

General Conference 2008

Legislative Changes Impacting
General Board of Pension and
Health Benefits Plans and Programs

General Agencies



GENERAL BOARD OF PENSION AND HEALTH BENEFITS
OF THE UNITED METHODIST CHURCH

Caring For Those Who Serve

Introduction



All GBOPHB plans and programs are designed to help us fulfill our mission—to *serve and support the financial well-being of participants guided by the principles of The United Methodist Church.*

The General Board of Pension and Health Benefits (GBOPHB) is a 100-year-old, not-for-profit administrative agency of The United Methodist Church. Since we were established in 1908, one mandate has been central to all that we do: *stewardship*.

As faithful stewards, we are responsible for the general supervision and administration of the retirement, health and welfare benefit plans and programs for more than 74,000 active and retired clergy and lay employees of the Church. GBOPHB manages and invests over \$15 billion in assets, is the largest faith-based pension fund in the U.S. and ranks among the top 100 pension plans in the country.

All GBOPHB plans and programs are designed to help us fulfill our mission—to *serve and support the financial well-being of participants guided by the principles of The United Methodist Church*. To continue to fulfill this mission and remain a leading financial services institution and benefits administrator, GBOPHB submitted 30 legislative petitions to General Conference 2008. All of these petitions were approved.

This brochure summarizes the petitions submitted by GBOPHB—as well as petitions affecting GBOPHB's plans and programs that were submitted by others—impacting general agencies.

Retirement Petitions

Petition 80652: Retirement Plan for General Agencies

Effective January 1, 2010, RSP will be amended and restated as the Retirement Plan for General Agencies (RPGA). RPGA—a purely defined contribution (DC) plan—will provide general agency clergy and lay employees who work at least 1,000 hours per year with:

- a contribution of 8% of their compensation, and
- the opportunity to earn up to an additional 2% matching contribution.

Clergy and lay employees working less than 1,000 hours per year will be eligible only for the 2% matching contribution.

In 2009, GBOPHB will be working with each general agency on the rollout of RPGA to employees.

Petition 80651: RSP Technical Corrections

This petition makes the following technical corrections to the Retirement Security Program for General Agencies (RSP):

- **Cash-Out Rule Revision:** If a participant's defined benefit (DB) and annuity payments from CRSP, the Ministerial Pension Plan (MPP) and the Pre-82 Plan together would be less than \$100 per month, the lump-sum actuarial equivalent of these benefits will be transferred to the participant's CRSP DC account instead of being paid out in cash. As always, DC account balances of less than \$5,000 will be cashed out at retirement or termination—however, going forward, this calculation will cover all GBOPHB-administered plans. For example, if a participant has a \$4,000 balance in CRSP DC and a \$2,000 balance in another GBOPHB-administered plan, for a total of \$6,000, the balances will not be cashed out. This change will become effective January 1, 2009.
- **Delete Compensation Cap:** Internal Revenue Code (Code) section 401(a)(17) provides a \$230,000 limit on compensation that can be considered in calculating contributions or benefits. However, since this Code section does not apply to most plan sponsors of RSP, this petition eliminates the compensation cap on RSP DC contributions, effective January 1, 2008.

Petition 80168: Early Retirement for Clergy

This petition changes the years-of-service requirement for clergy to be place in a retired relation with their annual conference (early retirement eligibility). Effective January 1, 2009, clergy will be eligible for early retirement at age 62 or after 30 years of service, whichever comes first. Previously, they were eligible at age 62 or after 35 years of service.

Petition 81101: Change Retirement Age for Clergy

This petition increases the mandatory retirement age for clergy from age 70 to age 72, effective January 1, 2009. This change allows clergy to remain in an effective relation with their annual conference until age 72.



Health and Welfare Petitions



Petition 80648: Comprehensive Protection Plan Amendments

This petition makes technical corrections and minor plan design changes to the Comprehensive Protection Plan (CPP), effective January 1, 2009, except where another effective date is specified. Following is a summary of the revisions:

- **Limit on Retroactive Long-Term Disability Benefits:** To encourage timely filing of claims, the retroactive period for long-term disability benefits will be limited to 180 days for claims submitted between 181 and 365 days after the date of disability.
- **Each General Agency a CPP Plan Sponsor:** Effective January 1, 2009, the general agency to which the participant is appointed is the CPP plan sponsor. This means that each general agency is required to complete a CPP adoption agreement. This change does not alter the way in which CPP contributions are remitted to GBOPHB by or on behalf of the general agency.
- **Members of Other Methodist Denominations:** For CPP purposes, clergy of other Methodist denominations will have the same eligibility as clergy members of United Methodist annual conferences if they are appointed full-time, in accordance with ¶346.1 of *The Book of Discipline*.
- **Retiree Death Benefit Eligibility I:** Participants will be eligible for retiree death benefits if they were covered in the plan for:
 - at least two years immediately preceding retirement,
 - any five of the 10 years immediately preceding retirement, or
 - 25 years.
- **Retiree Death Benefit Eligibility II:** Beginning January 1, 2012, participants will be eligible for retiree death benefits only if they were covered in the plan for:
 - any five of the 10 years immediately preceding retirement, or
 - 25 years.
- **Additional Special Arrangements for Extension Ministries:** Non-conference plan sponsors to which clergy are appointed in extension ministries will be allowed to make special arrangements to cover clergy with less-than-full-time appointments.
- **Late Enrollment for Special Arrangements:** Plan sponsors will be allowed to correct late enrollments under special arrangements due to plan sponsor omission, provided they remit required premiums and assessed late fees. The plan previously did not allow these corrections. For optional special arrangements, however, the plan will continue to prohibit late enrollment of clergy who were timely informed of their eligibility but elected not to enroll within 90 days of becoming eligible.

- **Surviving Spouse Annuities:** The plan provides a minimum level of income in the form of an annuity for surviving spouses of active clergy who die before earning significant pension benefits. The plan will no longer terminate the minimum surviving spouse annuity benefits for surviving spouses who remarry. Surviving spouses whose benefits were terminated due to remarriage may submit a claim to begin their benefits again, but only on a prospective basis (i.e., from the time of the renewal request). GBOPHB will not proactively reinstate these surviving spouses' benefits.
- **Overpayment Recovery:** GBOPHB may reduce the CPP payments to participants who receive overpayments from another GBOPHB plan—e.g., the United Methodist Personal Investment Plan (UMPIP)—by an amount equal to the overpayment from that plan.
- **Beneficiary Designation Percentages:** Participants and surviving spouses will be allowed to designate an unequal division of benefits among their beneficiaries.

Petition 80655: Denominational Health—General Agency Health Care Plans and Retiree Access

- **Group Health Care Plans:** Beginning January 1, 2009, each general agency must sponsor or participate in a group health care plan that covers its full-time clergy and full-time lay employees.
- **Health and Wellness Programs:** Each general agency must establish and/or maintain a health and wellness program for its clergy and lay employees.
- **Retiree Health Care Access:** Beginning January 1, 2009, each general agency must provide its retired clergy, lay employees and their spouses with some level of assistance in obtaining access to health and prescription drug plans that supplement Medicare. Such assistance can take the form of, but is not limited to, a Medicare supplement-type plan, a fixed-dollar benefit for health care, a reimbursement arrangement, subsidized Medicare Part B or Part D premiums or a group contract with an insurer. Providing assistance in obtaining access does not compel a general agency to fund such coverage (i.e., coverage can be retiree-pay-all). However, a general agency may share the cost of coverage with its retirees at its discretion.



Health and Welfare Petitions



- **General Agency Reporting:** Each general agency will be required to:
 - submit a summary of health care plan data (including, but not limited to, group health care plan financial soundness, claims experience and other cost drivers, plan designs and coverage and eligibility criteria) to GBOPHB by December 31, 2009, and annually thereafter);
 - submit financial accounting valuations for projected medical liabilities (FAS 158) by December 31, 2008 (for the fiscal year ended December 31, 2007 or December 31, 2006), and biannually thereafter; and
 - publish its policy regarding eligibility for retiree health care coverage and cost-sharing, particularly regarding service in the denomination outside of the general agency, and communicate this policy to its clergy and lay employees by December 31, 2008.

General agencies may need to work with GCFA, the plan's program administrator, to obtain necessary data. In addition, each general agency must create a plan for addressing its unfunded retiree medical liabilities by December 31, 2010.

Petition 80657: Denominational Health—GBOPHB Support

General Conference 2008 charged GBOPHB with studying and improving the health of the denomination. To accomplish these goals, GBOPHB is authorized and obligated to collect, analyze and distribute group health care plan data and health and wellness program information from and to the denomination (while following all applicable privacy laws). General agencies may need to work with GCFA, the plan's program administrator, to obtain necessary data. GBOPHB will use the data and information to:

- establish denomination-wide benchmarks and standards;
- identify and disseminate best practices for healthy lifestyles and health cost management;
- provide reports;
- share data and analysis;
- advise about health care plan designs, coverage, financial soundness and wellness programs; and
- recommend health and wellness strategies and guidelines for annual conferences, general agencies and bishops.

A data advisory group will be convened in the fourth quarter of 2008, and it will release its first reports in 2010.

Petition 80659: Denominational Health—Church Systems Task Force

In an effort to study the impact of employment systems on clergy health, GBOPHB and the General Board of Higher Education and Ministry (GBHEM) will jointly convene a task force for the quadrennium to:

- examine itineracy and appointment-making systems,
- recommend improvements to supervisory systems,
- address processes for entering and exiting ordained and licensed ministry, and
- provide guidelines for sustaining a healthy work/life balance during ministry.

This task force will present its findings and recommendations to the Connectional Table, the Council of Bishops and General Secretaries by 2011 and submit recommendations, if any, to General Conference 2012.





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