



**Wespath**  
BENEFITS | INVESTMENTS

# Clergy Benefits in a Time of Disruption and Beyond

 **Clergy Benefits Academy** | November 2022

# General Conference, Disaffiliations, Global Methodist Church, Judicial Council...



# Where Are We Today?

- General Conference delayed...*again*
  - Two years—this time, until **2024**
  - Is it GC 2020 postponed or regularly-scheduled GC 2024?
- Global Methodist Church (GMC) launched May 1
- Local church disaffiliations and clergy withdrawals
  - GMC or other denominations
  - Independent Methodist congregations



# Continued Uncertainty

*Dear friends,  
now we are  
children of God,  
and **what we will be  
has not yet been  
made known.***

I John 3:2, NIV

*... **Who knows  
how we'll  
end up!***

I John 3:2—  
The Message



# Clergy Benefits: Current State, Future Prospects

- Remain in the UMC
- Join the GMC
- Serve an independent Methodist congregation



# UMC Clergy Benefits—For Now

- Clergy Retirement Security Program (CRSP) continues
  - Likely until January 1, 2026
  - New plan requires General Conference approval and implementation time
- 65% of Ministerial Pension Plan (MPP) balance as lifetime annuity
  - Annuity alternative also requires General Conference approval, but...
  - Shorter implementation time
- No change in disability benefits



# GMC Clergy Benefits

- **Retirement benefits**
  - *Covenant Clergy Personal Investment Plan*
  - 5% GMC non-matching contribution
  - Up to 5% GMC matching contribution (dollar-for-dollar clergy contribution match)
  - Appointed at least ½-time
- **Long-term disability and life insurance**
  - *Covenant Life Options*
  - Appointed at least ¾-time
- **Wespath's *HealthFlex* program**

[globalmethodist.org/faqs/](http://globalmethodist.org/faqs/)



# Pastors of Independent Former UMC Churches

- Retirement plan like UMPIP
  - 403(b) defined contribution plan
  - Church decides on church contribution
- Life insurance and long-term disability plan like *UMLifeOptions*
- Health plan typically not available through Wespath





# Keeping Accrued Benefits Secure for UMC Clergy

- Pension withdrawal liability payment
  - Specified in ¶s 2553.4.d) and 1504.23
  - Applies to local churches closing or disaffiliating
- Lifetime annuity conversion to account balance for active ordained clergy who withdraw from the UMC



# Pension Withdrawal Liability Payment

- Helps ensure conference can keep benefits earned adequately funded
- Comparable to disaffiliating church offloading liability risk to an insurer
- Wespath calculates aggregate underfunding for the conference
- Amount varies with market changes
- Conference sets formula or method to determine amount for local church



# Withdrawal From UMC—Accrued UMC Benefits

Plan	Active Clergy	Retired Clergy
Annuity benefits from all plans*	<p><b>Elders, Deacons:</b> Value of annuity converted to account balance and moved to UMPIP</p> <p><b>Local Pastors/Provisional Members:</b> No conversion; annuity available at age 62</p>	No impact, except no future Pre-82 rate increases after year of withdrawal
CRSP Defined Contribution (DC) and MPP account	Remains as account balance; no additional contributions; moved to UMPIP for Elders and Deacons	No impact
UMPIP (personal contributions)	No impact on account balance; may continue to contribute through Wespath arrangement with disaffiliated church	No impact

\* Petition to General Conference to treat elders and local pastors similarly.

# Withdrawal From UMC—Health Benefits

Plan	Active Clergy	Retired Clergy
Conference health insurance plan	Typically, loss of eligibility; continuation coverage may be available (at clergy's expense)	Depends on conference policy; possible loss of eligibility; continuation coverage may be available
Medicare Marketplace and HRA program (such as Via Benefits)	Depends on conference policy; possible loss of eligibility for conference-funded benefits	

# Withdrawal from UMC—Other Benefits

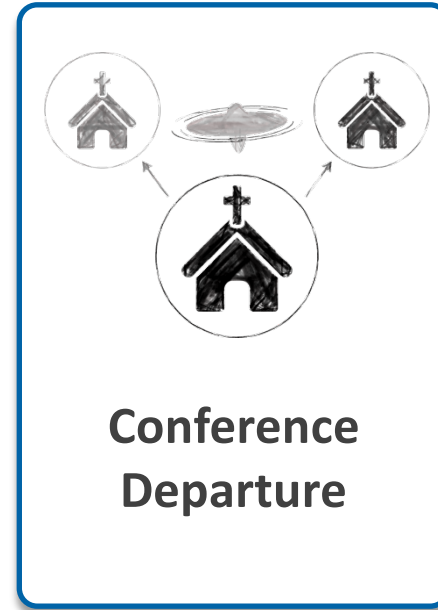
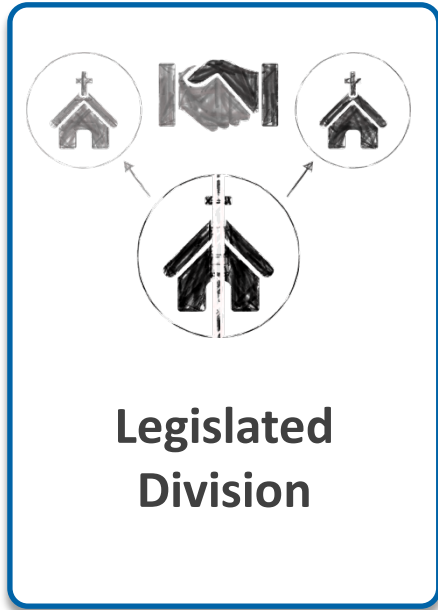
Plan	Active Clergy	Retired Clergy
Comprehensive Protection Plan (CPP) disability benefit	Eligibility ends; for disabled clergy already receiving benefits, disability payments continue while disabling condition persists	Not applicable
CPP death benefit	Ends one month after withdrawal	No impact; CPP benefit is retained
Other conference-provided benefits	Depends on conference benefit offerings and policies	Depends on conference benefits and policies

# Benefits-Related Pending Legislation

- Wespath's proposed *Compass* plan
- Ministerial Pension Plan (MPP) annuity alternative
- Comprehensive Protection Plan (CPP) death benefit updates
- Benefit plan governance
- *Protocol* and other proposals for separation or division



# Some Possible Separation Scenarios



# Benefits Impacts of General Conference Delays

- **For clergy**
  - Three years (?) additional years CRSP credit
  - Continued requirement for MPP life annuity
- **For annual conferences**
  - Delayed clergy retirement plan savings
  - Three years (?) additional defined benefit assets and liabilities
- **UMC conferences retain all legacy pension liabilities and assets**

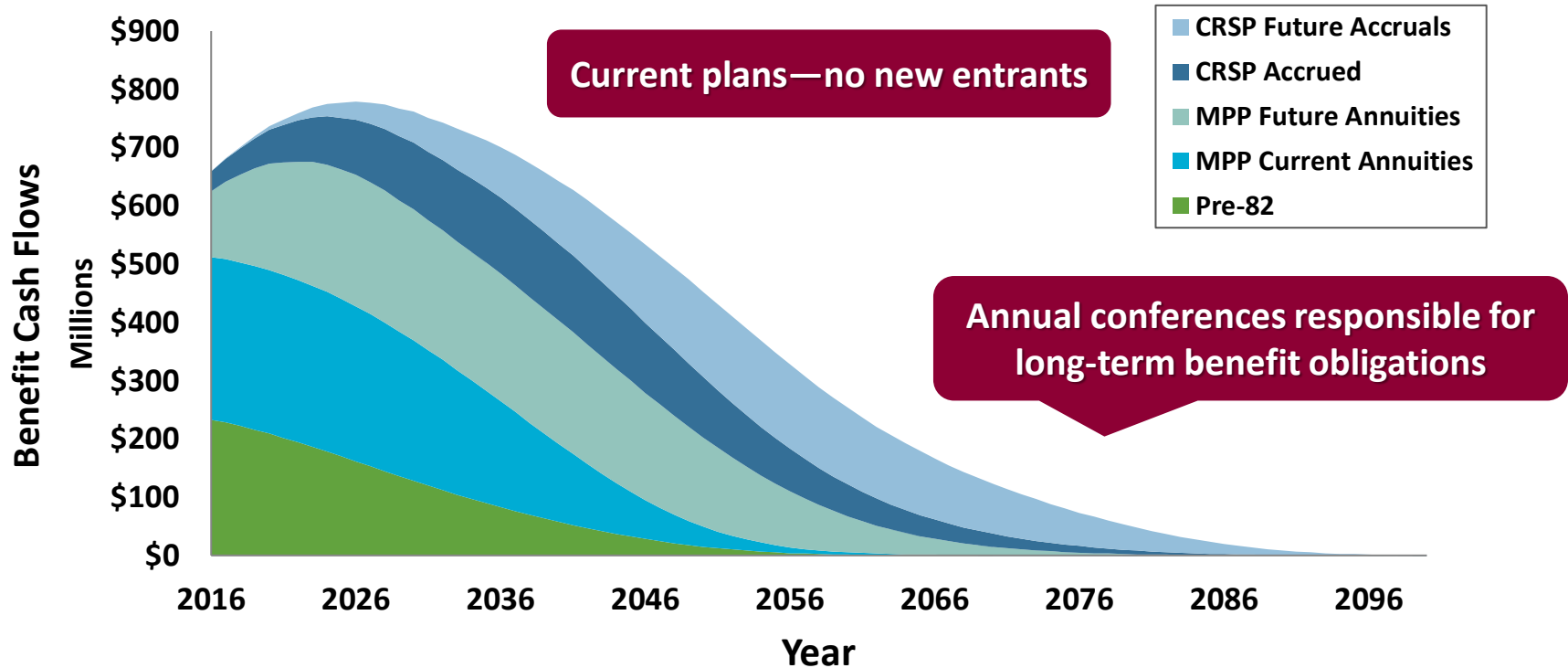






# Proposed Clergy Retirement Plan—*Compass*

# Why Change Clergy Retirement Plan?



# Compass Summary

- Shift to account-based plan for sustainability
- Seeks to provide lifetime retirement income
- Strives to provide adequate income for lower-paid clergy
- Balances needs of clergy with needs of conferences



# Compass (Possibly Effective January 1, 2026)



Help lower-paid clergy

Flat-dollar  
contribution

**\$140 per month**



Relate retirement income to  
pre-retirement earnings

Pay-dependent  
contribution

**3% of pay**



Promote participant  
engagement and savings

Matching  
contribution

**\$1/\$1 match on  
up to 4% of pay**

# Compass Formula Example

Compensation	\$40k	\$75k
Flat dollar contribution (\$140/month)	\$1,680	\$1,680
3% of Plan Compensation	\$1,200	\$2,250
4% Match	\$1,600	\$3,000
Total Church Contribution	\$4,480	\$6,930
<b>Percentage of Compensation</b>	<b>11.20%</b>	<b>9.24%</b>

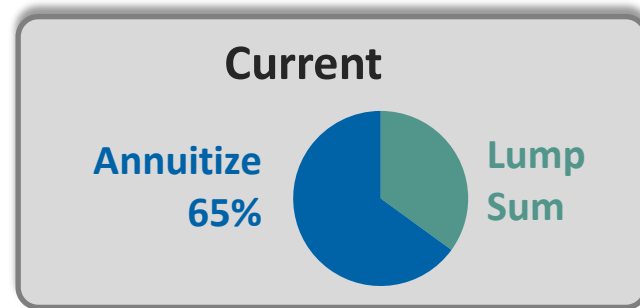
# Spending Phase—Payouts

- Features **payout system** to maximize retirement income and strive for a lifetime income stream
- Integrates with Social Security; offers deferred annuities to help **optimize the result** for clergy
- Hardship exception in payout phase allows access to money for terminal or critical illness

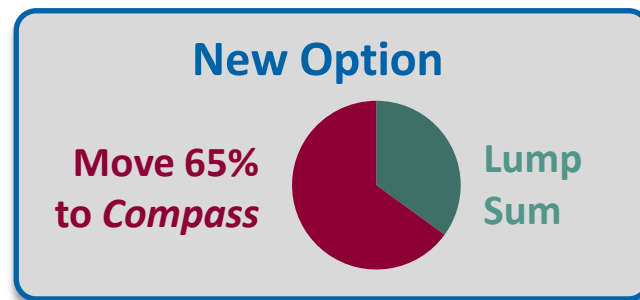


# Ministerial Pension Plan Payments

- Affects those who started serving before 2007
- Currently requires annuitization of 65% of MPP account balance
- New option gives more flexibility
- Also enables clergy to leave balances to heirs at death



**OR**



# Standardize CPP Death Benefits

## Today:

- Some based on Denominational Average Compensation
- Some are fixed amounts with quadrennial % increases

## Proposed:

- Fixed amounts for all death benefits
- 2% annual increases





# Shared Plan Governance

## Proposal

- Add reference to new mandatory clergy retirement plan
- Preserve General Conference amendment authority over core benefit design and benefit levels
- Grant Wespath amendment authority for administrative matters

## Rationale

- Defined contribution plan not as connectional as defined benefit
- General Conference retains amendment authority over core benefit levels and design features
- Provides more flexibility to amend administrative provisions

# A Wespath Wish...

Regional rather than General Conference governance  
of U.S. clergy plans

- General Conference is increasingly an international body
- Benefit plans should be legislated by the bodies to which they apply

U.S. clergy plans are designed for...



# Wespath's Key Objectives

- Protection for benefits already earned
- Sustainable future benefits
  - Adequate for participants
  - Affordable for the Church
- Support Church expressions aligned with Methodist/Wesleyan traditions
- Remain steadfast in serving core UMC constituents



# A Reminder...

*Dear friends,  
now we are children of God, and what  
we will be has not yet been made known.*

**I John 3:2, NIV**

*...that's exactly who we are: children of God.  
And that's only the beginning.  
Who knows how we'll end up!*

**I John 3:2—The Message**

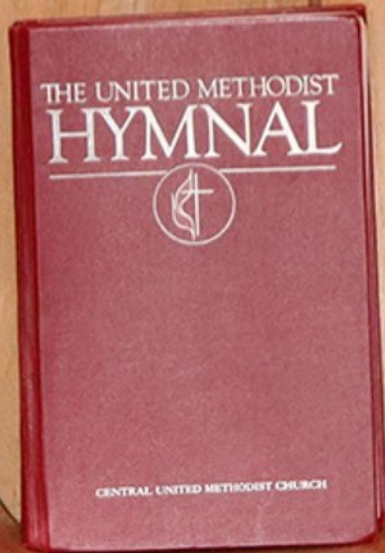


## Another Reminder...

“The church is of God, and will be preserved to the end of time...

All, of every age and station, stand in need of the means of grace which it alone supplies.”

Introduction to *Baptismal Covenant III*,  
*United Methodist Hymnal*





Questions? Comments?



**Wespath**

BENEFITS | INVESTMENTS