$1)
 - Imputed offset for those opting out of Social Security
 - No offset if not enough quarters or medically denied

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

Benefit Duration

Provision	Participant's Disability Date December 31, 2012 and Before	Current Benefit
Benefit Duration	Disability date <i>before age 60</i>: Until age 65 Disability date <i>after age 60</i>: 5 years	See next slide

Benefit Duration Schedule

Age at Disability	Benefit Duration
Less than age 62	To Social Security retirement age or date of retirement, 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

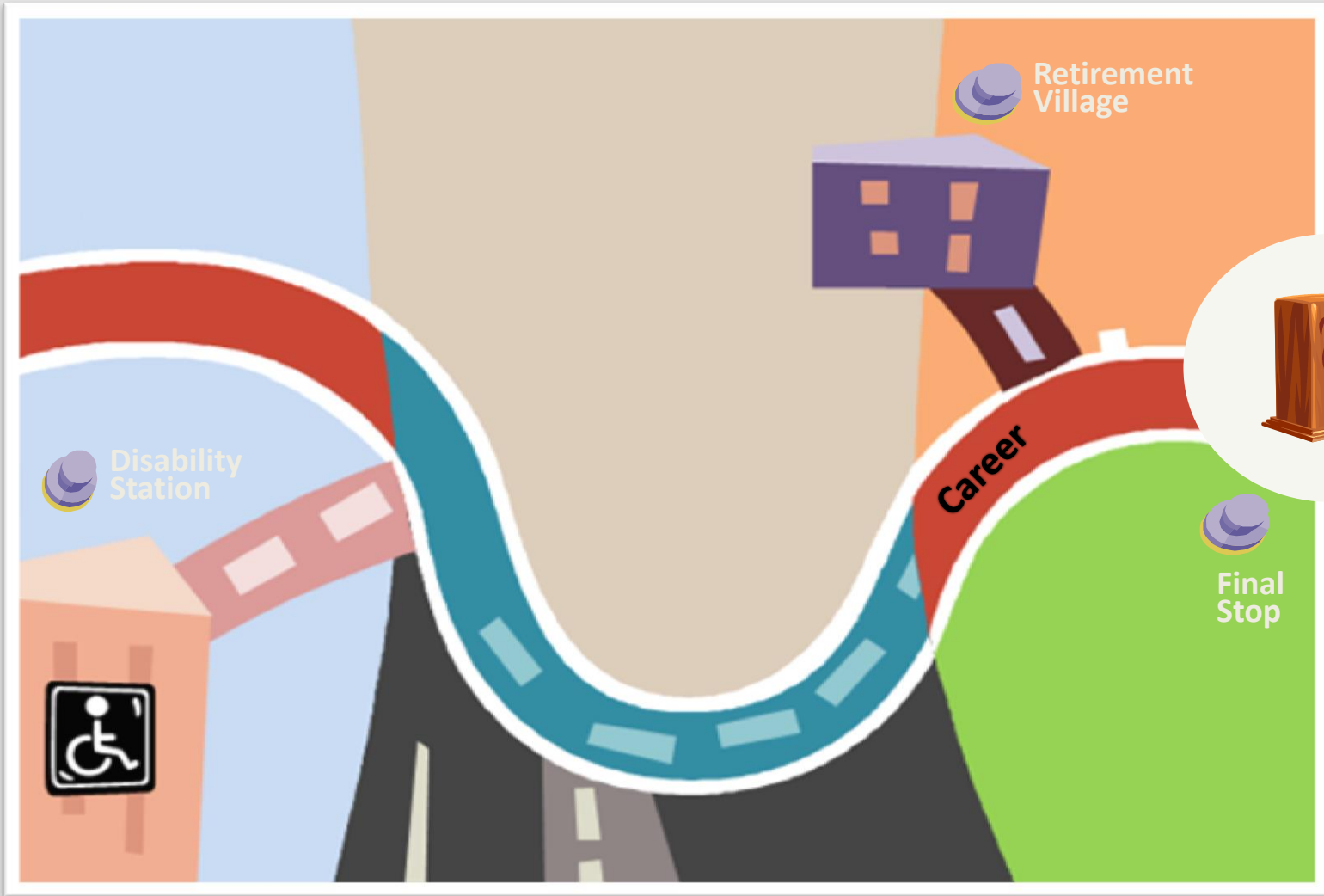
CPP Disability and Retirement Benefits

- 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

Provision	Retired December 31, 2012 and Earlier	Retired January 1, 2013 and Later
Eligibility	<ul style="list-style-type: none">• Eligible to receive a benefit from CRSP at time of retirement, <i>and</i>• Enrolled in CPP for 5 of the last 10 years, <i>or</i>• Active participant in CPP for 25 years	<ul style="list-style-type: none">• Eligible to receive a benefit from CRSP at time of retirement, <i>and</i>• 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 12 years in 2016

Retiree Death Benefit Amounts

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

CPP Disability Claim and Procedures

Medical (Incapacity) Leave ≠ Disability Benefits

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

- **Medical leave—relationship status with the annual conference**
- **CPP disability—welfare benefit claim determination**
 - Liberty Mutual determines LTD claim approval based on medical evidence 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 6 months based on medical evidence

LTD Application Process

- Participant Form (*Form A*)
- Conference Form (*Form C*)
- Grant Form (*Form F*)



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Participant Form



Liberty Mutual
Begins adjudication process

Roles and Responsibilities

District Superintendents (DS)

- Assist with obtaining disability forms
- Confer with Joint Committee on Clergy Medical Leave (Joint Committee)
- Submit letter to Wespath and Joint Committee supporting medical leave (if applicable)

Roles and Responsibilities

Conference Benefits Officer (CBO)

- Verify clergy eligibility in CPP
- Provide disability forms to clergy or district superintendent
- Complete *Grant Form* based on conference policy (if applicable)
- Submit completed paperwork to Wespath

Roles and Responsibilities

Joint Committee on Clergy Medical Leave

- Confer with district superintendent (DS) on clergy status
- Make recommendations to Board of Ordained Ministry regarding status of medical leave
- Assist CBO and DS in contacting clergy to follow up on requested medical information
- Aid CBO and DS with transitional needs of clergy (e.g., secure housing, transportation, pastoral care)

LTD Claim Adjudication

Timeline

25-day turnaround from date
Liberty Mutual receives forms

- Delays may occur due to lack of medical information
- Liberty Mutual will provide written notice to claimant and CBO

Claim Adjudication Process

Proof of claim—45 days



- Step approach in obtaining medical data from treating providers—one 45-day extension
- Final determination made after 60 days based on medical data received to date

Claim Adjudication Process

DAY 1	Claim submission
DAY 2	Liberty Mutual contacts participant for intake and contacts physicians for medical records
DAY 15	Liberty Mutual contacts participant if physician has not responded
DAY 30	Liberty Mutual requests medical records again
DAY 45	Liberty Mutual contacts participant again regarding missing medical records and one-time extension given
DAY 60	Final determination is made based on medical records received

Application Determination

Approvals

- Effective date is 1st of the month following last day paid salary or grant
 - Plan will reimburse conference for grant
- Liberty Mutual will conduct ongoing reviews of claim

Denials

- Appeal claim denial
 - Initial appeal, intermediate appeal, final appeal

Retirement Account Access

CPP is 70% of pre-disability plan compensation

	MPP *	CRSP	UMPIP
Disability	35% of account balance	DC account balance	100% of account balance if permanently disabled under IRS rules

* MPP: Ministerial Pension Plan

Return-to-Work Program

Return-to-Work (RTW) Overview

- Claimants with doctor's release for any type of part-time work
- Participant disincentive (10% of benefit payment)
 - For refusal to participate in approved RTW plan
- Conference incentive (grant)
 - Up to the lesser of: 40% of DAC **or** 50% of pre-disability compensation reimbursement credited to conference account
 - Conference to monitor participant's RTW compliance

Return-to-Work Process

Step 1	Participant receives medical release from own attending physician for any level of part-time work
Step 2	Liberty Mutual verifies participant's work restrictions and limitations ("R&Ls")
Step 3	Liberty Mutual notifies participant that his/her physician provided medical release for part-time work
Step 4	Wespath and conference review participant's R&Ls <ul style="list-style-type: none">• Identify potential transitional position

Return-to-Work Process

Step 5	Conference sends transitional position recommendation to Wespath and Liberty Mutual
Step 6	Liberty Mutual reviews recommended transitional position and duties <ul style="list-style-type: none">• Ensures position aligns with participant's R&Ls• Completes <i>Transitional Position Plan Form</i>
Step 7	Liberty Mutual notifies participant, presents RTW plan
Step 8	Conference monitors participant's progress and compliance with the RTW plan

Return-to-Work Process

Step 7a	If a transitional position is <i>not</i> identified by the conference, Liberty Mutual will begin the process of identifying a transitional position outside the Church
Step 8a	Liberty Mutual will create and present RTW Transitional Plan
Step 9a	Liberty Mutual will monitor participant's compliance

Return-to-Work Process

Step 10	Conference notifies Liberty Mutual every 3 months of any compensation (salary or wages) paid <ul style="list-style-type: none">• Via e-mail or with paystubs
Step 11	RTW program <ul style="list-style-type: none">• Maximum: 12 months

Next Step

Attending physician recommendation:

- Release participant to full-time work, **or**
- Keep participant on CPP disability

Function	Reduced Hours	Reduced Stress	Limited Standing	Limited Walking	Limited Lifting	Limited Driving
Hospital visitation	✓		✓	✓	✓	
Nursing home visits	✓		✓	✓	✓	
Telephone calls to shut ins	✓	✓	✓	✓	✓	✓
Send cards to shut ins	✓	✓	✓	✓	✓	✓
Update church websites	✓	✓	✓	✓	✓	✓
Review church policies/procedures	✓	✓	✓	✓	✓	✓
Assist with bulletin/newsletter	✓	✓	✓	✓	✓	✓
Assist with church office work	✓	✓	✓	✓	✓	✓
Grief/pre-marital counseling	✓		✓	✓	✓	✓*
Teach Bible study	✓	✓	✓	✓	✓	✓*
Tutoring/mentoring	✓	✓	✓	✓	✓	✓*
Food bank volunteer	✓	✓	✓	✓	✓	✓*
Homeless shelter volunteer	✓		✓	✓	✓	✓*
Nursing home volunteer	✓	✓	✓	✓	✓	✓*
After school program assistance	✓	✓	✓	✓	✓	✓*
Halfway house volunteer	✓		✓	✓	✓	✓*
Hospice volunteer	✓		✓	✓	✓	✓*
YMCA after school program	✓	✓	✓	✓	✓	✓*
Speaker—church groups/auxiliary	✓	✓	✓	✓	✓	✓*
Speaker—community groups	✓	✓	✓	✓	✓	✓*
Interfaith hospitality network	✓	✓	✓	✓	✓	✓*

* Limited; may be required to reach location of work

Roles and Responsibilities

District Superintendent (DS)

- Confer with CBO to assist in identifying and outlining specific duties for transitional position within clergy's restrictions and limitations (R&Ls)
- Appoint member to monitor clergy for compliance with transitional position; document any non-compliance
 - Member will submit hours worked and compensation paid (if any) to CBO

Roles and Responsibilities

Conference Benefits Officer

- Participate in roundtable discussion with Wespath and Liberty Mutual Return-to-Work (RTW) coordinator
- Act as liaison between Wespath and DS
- Assist DS in coordination of transitional position
- Submit hours/pay for time worked

Roles and Responsibilities

Joint Committee on Clergy Medical Leave

- Assist DS and CBO in identifying and coordinating transitional position
- Aid clergy with transition back to work (e.g., assistance with accommodations, transportation needs, etc.)
- At end of RTW period: evaluate medical leave status and make necessary recommendations to conference Board of Ordained Ministry

Voluntary Transition Program

When It's Time for Change



**“Staying in a vocation
when it is no longer
life-giving is detrimental
to health.”**

— *Church Systems Task Force Report*

Voluntary Transition Program



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

Denominational, standardized voluntary transition package
for clergy

Voluntary Transition Program



- Withdrawal
- Conference approval
- Severance benefits

Voluntary Transition Eligibility

- Minimum 5 years in full connection,
 - Includes associate members (January 1, 2017)
- In good standing
- Active CPP participant 5 years immediately preceding separation
- Not within 2 years of eligibility to retire
- Must surrender 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
 - *Plan Highlights*
 - *Agreement Form*
 - *Electronic Funds Transfer (EFT) Form*
 - *Outplacement Information*
 - *Confirmation of Eligibility*
- Wespath receives *Agreement Form* and initiates payment
- Conference oversees termination of relationship, health insurance coverage and moving expenses

Voluntary Transition Program—Usage

Number of Conferences	Average Age	Average Years of Service	Average Payout	Male/Female
10	50	15.5	\$28,922	26/6

2013	2014	2015	2016 YTD
4	7	17	4

UMLifeOptions

Long-Term Disability and Life Insurance

WHO

- Clergy not covered under CPP
- Lay employees

HOW

- Full-insured
- Administered by Unum

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



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