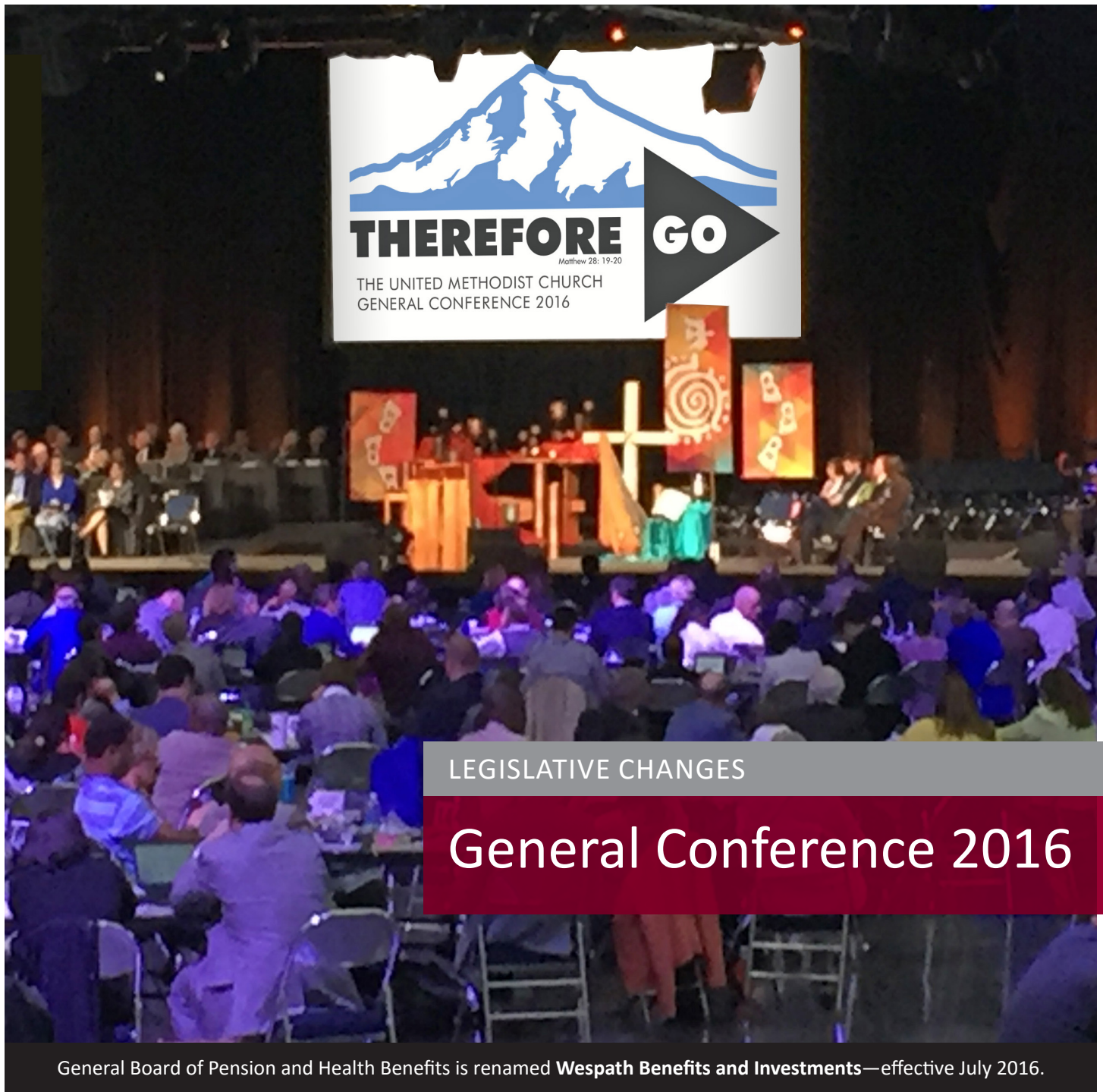




Wespath

BENEFITS | INVESTMENTS



THEREFORE GO
Matthew 28: 19-20
THE UNITED METHODIST CHURCH
GENERAL CONFERENCE 2016

LEGISLATIVE CHANGES

General Conference 2016

General Board of Pension and Health Benefits is renamed **Wespath Benefits and Investments**—effective July 2016.

a general agency of The United Methodist Church

An Agency of The United Methodist Church

The General Board of Pension and Health Benefits was renamed *Wespath Benefits and Investments (Wespath)* in July 2016. We have served clergy, lay employees, retirees and their families since 1908. We are committed to stewardship, sustainability and service in caring for those who serve The United Methodist Church:

- **Stewardship**—We are a steward of financial resources that help secure the retirement futures for generations of clergy and lay workers—past, present and future
- **Sustainability**—We strive to assure that the benefit plans we administer, and the investments that support them, are economically, socially and environmentally sustainable. We intend for benefits to remain available for participants during life’s transitions—from health, disability and death benefits, to retirement benefits.
- **Service**—We are rooted in connections of service. Our agency mission reflects professional and interpersonal connections across the global Church. Our day-to-day work brings us in contact with thousands of plan participants and dozens of conference benefits officers and, by extension, with their district superintendents, bishops, treasurers, board of pensions members and plan administrators who provide face-to-face connections and daily contacts with more than 92,000 U.S. participants and more than 10,000 participants in the central conferences. Through these connections of service, all eligible United Methodist clergy have a retirement benefit —wherever they serve around the world.

We view our role for the Church as a responsibility and privilege, and commit our agency to helping ensure sustainable benefits through sustainable investment practices. The petitions we submitted to General Conference 2016 support these long-term goals.

This brochure summarizes the legislation resulting from Wespath’s petitions to General Conference 2016. For more details, visit wespath.org/gc2016 and umc.org (select “**General Conference 2016**” and then select “**Track Legislation**”).

All plan changes are effective **January 1, 2017**, unless noted otherwise.



Clergy Retirement Security Program (CRSP)



This petition makes technical and substantive amendments to CRSP. The petition includes these key provisions:

- Revises the definition of “compensation” (i.e., compensation considered for retirement benefit plan purposes only) to exclude additional payments to clergy in lieu of a conference-provided group health plan
- Revises the definition of “denominational average compensation” (DAC) to reflect the exclusion of certain payments from “compensation” as described above (including any amounts excluded under the definition that were earned before the January 1, 2017 effective date). Because DAC is calculated two years in advance, this recalculates the DAC for 2017 as \$68,876
- Permits Wespath to purchase annuities through insurance contracts held outside the benefits trust. The insurance company—rather than the retirement benefits trust—would assume liability for such transferred annuities. Wespath has no current plans to utilize such insurance contracts, but will have flexibility to do so in the future
- Expands the definition of “disabled” for the purpose of early retirement plan distributions to include terminated participants who are not eligible for Social Security disability (SSDI), if such participants are deemed “disabled” by a Wespath-selected third-party vendor
- Modifies the timeframe during which plan sponsors may request return of plan contributions made by mistake of fact from “one year” to “a reasonable time.” This change may give conferences more flexibility to remedy contributions made in error. Specific earnings on the returned contributions are refunded in accordance with IRS regulations
- Expands the provision to allow naming any disabled child—adult or minor—as a secondary contingent annuitant
- Aligns CRSP with Comprehensive Protection Plan (CPP) provisions regarding length of time that CPP-disabled participants receive retirement plan contributions from their CPP benefits into their CRSP defined contribution (DC) accounts and earn CRSP defined benefit (DB) accruals
- Allows Wespath to transfer benefits and/or account balances between sub-plans of CRSP or other DC plans maintained by Wespath [for example, transferring a Ministerial Pension Plan (MPP) account balance to CRSP DC] for administrative purposes, without changing the benefit amount or terms
- Lengthens the timeframe to file lawsuits (after exhausting all plan appeals) from six months to one year (effective June 1, 2016), consistent with the U.S. Supreme Court ruling regarding employee benefit plans

Comprehensive Protection Plan (CPP)

This petition makes technical and substantive amendments to CPP [mandatory long-term disability (LTD) and death benefits plan for clergy]. The petition includes these key provisions:

- Revises the definition of “compensation” (i.e., compensation considered for welfare plan purposes) to exclude additional payments to clergy in lieu of a conference-provided group health plan (consistent with CRSP change described on page 1)
- Revises the definition of “denominational average compensation” (DAC) to be consistent with DAC definition in the CRSP plan document (consistent with CRSP change described on page 1).
- Removes the minimum requirement for plan compensation of at least 60% of DAC or conference average compensation (CAC) for general CPP eligibility
- Eliminates special arrangements for certain clergy appointed ½- or ¼-time and those on leaves and sabbaticals. Adds eligibility for part-time local pastors appointed ¾-time if the annual conference so elects, and typically at lower premium costs to plan sponsors than current provisions
 - Clergy who are appointed ½- or ¼-time and ineligible for CPP coverage may be made eligible for LTD and death benefits through *UMLifeOptions* based on plan sponsor adoption. (Clergy on leave, sabbatical or other non-salaried status are not eligible for *UMLifeOptions*.)
 - Grandfathers CPP retiree death benefits for ½- or ¼-time clergy who would lose eligibility under this change— if they meet the following criteria as of June 30, 2017: **a)** age 60 with CPP participation during 8 of the past 11 years; **or b)** age 57 with 20 years of CPP participation
- Eliminates minimum disability benefits for new claims, allowing CPP to provide benefits at a uniform percentage of compensation
- Removes 24-month limit on “treatable, returnable” mental health-related disabilities, but adds a requirement that all claimants must receive appropriate available medical or mental health treatment in accordance with generally accepted medical standards, in order to continue qualifying for disability benefits
- Lengthens the timeframe to file lawsuits (after exhausting all plan appeals) from six months to one-year (effective June 1, 2016), consistent with the U.S. Supreme Court ruling regarding employee benefit plans
- Fine-tunes CPP’s **Voluntary Transition Program**
 - Adds eligibility for qualified associate members, in addition to elders and deacons
 - Maintains conditional eligibility for up to 24 months for clergy who have ceased as CPP participants due to personal leave, transitional leave or part-time appointment, subject to other program eligibility requirements



GC 2016 delegates praying together

Global Episcopal Pension Program (GEPP)

This petition makes technical and substantive changes to GEPP, consistent with several changes made to CRSP (described on page 1). The petition includes these key provisions:

- Permits Wespath to purchase annuities through insurance contracts held outside the benefits trust. The insurance company—rather than the retirement benefits trust—would assume liability for such transferred annuities. Wespath has no current plans to utilize such transferred annuities, but will have flexibility to do so in the future
- Modifies the timeframe during which the plan sponsor (General Council on Finance and Administration, GCFA) may request return of plan contributions made by mistake of fact from “one year” to “a reasonable time.” This change gives GCFA more flexibility to remedy contributions made in error

Retirement Plan for General Agencies (RPGA)

This petition makes technical and substantive changes to RPGA, consistent with several changes made to CRSP (described on page 1). The petition includes these key provisions:

- Permits Wespath to purchase annuities [i.e., annuities under the historical, frozen defined benefit (DB) plans maintained as supplements to RPGA] through insurance contracts held outside the benefits trust. The insurance company—rather than the retirement benefits trust—would assume liability for such transferred annuities. Wespath has no current plans to utilize such transferred annuities, but will have flexibility to do so in the future
- Expands the definition of “disabled” for the purpose of early retirement plan distributions to include terminated participants who are not eligible for Social Security disability (SSDI), if such participants are deemed “disabled” by a Wespath-selected third-party vendor
- Modifies the timeframe during which plan sponsors may request return of plan contributions made by mistake of fact from “one year” to “a reasonable time”
- Allows Wespath to transfer benefits and/or account balances between retirement plans it administers [for example, transferring an RPGA account balance to the United Methodist Personal Investment Plan (UMPIP)] for administrative purposes, without changing the benefit amount or terms
- Lengthens the timeframe to file lawsuits (after exhausting all plan appeals) from six months to one-year (effective June 1, 2016), consistent with the U.S. Supreme Court ruling regarding employee benefit plans

Sustainable and Socially Responsible Investments



Barbara Boigegrain, general secretary and chief executive officer of Wespath Benefits and Investments, answers a question during GC 2016.

This petition modifies *Discipline* guidance regarding investment practices on behalf of the UMC—reflecting an evolution in sustainable investment over the past quadrennium and aligning with Wespath’s proactive approach to sustainable investing and its ongoing consideration of environmental, social and governance (ESG) factors in investment decisions. The petition includes these key provisions:

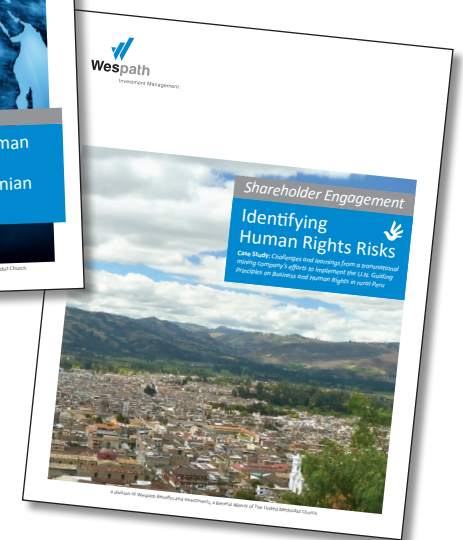
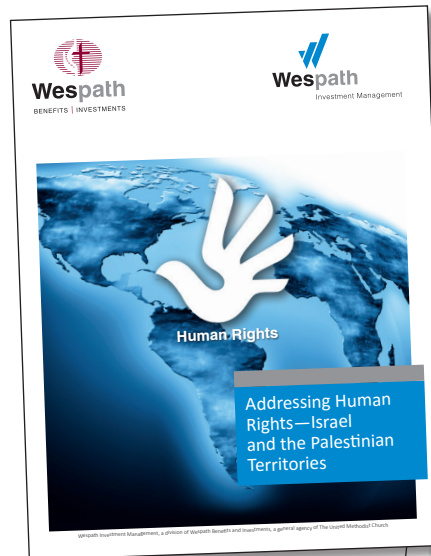
- Restates the name of the UMC’s socially responsible investing policies and activities as “sustainable and socially responsible investments”
- Restates investing guidelines from a primarily avoidance perspective to a proactive perspective that includes:
 - Promoting racial and gender justice
 - Preventing use of sweatshop or forced labor, and avoiding human suffering
 - Preserving the natural world, including mitigating the effects of climate change
- Adds a provision for consideration of ESG factors when making investment decisions
- Adds privately operated correctional facilities (as a core business) to the list of investments that should be avoided



Investment Ethics

This petition modifies investment ethics guidance for all UMC investors and reflects an evolution in sustainable investment over the past quadrennium. The petition includes these key provisions:

- Strengthens emphasis on sustainable and socially responsible investments, including consideration of ESG factors
- Urges UMC investors to consider moral and ethical dimensions of the institutions in which they invest, while remaining cognizant of fiduciary obligations as stipulated in the *Discipline*
- Heightens emphasis on investments aimed at protecting and promoting human rights
- Heightens emphasis on investments aimed at mitigating climate change
- Acknowledges the ethical dimensions and fiscal and social impact of financial decisions
- Encourages positive impact investments in underserved communities, in partnership with underrepresented segments of society





Wespath

BENEFITS | INVESTMENTS

Wespath is a not-for-profit administrative agency of The United Methodist Church that maintains and administers retirement, health and welfare benefit plans for more than 100,000 participants in the U.S. and central conferences. Wespath also manages and invests approximately \$21 billion* in assets on behalf of our participants and many United Methodist-affiliated endowments, annual conferences, foundations and other institutions.

We care for those who serve by providing investment and benefit services that honor the mission and principles of The United Methodist Church.

Clergy benefit plans administered by Wespath are established by General Conference. As set forth in *The Book of Discipline*, Wespath is an independent, self-funded agency that does not receive general Church funds.

* Assets under management as of September 30, 2016

Visit wespath.org to learn more about our General Conference legislation; the benefit plans we administer; and our commitment to sustainable benefits, sustainable investing and engagement.