

Summary of General Conference 2016 Changes to Clergy Plans—Effective January 1, 2017

CRSP¹ Changes

CRSP Changes	Brief Description	Impact or Effect
“Compensation” definition	Exclude from the definition any additional compensation paid to clergy in lieu of the conference providing a group health plan	Conferences that have terminated their active group health plans will need to exclude the additional compensation paid in lieu of group health coverage in reporting 2017 compensation to Wespath ² , potentially decreasing 2017 CRSP defined contribution (DC) contributions in these conferences from 2016 levels
“Denominational Average Compensation” (DAC) definition	2015 or 2016 amounts received in lieu of a group health plan, per above, will be excluded in calculating 2017 and 2018 DAC	2017 DAC is recalculated as \$68,876 instead of \$69,574 as announced in June 2015
Option to provide annuities through insurance contracts held outside the benefits trust	Revision of existing provision allowing insurance contracts to satisfy annuities, but with the specification that the insurance company, rather than the retirement benefits trust, takes on the liability for the annuities	No current plans to utilize such insurance contracts; no impact or effect on conferences or local churches
“Disabled” or “Disability” definition	Expands definition of “disabled” for purpose of early retirement plan distributions to include terminated participant not eligible for Social Security disability (SSDI) if judged disabled by Wespath-selected vendor	No impact on conferences or local churches; however, benefits personnel may wish to be aware of this change for discussions with participants
Timeframe for requesting return of contribution made in error	Changes from one year to “a reasonable time” the timeframe in which a plan sponsor must request return of a plan contribution made by mistake of fact; specifies the returned contribution will be adjusted for gains and losses only to the extent permissible by the IRS and consistent with Wespath procedures	<ul style="list-style-type: none"> • Could give conferences a longer time to request refund of excess contribution or contribution made in error • Any earnings on the contribution are refunded in accordance with IRS regulations and guidance
Secondary contingent annuitant	Expands current provision allowing naming of a disabled adult child as secondary contingent annuitant to any disabled child, whether an adult or a minor	No impact on conferences or local churches; however, benefits personnel may wish to be aware of this change for discussions with participants

¹ CRSP: Clergy Retirement Security Program

² Wespath: Wespath Benefits and Investments

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CPP¹ Changes

CPP Changes	Brief Description	Impact or Effect
“Plan Compensation” definition	Exclude from the definition any additional compensation paid to clergy in lieu of the conference providing a group health plan. See “Compensation” definition under CRSP Changes above	See CRSP Changes, above. Conferences that have terminated their active group health plans will exclude the additional compensation paid in lieu of group health coverage in reporting 2017 compensation to Wespath, potentially decreasing 2017 CPP premiums in these conferences from 2016 levels
“Denominational Average Compensation” (DAC) definition	“Denominational Average Compensation” for CPP will be as determined by the Clergy Retirement Security Program, so that CRSP and CPP use the same definition	See CRSP Changes, above. 2017 DAC is recalculated as \$68,876 instead of \$69,574 as announced in June 2015.
Remove requirement for plan compensation at least 60% the lesser of DAC or Conference Average Compensation (CAC)	Clergy appointed full-time will be eligible for CPP provided their plan compensation is at least 25% of DAC. Premium will be 3% of plan compensation	<ul style="list-style-type: none"> • Conferences with current special arrangements for clergy not meeting the 60% DAC/CAC threshold will typically see lower premiums for these clergy in 2017 • Conferences without such special arrangements may have some clergy at relatively low compensation gaining CPP eligibility <p><i>Listings of current clergy affected by this change have been previously provided to conference benefits officers.</i></p>
Minimum disability benefit for disability claims 01/01/17 and later	<ul style="list-style-type: none"> • Historical minimum benefit of 40% of DAC will not apply to new disability claims 1/1/2017 and later • No benefit reduction for disabled participants already receiving benefits based on the 40% DAC minimum 	No direct impact on conferences or local churches; however, benefits personnel may wish to be aware of this change for discussions with participants
Social Security Disability (SSDI) offsets for disability claims 01/01/17 and later	<ul style="list-style-type: none"> • No Imputed (hypothetical) SSDI reduction for clergy who do not have enough quarters to receive SSDI and for clergy who were not deemed medically disabled • \$1 per \$1 imputed offset will be applied for clergy who opted out of Social Security • \$1 per \$1 offset for all clergy who were awarded SSDI (no minimum benefit will apply) 	No direct impact on conferences or local churches; however, benefits personnel may wish to be aware of this change for discussions with participants

CPP chart continues

¹ CPP: Comprehensive Protection Plan

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Eligibility of clergy appointed part-time	<ul style="list-style-type: none"> Eliminates special arrangements for clergy appointed ½- or ¼-time to participate Conferences may elect CPP eligibility for: <ul style="list-style-type: none"> Ordained clergy appointed ¾-time Local pastors appointed ¾-time 	<ul style="list-style-type: none"> Conferences with current special arrangements for clergy appointed ½- or ¼-time can use <i>UMLifeOptions</i> to continue providing life and disability insurance for these clergy after 12/31/16. Conferences with current special arrangements for clergy appointed ¾-time will typically see lower premiums for these clergy in 2017: 3% of plan compensation rather than 3.4% (or 4.4%) of DAC For the first time, local pastors in appointments reported as ¾-time can participate in CPP, if conference so elects. <i>Listings of current clergy affected by these change have been previously provided to conference benefits officers.</i>
Clergy on leave, sabbatical or attending school	No more special arrangements for these categories; conferences can elect to continue CPP coverage for 12 months when CPP participants are granted medical leave, voluntary leave, appointed to attend school or given sabbatical leave	<ul style="list-style-type: none"> For clergy moving into these categories and continuing in CPP for 12 months per conference election, premiums will be based on immediately prior plan compensation rather than CPP special arrangement premiums Clergy currently on leave or attending school and in CPP through conference special arrangements can continue as CPP participants through 12/31/17 if the applicable continuation of coverage is elected by the conference for 2017. Premiums for this group will be 3% of plan compensation immediately prior to leave of absence
Educational Benefit	Changes how the benefit is administered; benefit to be paid out in proportionate partial lump sums: one at the beginning of each semester, trimester, quarter, etc. once school certificate received and full-time enrollment is verified.	No direct impact on conferences or local churches; however, benefits personnel may wish to be aware of this change for discussions with participants
Initial 180-day waiting period for disabilities resulting from sickness	Waiting period can be satisfied by participation in another Wespath-administered disability plan, i.e. <i>UMLifeOptions</i> , prior to CPP enrollment or re-enrollment, provided there has not been a break in coverage of more than 30 days between <i>UMLifeOptions</i> and CPP	Conference or local church sponsorship of <i>UMLifeOptions</i> for clergy not eligible for CPP (appointed less than full-time) can prevent those clergy from being subject to the CPP 180-day waiting period if they are subsequently appointed full-time and resume or begin participation in CPP

CPP chart continues

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No disability benefit offset for amounts received in lieu of coverage in group health plan	Amounts a disabled participant receives in lieu of group health plan participation, even if taxable income, will not be counted as earned income for purposes of offsetting (reducing) disability benefits	Conferences that have replaced active group health plans with additional compensation for clergy to acquire their own health insurance may provide these health insurance stipends to disabled clergy without impacting disability benefits
“Appropriate Available Treatment” as condition for continuation of disability benefits	Disability benefit recipients are to receive appropriate available medical treatment for their disabling conditions, in accordance with generally accepted medical standards, or for mental illnesses in accordance with American Psychological and Psychiatric Association’s standards of practice	No direct impact on conferences or local churches; however, benefits personnel may wish to be aware of this change for discussions with participants
Removal of 24-month limit on treatable, returnable mental health-related disabilities	See “Appropriate Available Treatment” above. Benefit continuation for any mental health condition based on medical information received from participant receiving appropriate available treatment, rather than certain diagnostic (ICD-9) codes invoking a 24-month limitation	Benefits for certain mental health-related disabilities will not necessarily end after 24-months, but will be based on medical information from the prescribed appropriate available treatment; otherwise, no impact on conferences or churches
No disability benefits if incarcerated	Disability benefits not payable for any period in which participant is incarcerated for a felony can be reinstated after release, subject to medical evidence of disability	No impact on conferences or local churches
“Slayer” exception for death benefit	Death benefit will not be paid to a person convicted of intentionally killing the person whose death would otherwise initiate a death benefit	No impact on conferences or local churches
Remove provisions superseded by Return-to-Work program	Deletion of current plan sections on Rehabilitation Benefits and Transitional Disability, which are made obsolete by enhanced Return-to-Work provisions	Transitional disability no longer pertinent; replaced by Return-to-Work program, which continues to include financial incentive for conference participation
“Grandfathered” retiree death benefit (Amendment added by General Conference)	Certain CPP participants losing eligibility (clergy appointed ½- or ¼-time) due to plan changes noted above will be “grandfathered” for the CPP retiree death benefit if they would have met either of the following criteria as of 6/30/2017: i) Age 60 and CPP participation for 8 of the last 11 years of service ii) Age 57 and 20 years total CPP participation	<ul style="list-style-type: none"> • Benefits personnel should be aware of this provision to explain to any participants who may be affected by it • Loss of CPP eligibility for clergy appointed ¾-time will be due to conference choice rather than the plan eligibility change. Accordingly, this “grandfathering” provision does not apply to clergy appointed ¾-time; conferences currently with special arrangements for ¾-time appointments should elect 2017 CPP coverage for ¾-time appointments if they wish these clergy to continue to accrue service toward retiree death benefit eligibility

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Voluntary Transition Program Changes

Voluntary Transition Program	Brief Description	Impact or Effect
Eligibility of Associate Members	Eligibility is extended to associate members who meet the other criteria for participation in the program	Broadens eligibility beyond elders and deacons to an additional group of clergy subject to same itineracy provisions as elders
Conditional eligibility during first 24 months of Personal Leave or part-time appointment after CPP participation	Clergy who have ceased to be CPP participants because of being granted a Personal or Transitional Leave or being appointed part-time can participate in the program within the first 24-months of the leave or part-time appointment, subject to the requisite prior CPP participation and other eligibility requirements	Expands eligibility to certain clergy whose CPP participation ended less than 24 months prior and who would otherwise meet requirements to apply for the program if still CPP participants

The original petitions for these changes are available at: www.wespath.org/GC2016/

Note that the CPP petition on this webpage has not yet been updated to include the amendment for a “grandfathered” retiree death benefit for clergy who are losing CPP eligibility and meet certain age and CPP participation criteria.