



Conference Forum—March 2021



Wespath

BENEFITS | INVESTMENTS

Disaffiliation Scenario Planning

Wespath's Mission and Purpose

Mission

We care for those who serve by providing investment and benefit services that honor the mission and principles of The United Methodist Church.

- “[G]eneral supervision and administration of support, relief, and assistance and pensioning of clergy...lay workers...and their families”, *Book of Discipline* ¶1504

Purpose

Wespath is authorized and empowered to provide **administrative, trust, and investment support** to The United Methodist Church and its constituent boards, agencies, conferences, organizations, and other institutions ... in the spirit of the Church’s mandate for inclusiveness and racial and social justice. *Book of Discipline* ¶1504

- **Identity and Function:** Prudent Fiduciary *Discipline* ¶¶1504.14 & .16 and secular law



Our Values Shape Our Service Model

- **Sustainability (*Investment Beliefs*)**
 - Long-term ... Prudent ... Diversified ... Fiduciary
- **UMC Values**
 - Wesleyan social holiness (Social Principles) ...
- **Caring/Caretaking (*Caring for those who serve*)**
 - Tailored to clergy/church context ...
“Wespath’s comparative advantage”
- **Inclusiveness**
 - Groups that lack other benefits access:
 - **Historical:** small/missionary conferences, struggling church units
 - **Potential future:** smaller UMC progeny
(e.g., liberationists, historically ethnic churches)



Serving a Segmented Church

Methodist Witness:

- Reflects Wesleyan values to the world

Benefits for UMC

- Benefits accrue to UMC customers as well as all others served
 - Lower costs
 - Services not otherwise available to small organizations

¶16

Constitution: Ecumenical Relations—
UMC: Part of the church universal

- God's calling of all Christians: strive toward unity
- Relationships with other Methodist churches

¶102 and ¶105

Common Heritage as Christians
and Ecumenical Commitment

431 – ¶433

Ecumenical Relationships;
Full Communion; Methodist Unity



Church's Authorizations and Directives

- **¶1504.17**—Wespath authorized to offer services to other nonprofit organizations
- **¶2553.4.g**—Disaffiliating local churches remain eligible to sponsor Wespath benefit plans subject to the plans' terms

Contemplated ... under Protocol ¶2556.8

- New Methodist Denominations continue to be eligible to sponsor Wespath's voluntary employee benefit plans
- Wespath will spin off and maintain separately a portion of CRSP* for New Methodist Denomination, under certain circumstances

* **CRSP**: Clergy Retirement Security Program

Boundaries and Limits



From the Church (*Discipline*)

- **¶1504.17**—Wespath authorized to offer services to other nonprofit organizations



From the Government (IRS)

- Wespath's tax-exempt purpose: UMC and organizations "**related to the UMC**"
- Code Section 414(e): church plan "common religious bonds and convictions"



From the Wespath Board

- Emerging framework grounded in values

Wespath's Board

Authorized: amendment of UMPIP*, UMLifeOptions and HealthFlex to accommodate new service model

- Amicable local church disaffiliations/changes of affiliation
- Ensure that Wespath's mission and values are understood and maintained

* **UMPIP:** United Methodist Personal Investment Plan

Disaffiliation Scenarios

**New Expression
under new legislation
(e.g., Protocol)**



Not currently possible, but Wespath is actively preparing for this pathway

**Disaffiliating Church
under existing legislation
(¶2553)**



**Wespath can offer Retirement,
Death, Disability and Healthcare plans**

**Group of Disaffiliating Churches
under existing legislation
(¶2553)**



**Wespath can offer Retirement, Death,
Disability and Healthcare plans**

Disaffiliation of Individual Church

Caring for all who serve...

Wespath's Commitment to Those Who Serve

Wespath Benefits and Investments (Wespath) is available to serve all Methodist expressions. We are authorized by *The Book of Discipline* to administer benefit plans for annual conferences, large or small groups of churches, or a single church that changes its affiliation with The United Methodist Church.

While some connectional benefit plans sponsored by UMC annual conferences are not available to disaffiliated churches, these churches may choose to sponsor other Wespath-administered plans for their clergy and lay employees.

Benefit Plan Opportunities for Churches that Disaffiliate from The United Methodist Church

Wespath's Commitment to Those Who Serve

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While some connectional benefit plans sponsored by UMC annual conferences are not available to disaffiliated churches, these churches may choose to sponsor other Wespath-administered plans for their clergy and lay employees.

The following plans are available to local churches that disaffiliate under ¶2553 of the Discipline, but continue to share common religious beliefs and convictions with the UMC based on shared Wesleyan theology and tradition and Methodist roots. These plans are administered by Wespath, and are available for both clergy and lay employees:

<h4>Retirement</h4> <p>UMLifeOptions lay employees options to the ("church") tions or ch can no longer Program (CRSP), tribution for us or all</p>	<h4>Death and Disability</h4> <p>UMLifeOptions UMLifeOptions offers fully insured long-term disability and life insurance coverage for employees and their families. • Churches may sponsor one or more UMLifeOptions plans for eligible clergy, lay employees or both. Notes: Since UMC clergy at a disaffiliated church can no longer participate in the Comprehensive Protection Plan (CPP), the church may want to consider sponsoring UMLifeOptions.</p>
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For More Information

Contact Wespath if you'd like to discuss how your church can sponsor benefit plans for your clergy and lay employees.

- Email: retservices@wespath.org
- Call: 1-800-851-4201 to speak with a Retirement Services representative
- Plan info: [Wespath.org](https://wespath.org)
 - wespath.org/retirement-investments/retirement-plans/UMLifeOptions
 - wespath.org/health-well-being/benefit-programs/umlifedoptions
 - wespath.org/health-well-being/benefit-programs/healthflex

a general agency of the United Methodist Church 5592/00021

Disaffiliation of Individual Church

Retirement

What goes away?

- Participation in mandatory UMC clergy plans (Pre-82, MPP*, CRSP) stops
- Benefit conversion (“DB-DC”**)
to lump sum might apply

* MPP: Ministerial Pension Plan

** DB-DC: defined benefit-defined contribution



Disaffiliation of Individual Church

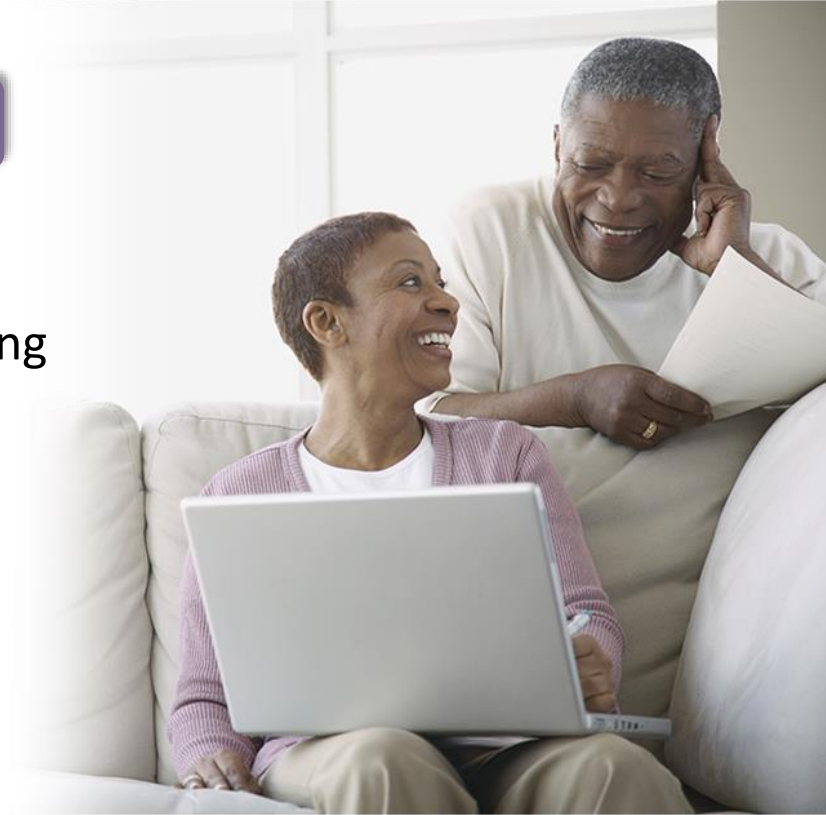
Retirement

What is available?

- Both clergy and lay employees of disaffiliating church can participate in UMPIP*
- Wespath's systems can accommodate non-UMC entities
 - Existing balances can be transferred

This is active and available today

* **UMPIP**: United Methodist Personal Investment Plan



Disaffiliation of Individual Church

Retirement

Things to consider

- Design flexibility of UMPIP generally carries over to disaffiliating churches
 - Some restrictions may apply
- There may be separate service fees for participants and plan sponsor
- We require a separate administrative services agreement (“ASA”)



Disaffiliation of Individual Church

Welfare—Death and Disability

What goes away?

- Active participation in mandatory UMC clergy plan (CPP*) stops
- Retiree death benefits for clergy who retired and earned benefits remain in place

* CPP: Comprehensive Protection Plan



Disaffiliation of Individual Church

Welfare—Death and Disability

What is available?

- Both death and disability benefits can be offered via UMLifeOptions program
- Available for clergy and lay employees
- Fully insured program managed by Wespath

This is active and available today



Disaffiliation of Multiple Churches

If small number of churches:

- “Multiple churches” likely treated as collection of individual churches

If larger number of churches forms “new expression”:

- We will discuss sponsorship of single program across multiple churches
 - Subject to viability considerations



Health Benefits After Disaffiliation

Churches or groups of churches that choose to **leave** the UMC may still be eligible to sponsor HealthFlex **IF**:

- Plan sponsors have **>50 eligible employees** and can be **legally and financially responsible** for benefit obligations
- They form/join a **new Methodist association of churches** (New Expression)
- Wespath determines the New Expression is **viable** as a plan sponsor and **eligible** to sponsor a church health plan

HealthFlex Trust will be reviewed to determine if separate asset pools and plans are necessary or appropriate; review of rating methodology, pooling rules, and if pooling intersects with UMC will be evaluated

Health Benefits After Disaffiliation

What is the impact on annual conferences? *(in case significant number of churches disaffiliate)*

- Conferences affiliated with the UMC will continue to be able to sponsor HealthFlex
- Very significant changes in population size/make-up may necessitate an adjustment of HealthFlex premiums
- Future premium adjustments will be made based on experience

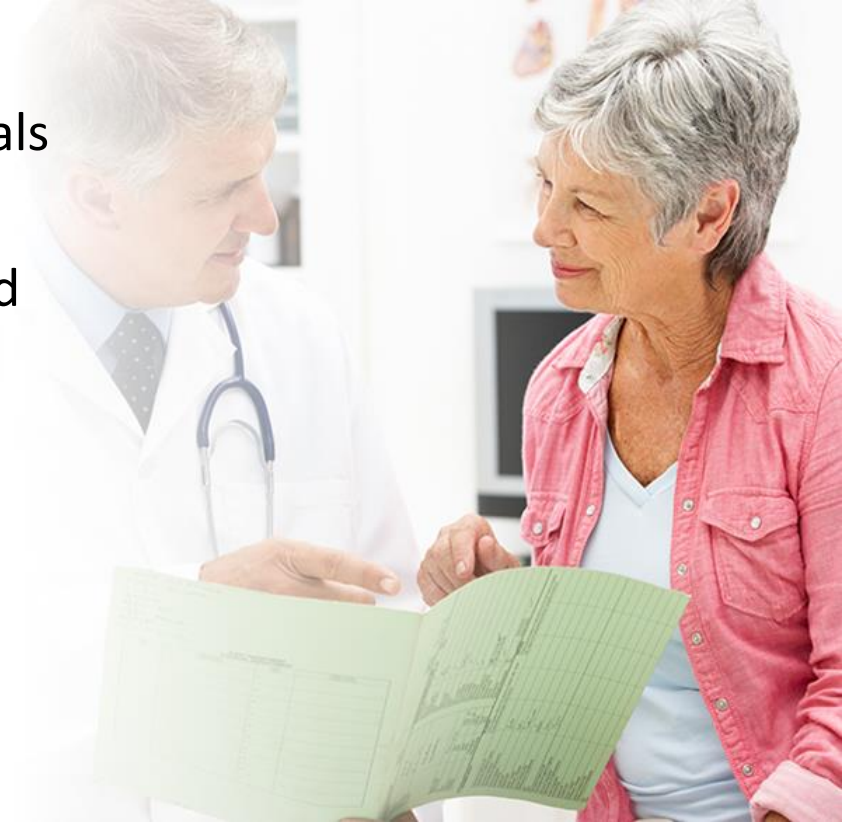
Rating methodology, pooling rules, etc. will continue to be evaluated



Post-Retirement Medical Considerations

- Via Benefits offerings will allow individuals to maintain their plan enrollments
- HRA* payments may need to be adjusted based on the funding capabilities of future entities
- Funding responsibilities may depend on how retirees are allocated to new sponsoring groups

* HRA: health reimbursement account





Wespath

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