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Retirement on Your Mind?

Conference Forum | March 2024



Agenda

- Let's talk!
- Compass Plan day 1
- What you can learn from your BP Summary Report
- Response to LifeStage Retirement Income

Compass Day 1: January 1, 2026

- Preparations
- Automatic features
- Communication needs



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General Conference (April 23-May 3, 2024)
Clergy Retirement Plan Proposal—Compass

Why Change the U.S. Clergy Pension Plans?
Changes to the clergy retirement plan are needed so that we can continue to provide reliable and sustainable retirement income to those who serve.
The new retirement plan, Compass, is designed to uphold the longstanding values of the Church retirement programs, which include:

- Providing lifetime income, and
- Ensuring adequate retirement income for lower-paid clergy

Compass addresses emerging needs such as helping clergy who have student loans.

Compass is Designed to:

- Increase **plan sustainability**, ensuring reliable retirement benefits for future generations of clergy
- Balance **affordability** with income **adequacy** for clergy, at a predictable cost that is affordable to local churches and annual conferences
- Promote **equity** across different compensation levels with features to help lower-paid clergy
- Provide **flexibility** that:
 - Allows benefits portability for clergy
 - Permits leaving account balance to beneficiaries

Increasing Long-Term Plan Sustainability

Current plan: Promises made today won't be fulfilled until decades into the future.

Current Plan
Timeline: Clergy person is enrolled, 2024 → Clergy person retires, 2059 → Clergy person dies, 2083 → Clergy person's spouse dies, 2089 → Benefits end.

Compass Plan
Timeline: Compass begins, 2026 → Compass vesting phase (during clergy's active ministry): conference and personal contributions → Compass spending phase (after retirement): no conference obligations; participant receives distributions → Account balance remaining after death goes to beneficiaries.

Church Contributions

- \$150 flat fee contribution
- 5% of clergy's pay
- \$125 match (up to 4% of pay)

Clergy Contributions

What are the Compass Contributions?
Compass is an account-based plan with contributions from the Church and the clergy person.

- The Church ("employer") makes three types of contributions.
- Clergy are encouraged to contribute at least...

Important Questions

How much are your clergy contributing?

How often are contributions uploaded?

What is the best way to inform your clergy?

Addressing Automated Enrollment and Escalation

Enrollment

Enroll clergy within **X** days of starting

- Ensures clergy do not lose out on multiple payroll cycles due to competing time commitments
- Clergy receive the match early in their career

Escalation

Annually increase contribution rate up to **Y%**

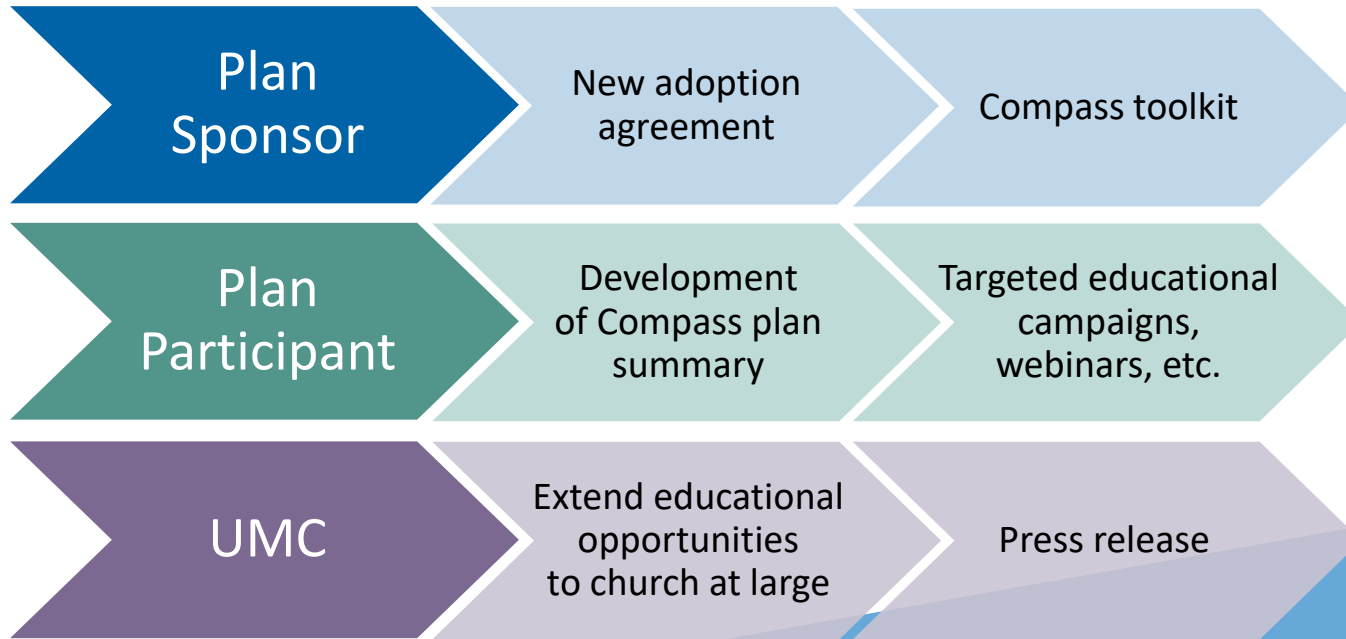
- Helps participants improve their retirement savings without the administrative steps
- Participants rarely request to reduce the contributions back to a lower level

Clergy can opt out at any time.



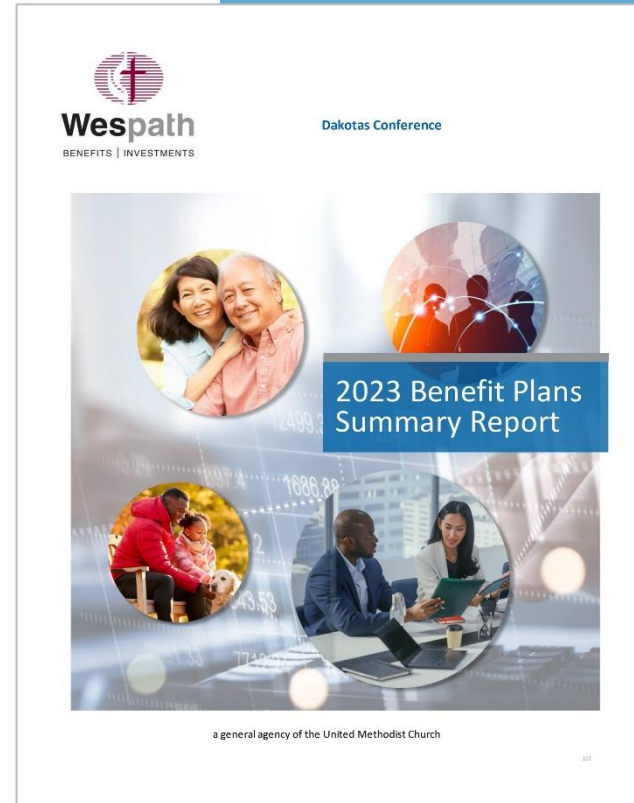
Wespath Is Gearing Up to Help

Explaining the new plan and how it works:

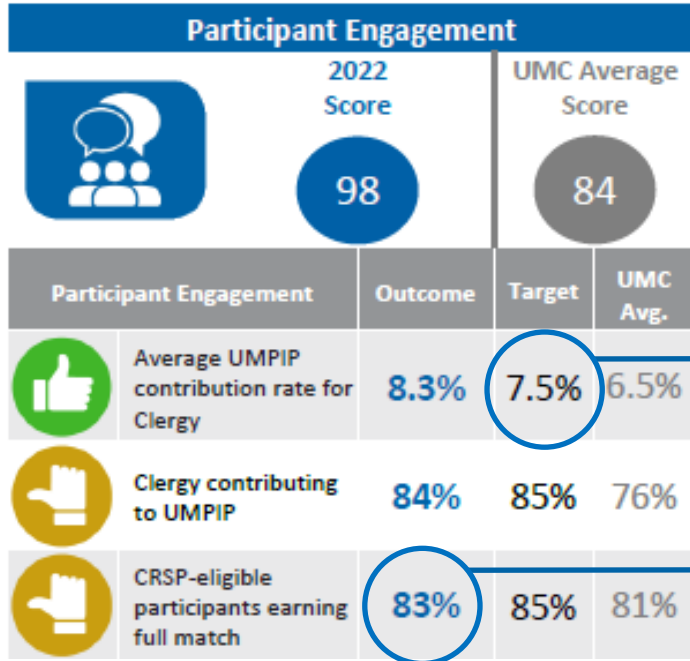


Benefit Plans Summary Report

- Where we started
- What we included
- Where can you get it?
- How should you use it?



Do You Know Your Clergy's Contribution Rates?

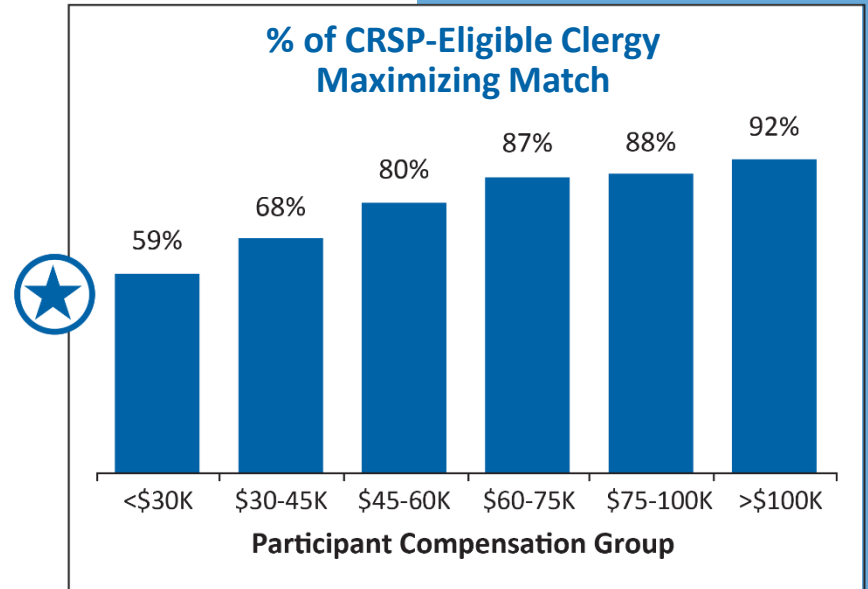
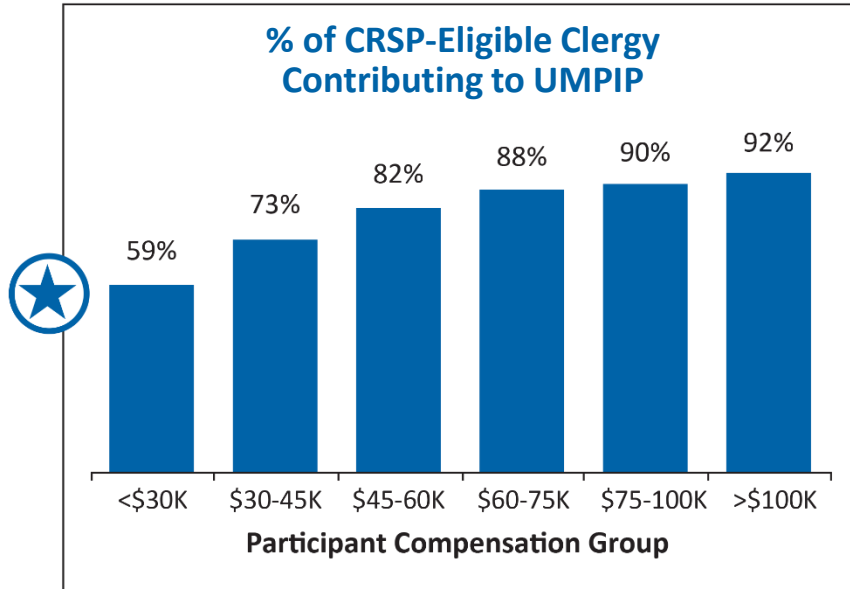


With Compass, individual contribution rates will become more important.

17% of the clergy would miss the full matching benefit. How can we help them?

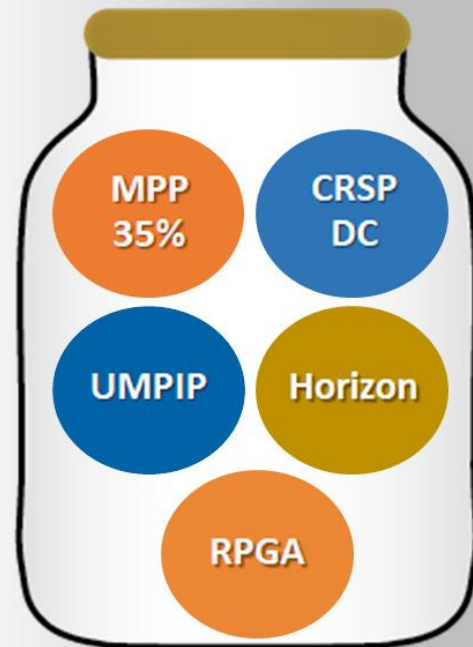
Focusing on Clergy Needs

Participant Engagement Example

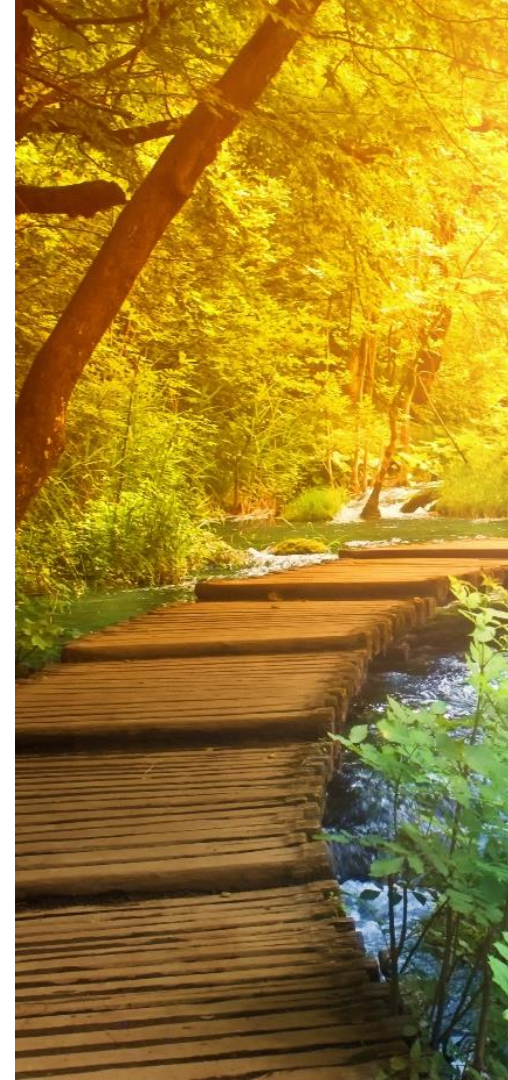
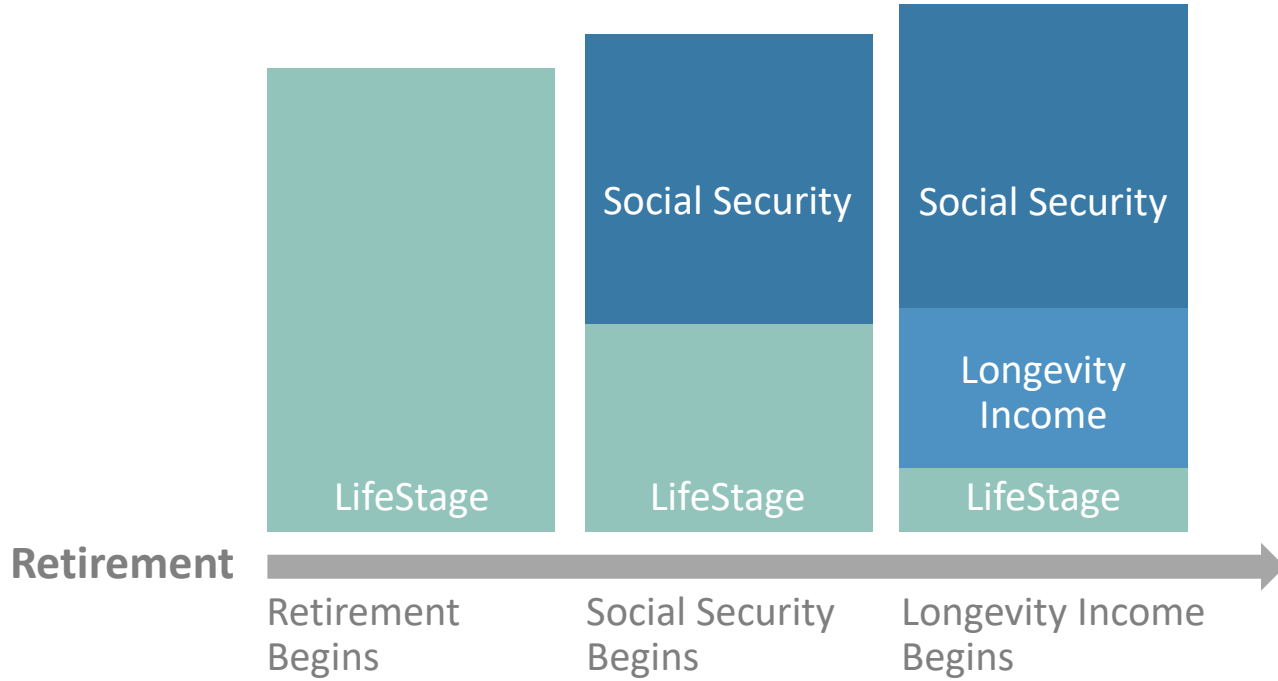


Funding LifeStage Retirement Income

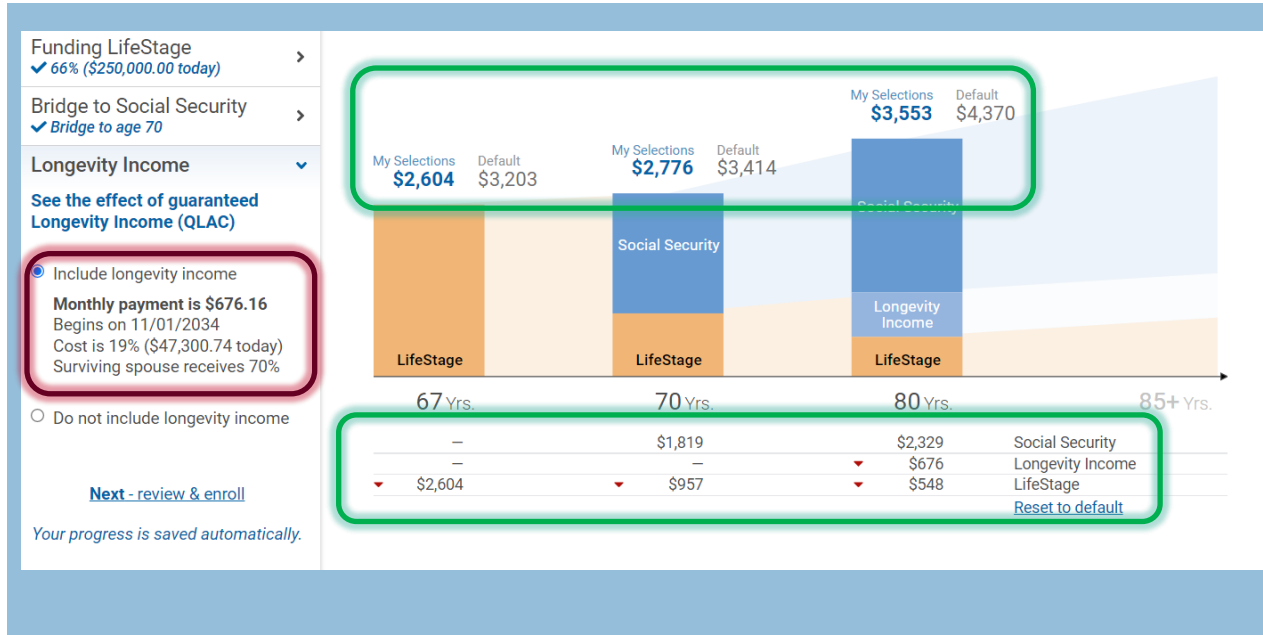
- Participant selects how much of their Defined Contribution (DC) plan accounts to use to fund their LifeStage Retirement Income
- During enrollment, all accounts are combined
 - Balance invested based on participant's LifeStage Investment Management profile
 - Remaining balance invested based on participant's choice
- Funding decision impacts participant's options



How It Works



LifeStage Retirement Income Modeling Tool in Benefits Access



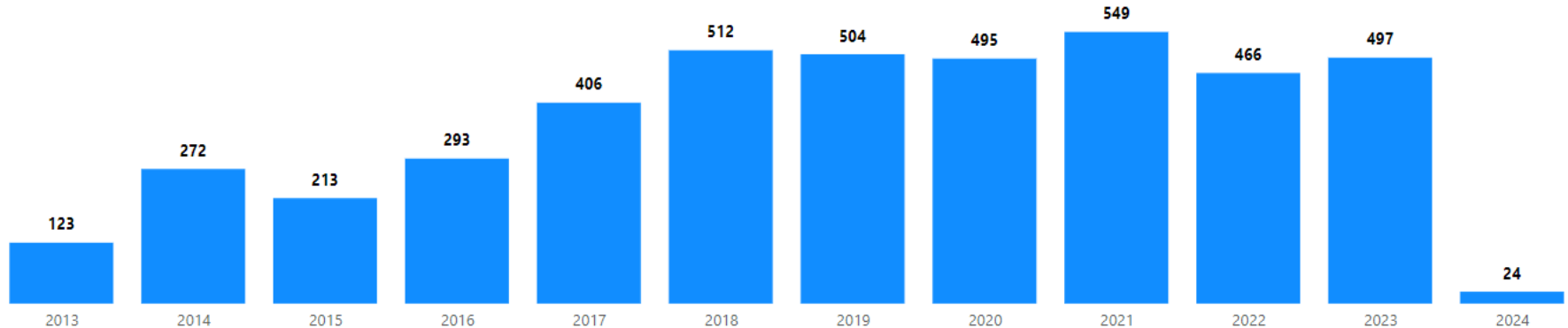
➤ Defaults to include Longevity Income Protection

➤ Recalculation shows the comparison to the baseline

Participants Electing LifeStage Retirement Income

- Program continues to grow
- Over **4,000** participants
- Total assets of **\$1.1B**

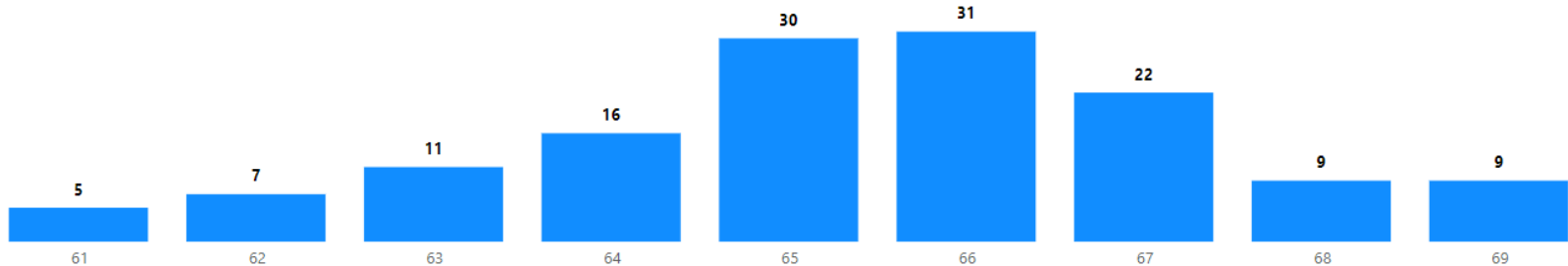
New Account Activations by Year



Who Is Electing the Social Security Bridge?

- 140 participants are currently receiving a Social Security Bridge payment
- The average length of payments is 3.4 years
- The average age to bridge to is 68.5

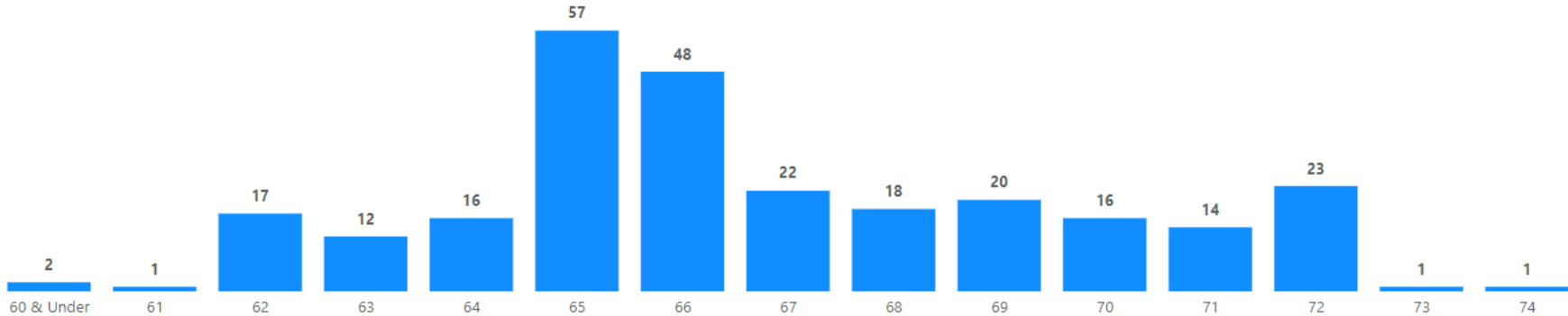
Current Age of Participants who Selected a Bridge



Who Is Electing the Longevity Income Protection?

- 268 participants selected Longevity Income Protection
- The average benefit amount is \$1,015
- The average age at purchase was 67.2

Purchase Age for the Longevity Income Protection





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