



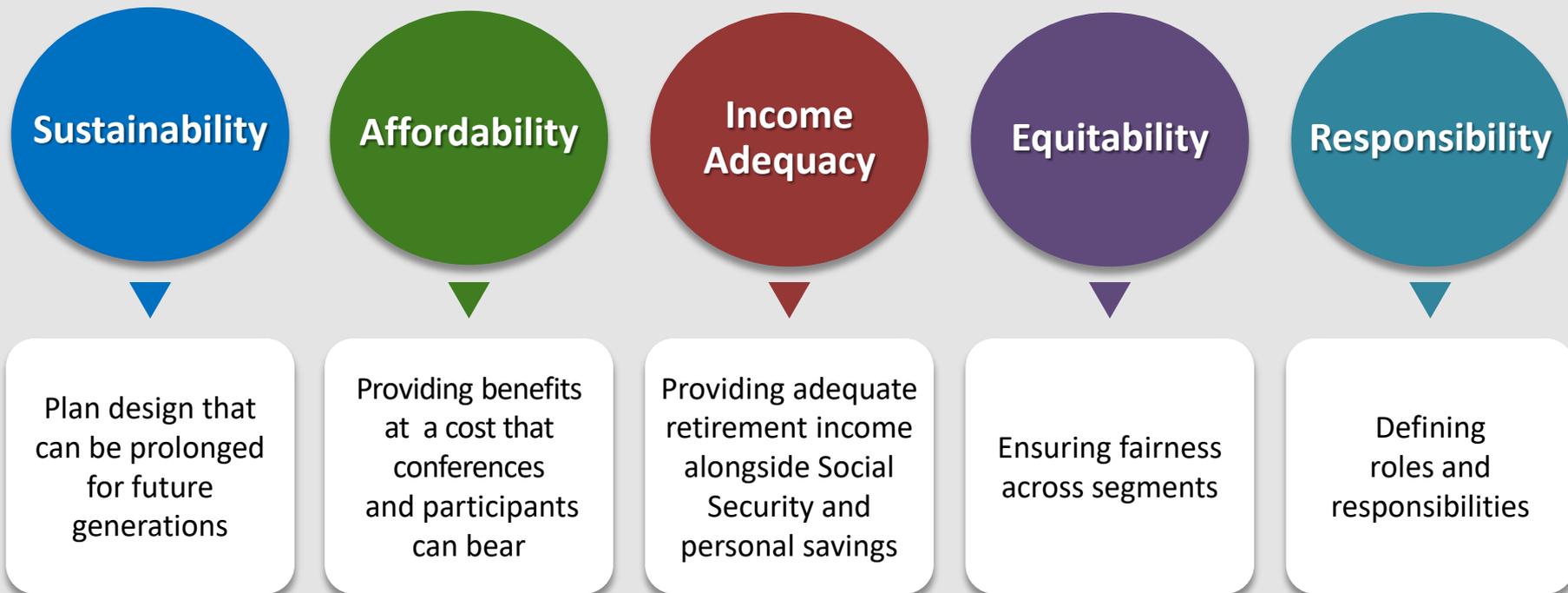
Wespath

BENEFITS | INVESTMENTS

AUMCPBO—NOVEMBER 2018

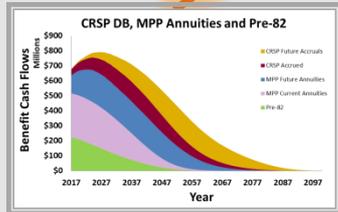
Plan Design Review

Foundational Concepts

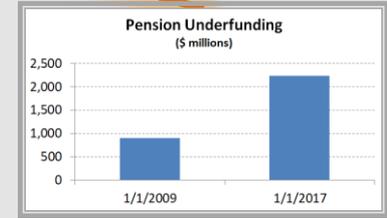


Environment for Existing Pension Plans

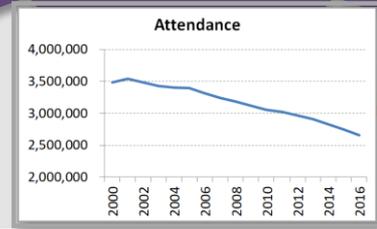
- Increasing longevity
- Rising health care costs
- Long tail of DB obligations



- Low interest rates
- Uncertain investment returns
- Plan funding has deteriorated over past 10 years



Result is Need for a More Flexible and Sustainable Plan

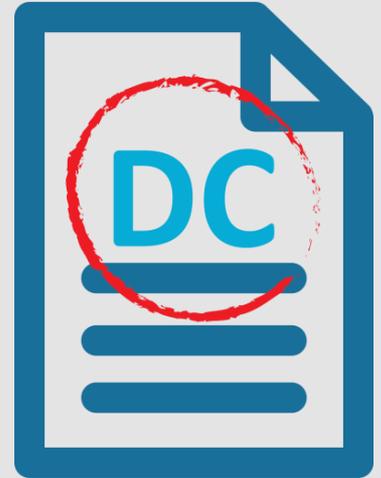


- Increase in part-time and second-career clergy
- Membership decline
- Uncertainty over future of church and impact of GC 2019

Proposed Change

Account-Based Retirement Plan

- Based on stakeholder feedback, DC Only plan is the appropriate design for the future UMC
- Only long-term, sustainable option considering changes in church
- Similar to for-profit plans, but for different reasons and with different features
- Effective date: January 1, 2023



Proposed DC Only Plan



**Maintain connectionalism;
help lower-paid clergy**

Flat-dollar contribution
("equalizer")

\$140 per month



**Relate retirement income to
pre-retirement earnings**

Pay-dependent
contribution

3% of pay

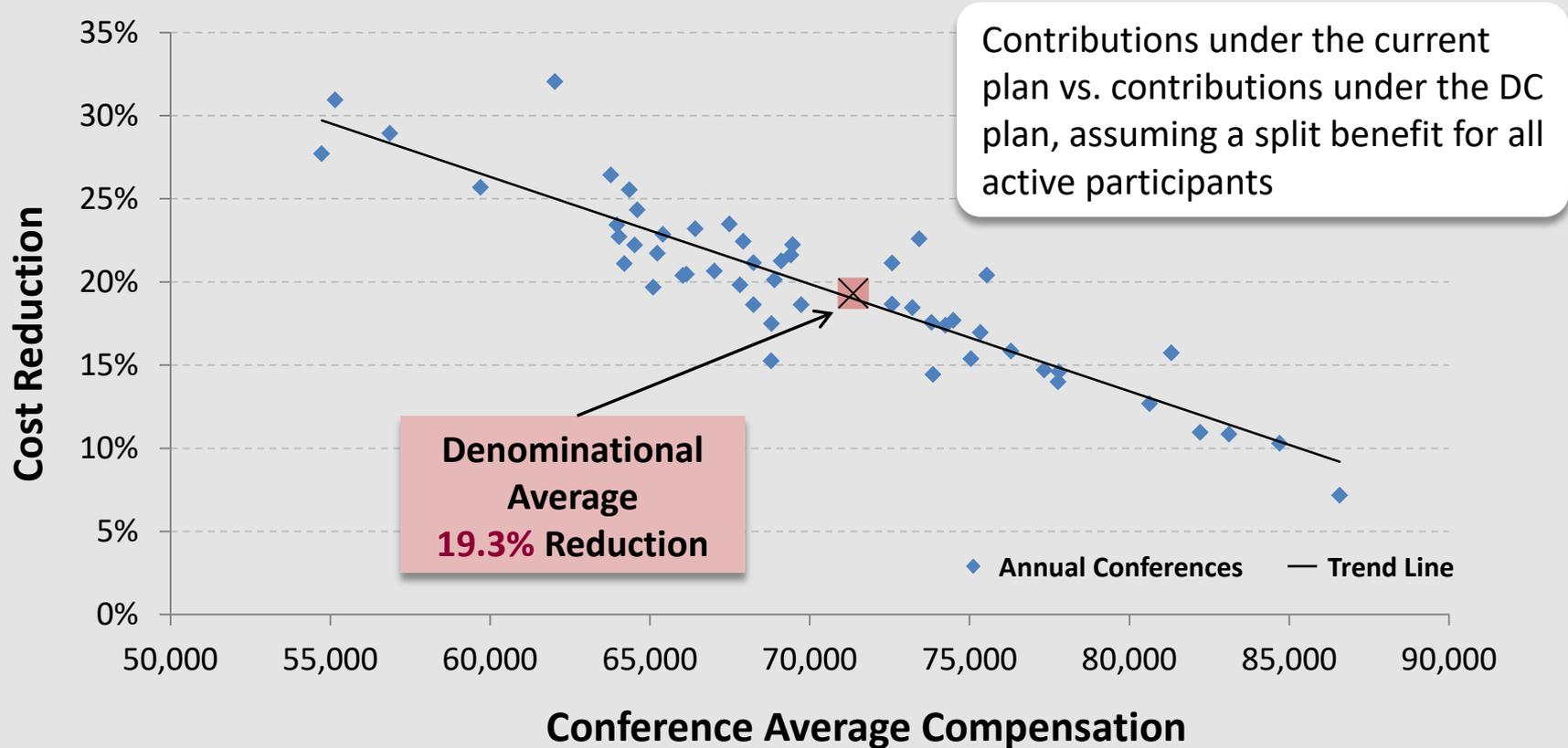


**Promote participant
engagement and savings**

Matching
contribution

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

Cost Impact on Conferences and Churches



How We Ensure Success

Participant Engagement

- Education and Promotion
 - Wespath communications efforts
 - Partnership with annual conferences
- Automatic Features

Smart Technology Utilization

- Supports education and administration



Automatic Features—Importance in Design

- Matching contributions increase from 1% to 4%
 - More plan sponsor contributions to potentially miss out on when not making own contributions
- Getting participants engaged is key to the plan's success
- Automatic Features will help protect clergy who are less engaged
 - Automatic enrollment: Get participants contributing
 - Automatic escalation: Increase savings rate incrementally over time

**Reminder: Automatic Features don't change participant options.
They merely change which option is the default.**

Automatic Features and UMPIP

Participants must have the option to make elective deferrals



Plan must be mandatory

Automatic Features are essential to drive engagement



Annual Conferences must act as plan sponsor

In new plan:

Clergy will make contributions in CRSP rather than UMPIP

Require automatic features in CRSP

How Do We Get There—Road to GC2020



Approval by Wespath BoD

February 2019 and May 2019

General Conference 2019

February 2019



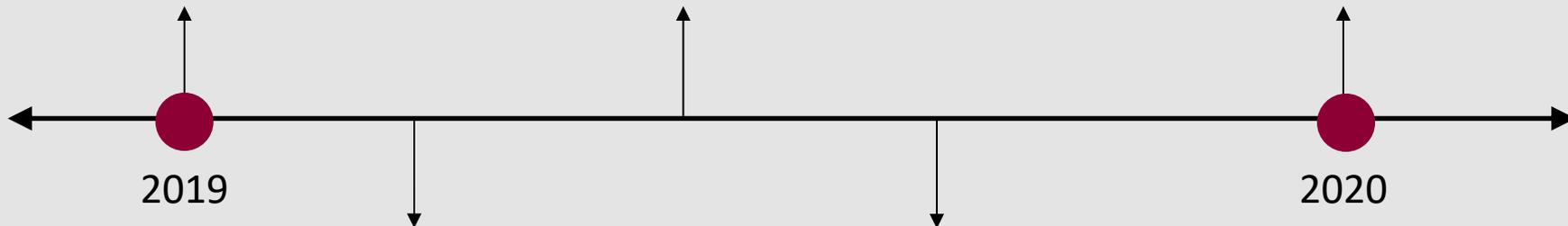
Submission of Proposal

September 1, 2019



GC 2020

May 5-15, 2020



Drafting Legislation

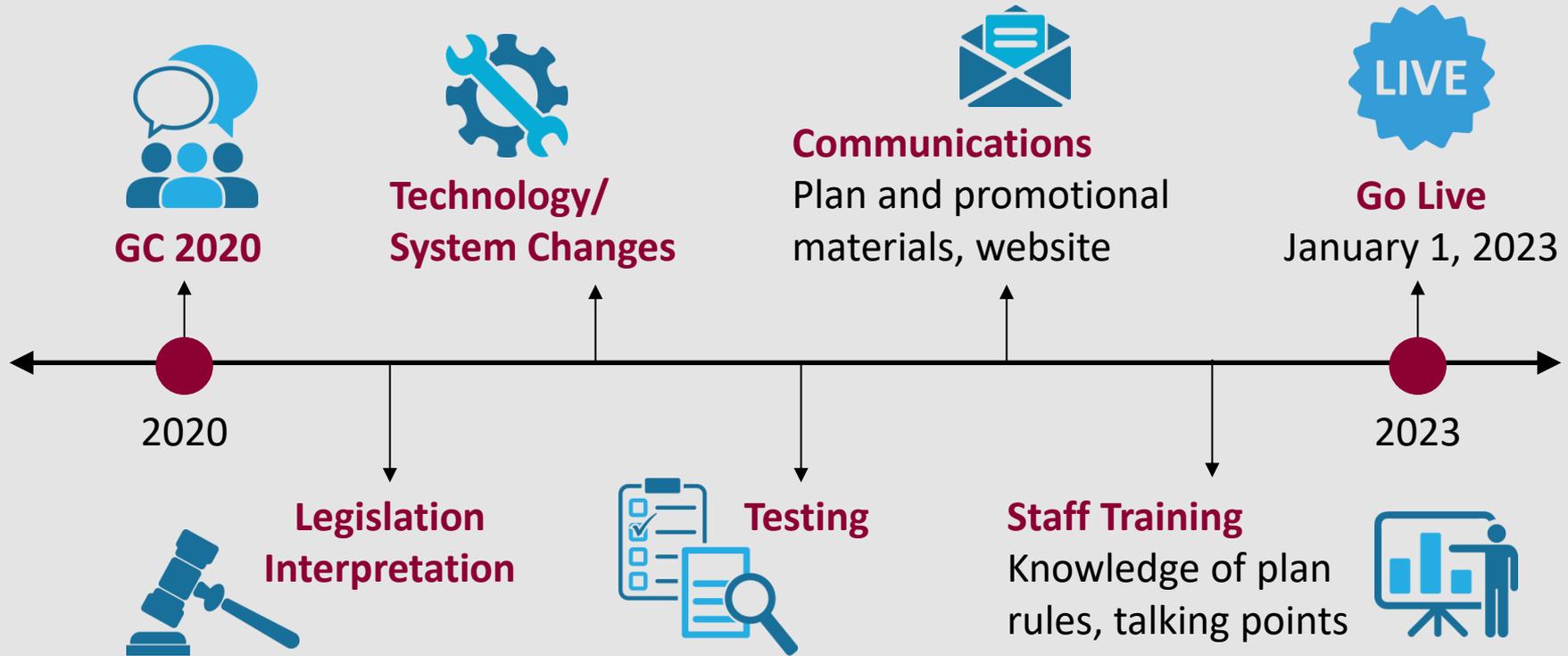
Ongoing through
June 2019

Delegate Trainings

Fall 2019–Spring 2020



GC 2020 to Go Live 1/1/23



Disclaimer

- *The material in this update is provided as general information regarding proposals that are intended to be submitted as petitions at GC2020 with respect to the mandatory clergy retirement and health and welfare plans.*
- *These proposals are subject to change between now and submission of the petitions. Certain aspects of the proposed plan design have not yet been finalized by Wespath's Board of Directors.*
- *The petitions, if submitted, could also be amended or otherwise modified at GC2020. They could also be modified before submission as a result of legislation that passes at GC2019.*
- *The proposals described herein may ultimately fail to pass in current form, or in any form at all.*
- *If sharing this information with others, please include the disclaimers above in your message, and do not describe these proposals as being final.*

What should be our priorities to ensure a successful plan transition?





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BENEFITS | INVESTMENTS