



CBOP/CBO Training—October 2020



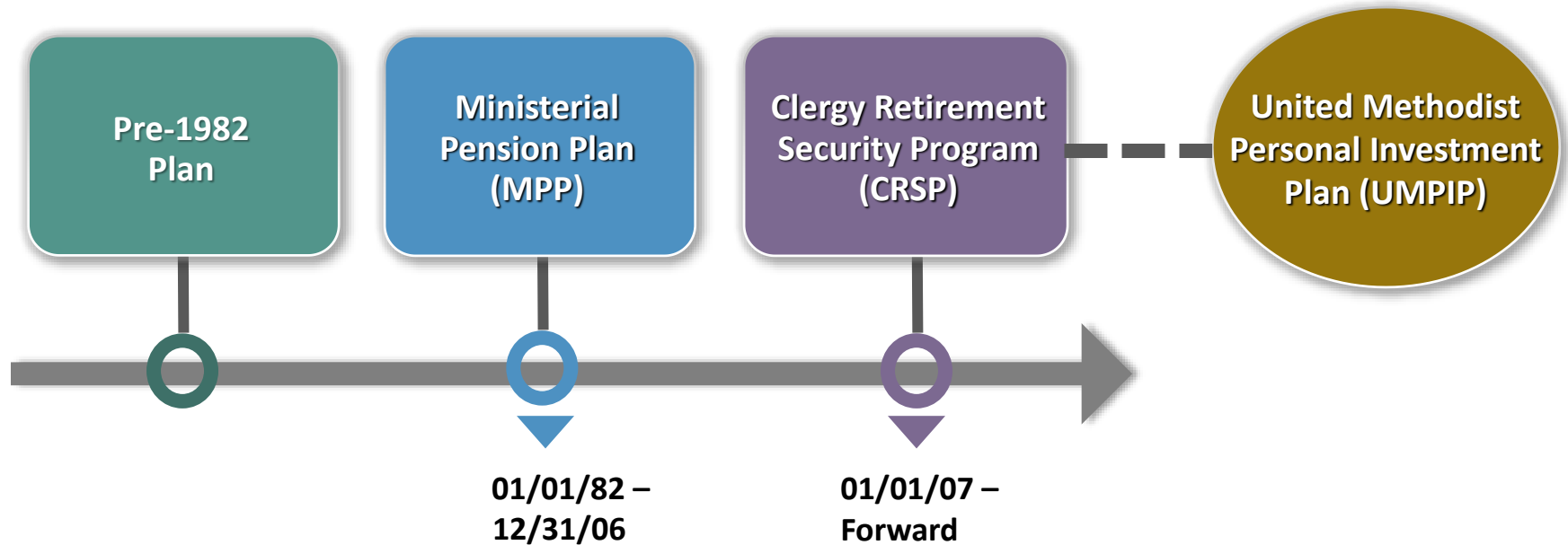
Wespath

BENEFITS | INVESTMENTS

Retirement, Health, Wellness

Program Overview

Retirement Benefits—Past and Present



Pre-1982 Plan

Provides benefits for service before January 1, 1982

Benefits calculated using a Past Service Rate (PSR)

A retirement plan with both DB and DC features



Pre-1982 Benefit

Annual benefit, payable at retirement, is the greater of:

- PSR multiplied by participant's pre-1982 years of approved service
- Defined Benefit Service Money (DBSM) when converted to an annuity



Example

$$\begin{array}{r} 11 \text{ years} \\ \times \\ \$521 \text{ (PSR)} \\ \hline = \$5,731/\text{year} \end{array}$$

**DBSM = \$112,500
converts to
\$7,194/year**

Benefit = \$7,194/year (\$599/month)

Past Service Rate (PSR)

- Dollar amount chosen annually by each conference
- PSR can increase each year or remain the same
- PSR cannot decrease
- If the conference is not fully funded, any increases must be funded in advance



Ministerial Pension Plan (MPP): 1982 – 2006

- In effect from January 1, 1982 to December 31, 2006 (later for bishops)
- DC plan during active years, converts to a DB plan at retirement
- Benefit at retirement based on account balance, participant's annuity selection, age, marital status and other factors



MPP Contributions and Annuity Funding

Participant's Active Years

Each conference elected contribution percent

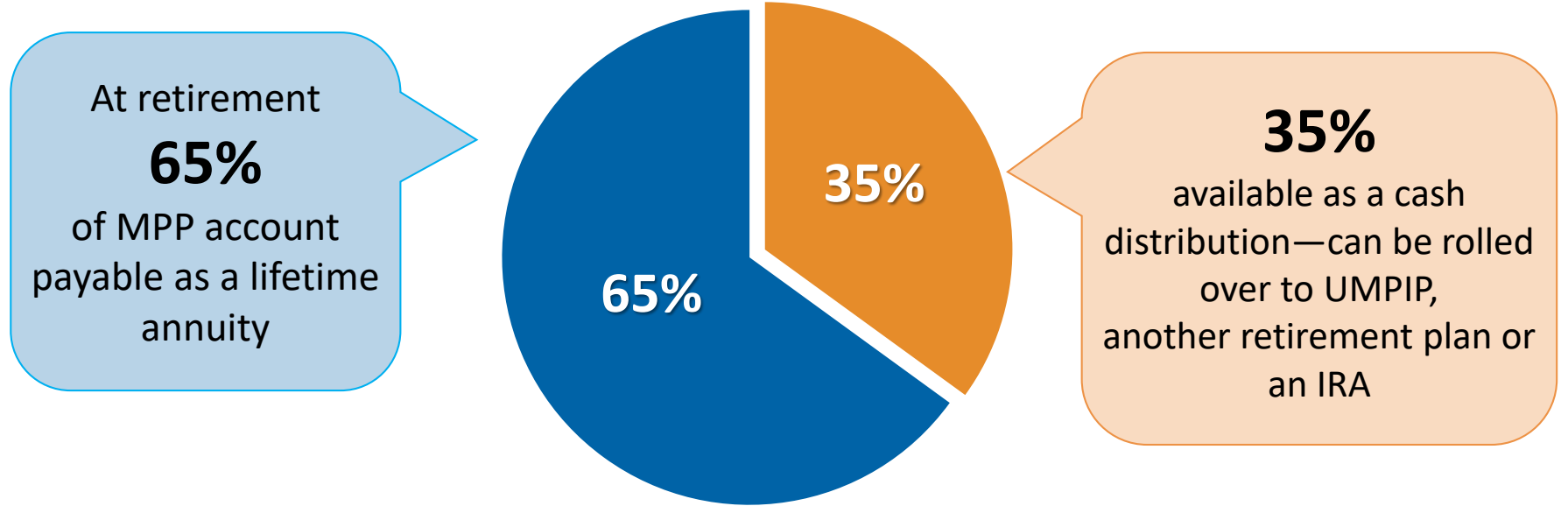
- 9% to 12% of contribution base

During Retirement

Conferences take on risk and responsibility for funding current and expected future MPP annuities



Ministerial Pension Plan: 1982 – 2006



Pre-1982 and MPP Costs

- Actuarial Valuation is performed annually
- Pre-1982 and MPP contributions are determined annually (by Wespath actuaries)
- Paid by the conference



Plan Compensation—Example: Pastor With Salary of \$32,000

| | |
|--|-----------------|
| (1) Taxable Cash Salary | \$25,000 |
| (2) §125/403(b) Reduction | \$ 5,000 |
| (3) Housing Exclusion | \$ 2,000 |
| Salary | \$32,000 |
| (4) Parsonage (25%) | \$ 8,000 |
| (5) Total Plan Compensation | \$40,000 |

Denominational Average Compensation (DAC)

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

2020: \$72,648

2021: \$74,199

2022: \$75,570

Clergy Retirement Security Program



CRSP DB Component—Service Before 2014

Monthly payment, payable for life, is calculated by multiplying the following and then dividing by 12:

- 1.25%
- DAC at time of retirement
- Years of credited service from January 1, 2007 until December 31, 2013

Example for 2020 Retirement

$$.0125 \times \$72,648 \text{ (2020 DAC)} \times 7 \text{ years} = \$6,356 \div 12 = \$529 \text{ per month}$$

CRSP DB Component—2014 and Beyond

Monthly payment, payable for life, is calculated by multiplying the following and then dividing by 12:

- 1.00%
- DAC at time of retirement
- Years of credited service beginning January 1, 2014

Example for 2020 Retirement

$.01 \times \$72,648 \text{ (2020 DAC)} \times 6.5 \text{ years} = \$4,722 \div 12 = \$393 \text{ per month}$

CRSP DB Cost

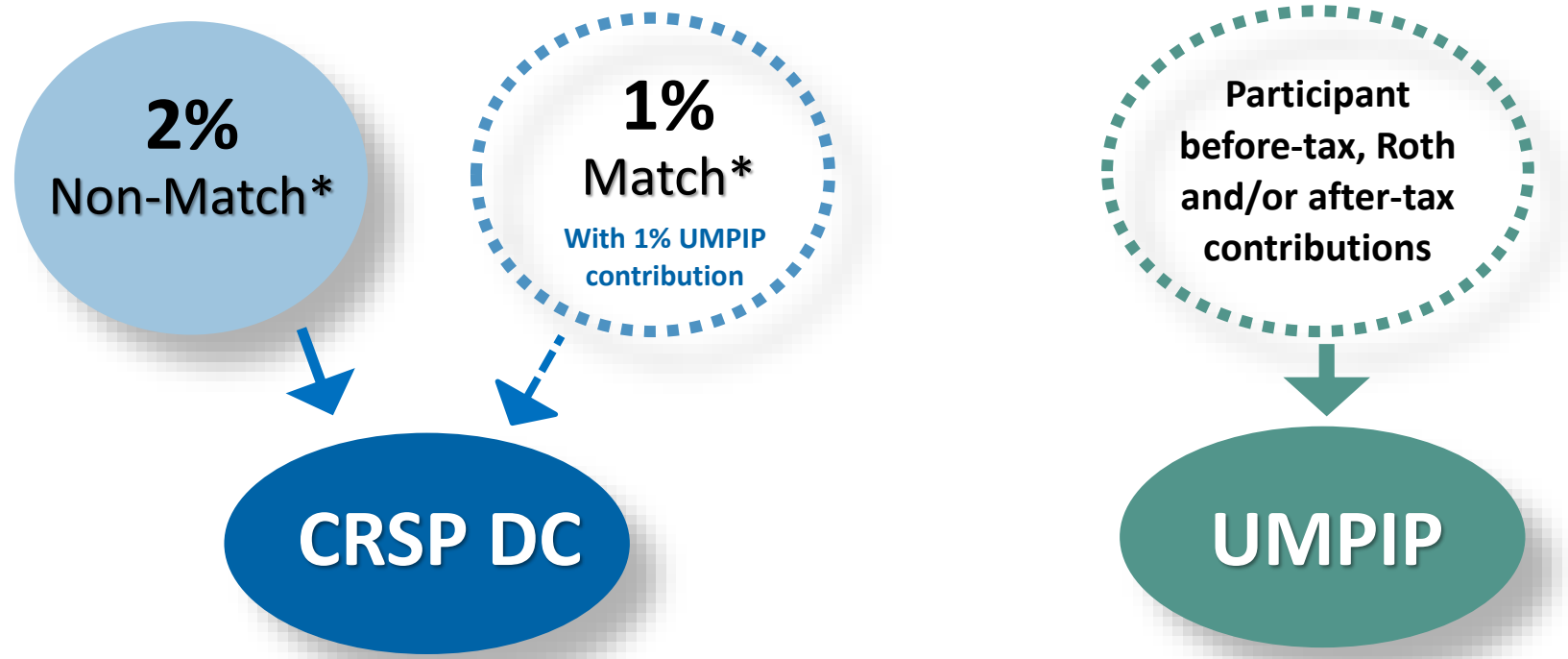
- Annual actuarial valuation performed by Wespath
- Identifies the CRSP DB contribution required from the conference for the year
- Calculated 2 years in advance (e.g., the January 1, 2020 actuarial valuation is for 2022 contributions)



Clergy Retirement Security Program



CRSP DC Account Balance: Contributions



*CRSP contributions by plan sponsor up to 3% of clergy plan compensation, if full match earned

CRSP DC Cost

- Contributions are deducted monthly from annual conference deposit accounts at Wespath and allocated to each eligible CRSP DC clergy account
- Account balance is invested as directed by the participant
- Available as cash distributions
- Remaining balance to beneficiary at death



CRSP Eligibility

- Clergy (elders, deacons, associate members and local pastors) appointed full-time to a:
 - Local church
 - Conference-responsible extension ministry
- Conference may elect to make clergy appointed $\frac{1}{2}$ or $\frac{3}{4}$ time eligible
- Clergy receiving CPP disability
- Clergy placed on medical leave but not CPP disabled (if elected by the conference)



United Methodist Personal Investment Plan (UMPIP)

- Voluntary defined contribution retirement/personal savings plan
- **Employer** (plan sponsor) and **employee** (participant) contributions
- Available to clergy and lay employees



UMPIP

- Most clergy participate in UMPIP
- Conferences and/or local churches can sponsor UMPIP to provide employer contributions
 - To supplement CRSP benefits
 - To serve as “primary” retirement plan for clergy not eligible or covered under CRSP (e.g., part-time clergy)
 - To provide retirement benefits to lay employees

Summary

Conference Board of Pensions

Pre-1982

MPP

CRSP

UMPIP



Wespath

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