

General Conference 2019—Pension Considerations

BACKGROUND: Retirement Plans for U.S. Clergy

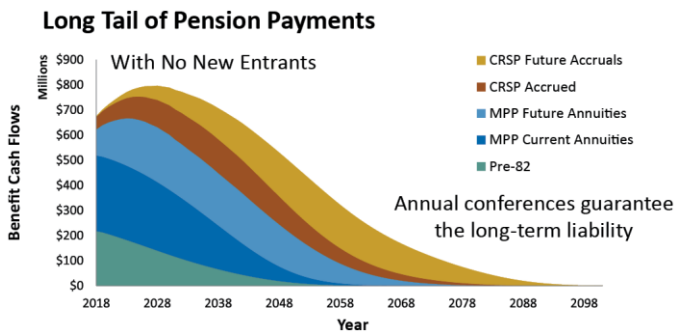
For over 100 years, Wespath has administered retirement plans for U.S. clergy, including:

- **Clergy Retirement Security Program (CRSP)**—for years of UMC service January 2007 to present
- **Ministerial Pension Plan (MPP)**—for years of UMC service 1982-2006
- **Pre-82 Plan**—for years of UMC service prior to 1982
- **United Methodist Personal Investment Plan (UMPIP)**—voluntary personal contributions and additional employer contributions

More plan details are available at wespath.org/retirement/plan.

BACKGROUND: Considerations for Annual Conferences

As the “plan sponsors” for UMC pension plans listed below, annual conferences have pension liabilities through about the year 2090 for currently active clergy.



Annual conference is the plan sponsor for clergy pension benefits.

- The conference is responsible for funding pensions promised to its clergy for their years of UMC service.

Where can I Learn More?

Visit



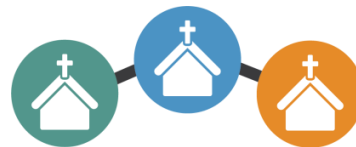
wespath.org/WayForwardWespathFAQ



PETITION 90016: Protecting Conferences

Departing church pays “fair share” to conference.

Because of the UMC’s connectional nature, a local church that withdraws from the UMC connection in effect leaves a portion of its long-term pension obligations to the conference that it is exiting from and its remaining fellow churches.



- By paying its share of the long-term unfunded pension obligation to the conference upon its withdrawal, the departing church helps cover the long-term costs of providing retirement benefits to clergy and beneficiaries.
- The conference will determine a “pro rata fair share” payment amount for any local church that closes or exits the UMC to become independent or join a federated church or other evangelical denomination. Wespath is available to help conferences determine long-term pension liabilities.
- Wespath is permitted by *The Book of Discipline* to manage funds and offer services to non-UMC churches that share “common bonds and convictions” with the UMC.

A local church that exits the UMC may owe other payments to the annual conference.

Wespath’s petition initially addressed pension liabilities. However, the General Conference amended the petition to permit conferences to collect other payments including, but not limited to, retiree medical liabilities, repayment of grants or loans, etc.

PETITION 90017: Clergy Benefits Earned to Date Are Secure



Benefits for clergy who remain in the UMC connection continue as usual.

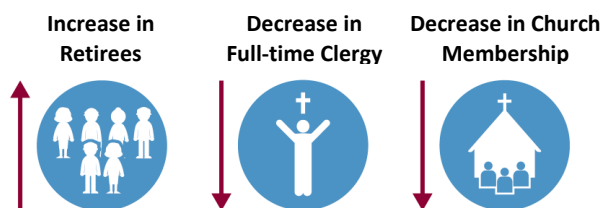
Active clergy who leave the UMC will not lose pension benefits they have earned—but the form of retirement benefits will change.

- Pension benefits earned to date from defined benefit (DB) pension plans (CRSP and Pre-82) will be converted to an equivalent account balance, and then transferred to UMPIP.
- Account balances earned through MPP will also be transferred to the participant’s UMPIP account.
- The clergy participant will not receive monthly pension payments (“annuities”) at retirement. Instead, the participant can access the full UMPIP account balance at any time.
- UMPIP benefits are portable and have the opportunity to grow over time.

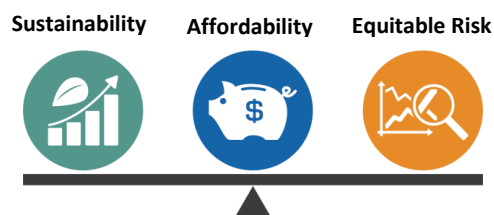
Benefits for clergy who are already retired generally are not impacted.

Looking Ahead

Wespath is committed to sustainable, portable benefits—whether clergy stay in the UMC connection or leave the UMC.



We believe plan design changes are needed to address demographic trends, U.S. declines in church membership, changing UMC needs, changes that might follow the 2019 General Conference, and financial market dynamics.



For General Conference 2020, Wespath will recommend a new retirement plan designed to be more sustainable over the long term, more portable for clergy who transfer conferences or leave the UMC, and more affordable for conferences.