



Wespath

BENEFITS | INVESTMENTS

General Conference Legislation

Conference Forum | April 2023



Agenda

- Key Wespath Legislation
- Other (Non-Wespath) Legislation



Key Wespath Legislation

General Conference 2024



Multiple delays, causing...

- Ongoing uncertainty across the Connection
- Ad hoc disaffiliation activity
- Disputes and litigation

Judicial Council:

2024 General Conference is “postponed 2020 General Conference”

- Petitions previously submitted remain active (can be revised)
- New petitions may be submitted
- Submission deadline: **September 6, 2023**

Wespath Legislative Priorities

Wespath's Legislative Petitions

- Submitted 26 petitions for GC 2020
- **Focus on core petitions for GC 2024**
 - Freeze clergy pension benefits; transition to defined contribution (DC) plan
 - Other mandatory benefit plan changes
- Remaining petitions primarily address technical updates and corrections
- Certain petitions are effectively obsolete (e.g., relating to the *Protocol* legislation)



Ongoing Monitoring

Wespath will monitor other petitions that could impact Wespath

- Examples—concerning divestment, investment ethics, UMC regional governance

Comprehensive Protection Plan (CPP)

Mandatory benefit plan for clergy—provides disability and life insurance benefits

Wespath's petition proposes to:

- Create **new temporary disability benefit** while participant's claim is being evaluated
- **Waive the reduction** for anticipated Social Security disability benefits if certain requirements are satisfied
- Resurrect **Voluntary Transition Program (VTP)** at the close of General Conference; sunset **December 31, 2028**
- Add mandatory **arbitration**—included in all benefit plan petitions



Comprehensive Protection Plan

Wespath's petition proposes to streamline death benefits to flat dollar amounts—**increased 2% annually**

		Current plan in 2025	Proposed amount in 2025
Active Clergy Death Benefits	Participant	\$50,000	\$50,000
	Spouse	20% of the DAC (\$15,972)	\$16,000
	Surviving Spouse	15% of the DAC (\$11,979)	\$12,000
	Child	10% of the DAC (\$7,986)	\$8,500
Retiree Death Benefits— Retired Before January 1, 2013	Participant	30% of the DAC (\$23,957)	\$24,000
	Spouse	20% of the DAC (\$15,972)	\$16,000
	Surviving Spouse	15% of the DAC (\$11,979)	\$12,000
	Child	10% of the DAC (\$7,986)	\$8,500
Retiree Death Benefits— Retired After January 1, 2013	Participant	\$21,224	\$24,000
	Spouse	\$15,918	\$16,000
	Surviving Spouse	\$10,612	\$12,000
	Child	\$8,490	\$8,500

Clergy Retirement Security Program (CRSP)

Mandatory retirement plan for clergy

Two components: Defined benefit (pension) and **defined contribution**

- Wespath's petition proposes to freeze participation and benefit accruals under CRSP when Compass plan becomes effective
- Earned benefits would still grow for active clergy with increases to denominational average compensation (DAC)

Long-term sustainability: Essential for the UMC to continue to provide reliable and sustainable retirement income to those who serve



Clergy Retirement Security Program

The Details

- Participation and new benefit accruals would freeze as of January 1, 2026 (the start date of Compass)
- Definition of “Compensation” would be modified to exclude one-time or occasional payments
 - Moving expense reimbursements would be excluded
 - Effective retroactive to the start of 2024 (the year in which General Conference will be held)
- DAC for 2025 would be frozen—increase by 2% in following years



Clergy Retirement Security Program

More Details

“Departing Clergy Benefits Conversion” (DCBC) added by 2019 General Conference—would be expanded to other clergy types

- Provision “cashes out” active clergy who withdraw under *Discipline* ¶360, converting their defined benefit (DB) accruals to equivalent account balance, and moving all account balances to Personal Investment Plan (PIP, formerly “UMPIP”)
- Provision would be expanded to Local Pastors, Associate Pastors and Provisional Members who terminate their conference relationship while active



Clergy Retirement Security Program

Even More Details

Transition (to Compass Plan) Rules

Certain categories of clergy could have their DB accruals converted to equivalent account balance and transferred to Compass

- Terminated participants not yet in pay status
- Active participants with fewer than 5 years of credited service
- Retired participants not yet in pay status

MPP 65% Account Balance

New option to transfer to account in PIP that must distribute the balance via LifeStage Retirement Income (LSRI)

- Alternative to annuitization of MPP 65% account balance
- Effective when administratively feasible after General Conference 2024

Compass Retirement Plan

New mandatory defined contribution (DC) plan for clergy

- Replaces benefit accruals under CRSP
- Effective **January 1, 2026 (or as soon as administratively feasible)**
- **Eligibility**—no change from CRSP
- **Account-based plan**—allows clergy to make participant contributions
 - Participants won't contribute to separate plan (PIP)
- Provides 3 types of plan sponsor contributions
- Requires **LifeStage Retirement Income (LSRI)** for distribution of plan sponsor contributions



Compass Retirement Plan

The Details

Three types of plan sponsor contributions:

1

\$150 per month flat dollar contribution (increased 2% annually in \$5 increments)

- Prorated for clergy appointed less than 100%

2

Non-matching contribution of 3% of compensation

3

Matching contribution (\$1 for \$1) up to 4% of compensation

- Includes matching of qualified student loan payments (now permitted under SECURE 2.0 Act)
- Participant may self-certify such student loan payments annually

Compass Retirement Plan

More Details

Mandatory Automatic Enrollment and Contribution Escalation

- Annual conferences may choose default rate of contribution (at least 4%) and rate of escalation per year (at least 1%)

Mandatory LifeStage Investment Management (LSIM) and LifeStage Retirement Income (LSRI) on plan sponsor contributions

- Does not apply to participant contributions

Compensation definition is annual base wages or salary

- Occasional or one-time payments (like moving expense reimbursements) not included
- Deemed parsonage value increased to 35% of compensation (subject to floor and ceiling)

Compass Retirement Plan

Even More Details

Two other SECURE 2.0 provisions being added

- Participant elections to have plan sponsor contributions made on a Roth basis
- Hardship withdrawal rules liberalized to permit withdrawals from additional account types (plan sponsor contributions) and self-certification of hardship reason
- Both provisions would become effective only when Wespath deems appropriate and administratively feasible



Retirement Plan for General Agencies (RPGA)

Mandatory retirement plan for general agencies

- Wespath's petition proposes to:
 - Close RPGA effective **December 31, 2024**
 - Transfer participant accounts to a non-mandatory plan, such as the Personal Investment Plan
- General agency contributions currently being made to RPGA would instead be made to PIP or a similar plan
 - Contribution rate would not change unless an agency with the authority to do so makes a change
 - General church funds agencies subject to uniformity requirement



Plan Amendment Authority

- To provide **greater flexibility to make changes to mandatory plans** between General Conferences
 - Current authority to amend without General Conference approval is very limited
 - Only if changes are required by law or the *Discipline*
- Petition would give Wespeth **authority to amend any mandatory plan** if amendment:
 - Does not reduce participants’ “benefits, rights or features,” as defined by Code and regulations
 - Does not add cost
 - Is not prohibited by applicable law or Judicial Council ruling





Other (Non-Wespath) Legislation

Benefit Plan Legislation

Petition 20719: CRSP MPP Revision

- Remove MPP annuity requirement
- 100% MPP balance eligible for rollover to UMPIP



Other Benefits-Related Legislation

Petition 20218: *Delete 1504.23*

- Eliminates pension liability withdrawal payments for church closures, disaffiliations or transfers



Pension Provisions for Church Division

<p>Petition 20233 Disaffiliation of Local Churches at Scale</p>	<ul style="list-style-type: none">• Joint Distributing Committee details if 60% of conference disaffiliates• Anticipates assigning pension assets and liabilities to non-UMC entity
<p>Petition 20234 Pension Resource Allocation Formula</p>	<ul style="list-style-type: none">• One of numerous “Plain Grace Plan” petitions• Pension allocation provisions for annual conferences disaffiliation

Not likely applicable without division legislation

Investment Legislation

<p>Petition 20267 Sustainable and Socially Responsible Investment (¶717)</p>	<ul style="list-style-type: none">• Adds “governments” to “institutions, companies, corporations, or funds”• Do not invest in bonds of nations conducting prolonged military occupations
<p>Petition 20539 Exclude Government Debt of Countries Involved in Prolonged Military Occupation (resolution)</p>	<ul style="list-style-type: none">• Corollary to petition above• Cites Israel, Turkey and Morocco as offenders



US
Regional
 **Conference**



A Christmas Covenant
Our Gift of Hope

An Equitable Structure of Global Regionalism

Regionalization Proposals

Wespath's Interest...

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...



U.S Law



U.S. Taxation



U.S. Social Security

Two Options for Regional Governance

1

U.S. Regional Conference: Connectional Table

- Endorsed (and partially developed) by Wespath
- Addresses only U.S. UMC
- Two-stage proposal
 - General Conference committee
 - U.S. Regional Conference

2

“Christmas Covenant”: Cavite Philippines Conference

- Regional conferences throughout global UMC
 - Central conferences become regional conferences
 - New U.S. regional conference
- More Disciplinary changes and constitutional amendments

Why a U.S. Regional Conference?

- **General Conference Petitions**
 - Many pertain largely or exclusively to the U.S.
 - General Conference time and resources spent on matters not relevant to entire UMC
- **U.S. Church**
 - Venue for U.S.-specific legislation
 - Decision-making authority like central conferences
- ***General Book of Discipline***



Current Model

- **Inefficient** for the Church as a global body
- **Inconsistent** with Church governance outside U.S.

Connectional Table Proposal Overview

Stage I: U.S. Regional Committee

- Disciplinary and non-Disciplinary changes
- Legislation for GC 2020

Intended To Be Temporary Step

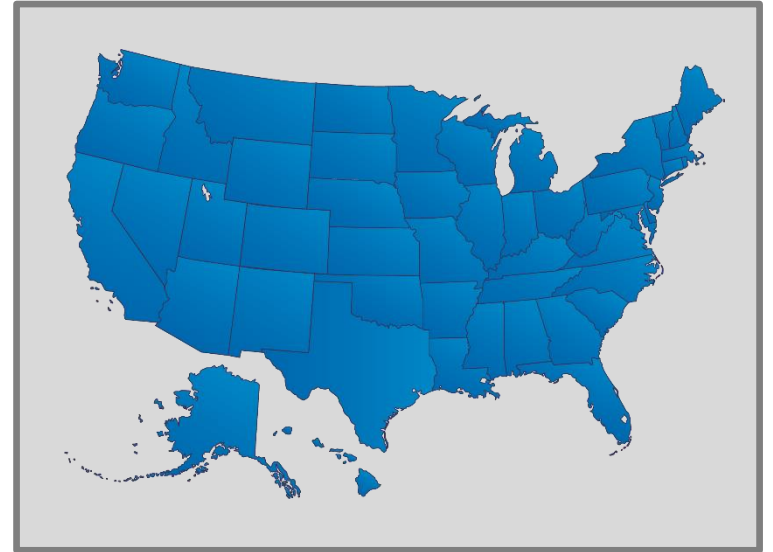
- *Effective immediately after GC 2020*
- *In place **until** U.S. Regional Conference (Stage II) is functional*

Stage II: U.S. Regional Conference

- Changes to the Constitution and *Discipline*
- More challenging approval requirements for Constitutional amendments

Stage I—U.S. Regional Committee

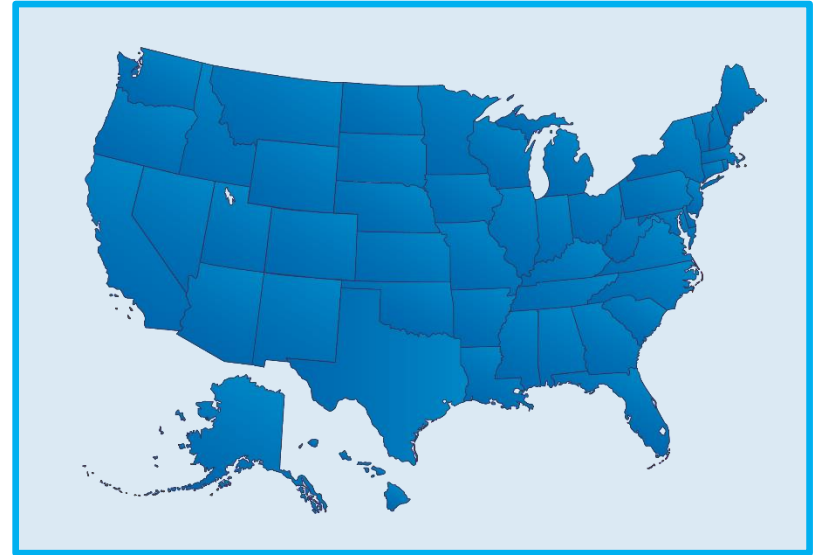
- Consists of all U.S. GC delegates
- Meets immediately prior to GC
- Assigned **U.S.-specific** GC petitions and resolutions
- Different rules from legislative committees for consent calendar



Potential to “fast-track” U.S. legislation on special consent calendar

Stage II—U.S. Regional Conference

- Authority to act for U.S. Church on adaptable matters
- U.S. jurisdictional conferences are not affected
- Similar duties to central conferences **except** duties assigned to jurisdictions



Consistent with central conferences governance

Christmas Covenant

- Organic proposal from central conferences and U.S. seeking to maintain UMC unity
- Common structure across all regions
- Regional autonomy on most matters, unless General Conference directs otherwise
- Extensive constitutional amendments



Recent Developments in Regionalization

- Standing Committee on Central Conference Matters
 - Recommends a single, joint proposal
 - Proposed task force with Connectional Table
- Connectional Table
 - Discussed with Standing Committee via Zoom
 - Agreed to task force and appointed members
- 10-member task force, 5 from each



*“Meetings are indispensable
when you don’t want to do anything.”*

John Kenneth Galbraith

*“We bless the organized church structures
and their meetings. But if there are
10,000 others that meet outside of these
ecclesiastical structures, that’s wonderful,
too. **The kingdom of God moves forward
in lots and lots of ways.**”*

Richard Foster





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