Wespath

BENEFITS | INVESTMENTS

Central Conference Pensions Report

a general agency of The United Methodist Church

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Top left: Wespath representative Paul Dirdak visits with Rev. Naftal Taimo Nhavotso and his spouse in the North Mozambique Annual Conference.

Middle photo: The Reverend Ernest Namakpeh, 70 years young, is a retired Liberian pastor. He is grateful that his pension allows him to care for himself and his family in his retirement. For that, he counts himself blessed and is truly thankful.

Right photo: Worshipers pack the sanctuary of Beth Shalom United Methodist Church of N'Guessankro in Côte d'Ivoire. (UMNS photo)

Cover photos:

Top left: Democratic Republic of Congo Benefits Officer Joseph Tunda (second from right) ferries the motorcycle he uses to distribute pension payments to retired UMC pastors and surviving spouses.

Middle photo: United Methodist Church members raise their hands in praise and celebration in the Democratic Republic of the Congo. (UMNS photo)

Right photo: Retirees, spouses and surviving spouses visit with Philippines Central Conference Treasurer Ruby-Nell Estrella (front row, right) and Board of Pensions Chair Liz Mariano (taking the photo, so not pictured) and Wespath staff Bill Kavanaugh and Dale Jones in Dasmarinas City.

Central Conference Pensions: Retirement Security for Faithful United Methodist Clergy World-Wide

Greetings

We are honored to share with you our first biennial report on our Central Conference Pensions (CCP) program. CCP strives to provide long-term retirement security for United Methodist clergy in those conferences outside of the United States. This program helps assure sustainable pension support to central conference ministers and their surviving spouses and other beneficiaries. Pension plans exist across Africa, the Philippines and Europe, covering nearly 3,300 retirees and surviving spouses.

The diversity of nations requires navigation of numerous languages, laws, and accounting standards for the various plans. In some instances, retirement distributions can only be delivered on foot by walking six or seven hours. While the complexity of the administration has challenges, it also offers opportunities to know and connect with our participants around the world—sometimes face to face.

As the administrator of CCP, Wespath continues to support the central conferences by encouraging best practices in the management and funding of pension programs outside the United States. Our goal, in partnership with the central conferences, is to ultimately **support self-funded, self-governed and self-sustaining plans**.

Barbara Boigegrain (right) visited with retired pastor Adiyu Shako during a trip to the East Congo in 2014.

Making a Difference—Globally, Locally

This year is an especially unique year as the world deals with the COVID-19 pandemic. COVID-19 is affecting the central conferences similarly to the United States and other parts of the world. Our work during this crisis is twofold—monitoring the program investments and continuing to care for those we serve. As a long-term, disciplined investor, Wespath continues to monitor market developments as administrator of the funds.

During this time, the pension programs have been able to make distributions using electronic transfers or in person. However, challenges exist. In some countries public transportation has been shut off and in-person meetings or distributions have become difficult. In response, Wespath is partnering closely with local benefits officers to understand local situations and make arrangements specific to each region.

We recognize challenges will evolve over time, as will the changing demographics of the United Methodist Church (UMC). As the central conferences grow, our work to prepare the CCP program for the future is more important than ever.

Looking to the Future

Our goal continues to be supporting the central conferences in the administration of self-sustaining programs that serves clergy today and future generations tomorrow. Toward this goal, in the years to come we are implementing additional education and increased auditing with a continued focus on program sustainability for future generations.

We hope this report provides a glimpse of this very important CCP work. As an organization, we embrace our calling to supporting individuals whose vital ministries are transforming the world.

Grace and Peace.

Barbara Boigegrain
General Secretary and Chief Executive Officer, Wespath; President, Overseas Pension Corporation

Bill Kavanaugh
Chief Operating Officer, Wespath; Vice-President, Overseas Pension Corporation

CCP Program Summary

Wespath serves an increasingly global Church. We continue to fortify relationships with our brothers and sisters in faith through the CCP program, which provides financial support for retirees outside the U.S.

$26,509,720
total donations received
(inception to date as of 6/30/2020)

69 conferences covered
CCP assists in administration of retirement funds for clergy in 69 of the 79 annual conferences in the Central Conferences

$10.8 million
in pension funds distributed (01/01/2007 to 6/30/2020) since inception

More than **7,500 active clergy**

Nearly **3,300 retirees and surviving spouses** receiving support

The Late Bishop John K. Yambasu on Central Conference Pensions

Sierra Leone Annual Conference

"In my many years as clergy and a missionary in Africa, I have lived to see retired pastors die in abject poverty and without dignity. I have seen many young people shy away from full-time itinerant ministry because it was like intentionally signing on for a life of permanent poverty. Through the Central Conference Pensions, you and your colleagues restored dignity to ordained ministry. Today in Africa, we celebrate the lives of the many young people who now see ordained ministry as a vocation worth pursuing. And, we continue to see retired pastors live healthier and longer—and with dignity."

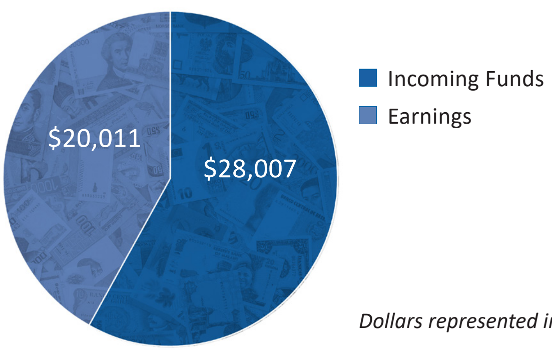
Program Financials

CCP is funded through the capital raised by a multi-quadrennial UMC fundraising campaign that began in 2004. As of June 30, 2020 donors have contributed over $26.5 million to CCP.

An appointed board of directors oversees the management and governance of the CCP funds. The *United Methodist Overseas Pension Corporation Board* is also responsible for setting investment strategy to satisfy obligations of the CCP program and to accomplish its mission and purposes.*

Investment Policy

CCP assets are currently invested in the Multiple Asset Fund (MAF) at 65% equity, 35% fixed income mix. The investment policy uses a long-term lifecycle for the funds, i.e., over a period of 20 years or more. Therefore, the mixture and ratio of equity and fixed income exposures in MAF has been prudent and helpful in growing CCP assets. Periodic modeling and analysis of the CCP endowment will help guide future asset allocation.



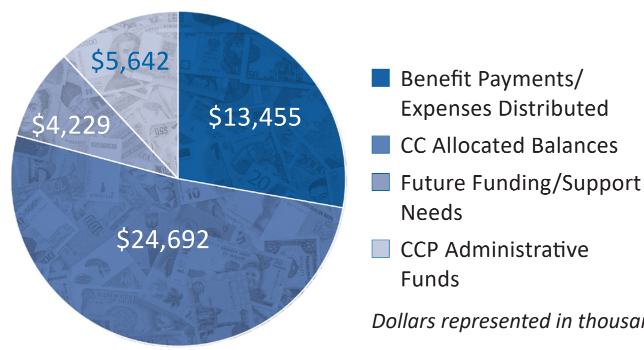
Dollars represented in thousands.

CCP Fund Sources

as of June 30, 2020

This CCP Fund Sources Chart represents the historical and cumulative sources of funds available to the CCP Program since inception.

Comprised mainly of donations and earnings generated from the fund balances, the result is over $46 million in funds to support the pension program for current and future obligations.



Dollars represented in thousands.

Historical Fund Allocations

through June 30,2020

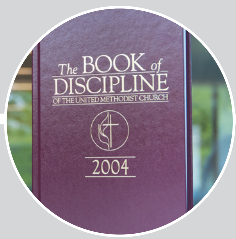
This chart represents the allocations to date of the funds contained in the CCP Program. While nearly $13.5 million have been distributed to date for pension payments and administrative support, there remains significant allocated funds for the pension programs' current structure and needs.

The General Board of Pension and Health Benefits of The United Methodist Church, Incorporated in Illinois (Wespath) was retained under contract in 2007 to provide administrative and other services to the Overseas Corporation. Some of the funds of the Overseas Corporation may be used for payment of these Wespath services, as well as the services and expenses of the UMC Benefit Board, Inc. (UMCBB), which is contracted as trustee and investment manager of the CCP assets. Historically, the majority of the disbursements have been for pensions, with a smaller amount paid for administration expenses in the countries of the conferences being served and some direct Wespath costs related to CCP.

The CCP story demonstrates the power of what is possible when the people of The United Methodist Church (UMC) work hand-in-hand across the globe. Historically most of the central conferences provided little or no pension support for pastors or their families. Today, through combined efforts across the Church, United Methodist clergy across the globe are served by pension programs.

2000–2005

GC 2000 created a task force charged with launching a pension support plan for the central conferences.



GC 2004 amended *The Book of Discipline* to authorize the effort of the Central Conference Pension Initiative (CCPI)—under the support of Wespath Benefits and Investments—to raise the funds needed to fulfill the original charge.

Bishop Ben Chamness led the initial fundraising effort with a goal of $20 million.

(pictured: Bishop Ben Chamness and Barbara Boigegrain)

Local churches found ways to make contributions, as did individuals, U.S. annual conferences, and UMC general agencies.

2006–2010

The first pilot program was established in Liberia under the direction of Bishop John Innis.

(pictured: Bishop John Innis)

Additional programs were launched in nine African countries from Angola to Zimbabwe.

The program reached the $20 million fundraising goal in December 2009. An additional $5 million challenge goal was announced to support specific conference needs.

2011–2015

All of the central conferences in need of a pension plan had adopted a plan by January 2013.

Fundraising was completed when the $25 million challenge goal was achieved; making it possible to shift focus from fundraising to pension development and support.

2015–2020

With pension distributions beginning in 2018, the East Africa pension plan is the most recent CCP-supported program to begin making pension payments.

Seeing the need to focus on plan sustainability, individual plan audits were initiated with a third- party auditor in 2019.

Bishop Ben Chamness

Countless individuals have contributed to the success of CCP. Perhaps no one contributed more to this effort than the late Bishop Ben Chamness, who passed away in December 2018.

Bishop Chamness took the lead in ramping up fundraising in 2007 to support CCP's efforts to establish clergy pensions in the central conferences. When CCP reached its $25 million goal in 2013, Chamness joined in the celebration.

"It is truly a matter of justice that our central conference ministers have support in retirement when their careers in ministry end."

—Bishop Ben Chamness

Pictured: Bishop Ben Chamness with former President of Liberia Ellen Johnson Sirleaf. Bishop Chamness served as president of the United Methodist Board of Pension and Health Benefits (Wespath) from 2004 to 2008.

CCP Program Administration

Supporting the Needs of Each Plan

Partnership for Success

The administration of the CCP program requires a partnership between Wespath staff and the various bishops, conference officers, treasurers and UMC leaders across the globe.

Wespath currently has three team members, and two part-time consultants, working on the administration of the CCP Program as part of their role (not full-time dedicated to CCP).

Each year, Wespath staff and CCP representatives visit pension offices to provide support and training and confirm payments are being received. On most trips, CCP representatives meet with both those who administer the pensions in the central conferences, and those receiving support.

Top photo: Wespath representatives Bill Kavanaugh and Dale Jones with the Philippines Central Conference Board of Pensions, including Central Conference Treasurer and Benefits Officer Rev. Ruby-Nell Estrella (seated 2nd from left), Board Chair Liz Mariano (seated 2nd from right), Board Vice-Chair Judge Benjamin Turgano (seated right), and Central Conference bookkeeper/cashier Chit Larida (standing 2nd from left).

Second photo: Wespath representatives Paul Dirdak and Bill Kavanaugh (2nd from left) with Côte d'Ivoire conference personnel, including Treasurer and Benefits Officer Suzanne Adouko (3rd from right), and surviving spouses who are also sisters, Albertine Soukpou and Jaqueline Agre (between Bill and Paul).

Dolphine Abangi

Surviving Spouse, Busia District, Uganda

Dolphine was married to the late Pastor Sunday Samuel. Thanks to her CCP benefits, Dolphine has moved out of a grass thatched house and into a permanent home where she lives with her family. Additionally, these pension benefits allowed her to start a small business selling vegetables and food in a kiosk at a local trading center. The additional income also helped her pay school fees for her children so they have a brighter future.

Conference Benefit Officers—October 2019

(Note: all are benefits officers unless noted otherwise)

Back row from left to right: David Baraza Khalonyere (East Africa/Kenya-Ethiopia Conference), S. Edward Holt (Liberia), Andrei Kim (Russia Board of Pensions Chair), Filimao P. Vilanculo (Mozambique), Bill Kavanaugh (Wespath), Alcides Martins (East Angola), Moss Kapumha (Zimbabwe), Dale Jones (Wespath), Francois Lushima (East Congo), Paul Dirdak (Wespath consultant), Mills Maliwa (South Africa), Joseph Tunda (Central Congo)

Front row from left to right: Becky Donnelly (BDO LLP, audit firm), Mauricio Armando (West Angola), Lucky T.K. Wesseh-Vanceyah (Administrative Secretary Liberia), Suzanne Adouko (Côte d'Ivoire), Ruby-Nell Estrella (Philippines), Florence Nakamya (Uganda-South Sudan), Michelle Smart (Wespath), Marie Therese Nijimbere (Burundi), Lydia Jalloh (Sierra Leone)

Benefits officers not pictured: Augustin Bahati (Rwanda), Julius Sylvester (Nigeria), André Töngi (Central and Southern Europe)

The Role of Central Conference Benefits Officers

Central Conference Benefits Officers (CCBOs) play a critical role in the success of the CCP program. Often individuals are selected by their Bishop, or via an election, to administer the CCP program locally. While the role does vary within each country, the individuals manage plan governance, the distribution of pensions and data/reporting needs. Additionally, the CCBO may also serve as the treasurer for their episcopal area or conference.

Educating Central Conference Benefits Officers from Around the Globe

Every two years, Wespath staff invite CCBOs from around the globe to Johannesburg, South Africa for the bi-annual C*entral Conference Benefits Officers Forum*.

> Suzanne Adouko, CBO for Côte d'Ivoire summed up the learning experience when she said, "All the sessions have been good for me. Attending the Forum will allow me to more easily solve some problems."

With a focus on plan sustainability and best practices, the purpose of the CCBO Forum is to provide training, share challenges and ideas, and determine best practices in order to help the central conferences continue administering pension programs for their clergy. During the trainings, attendees view and discuss topics like accurate data, actuarial valuations, collecting contributions and the investment of pension funds.

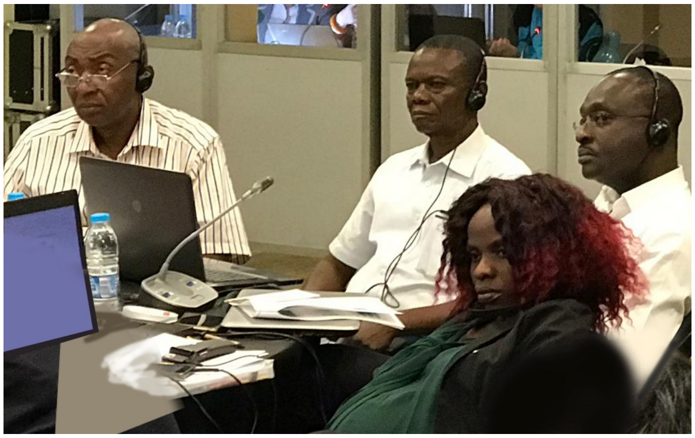


Photo: CCBOs—Joseph Tunda (Central Congo), Francois Lushima (East Congo), Didier Banza Banze (North Katanga), Florence Nakamya (East Africa Episcopal Area—Uganda/South Sudan)

The sessions also included simulation exercises, which allowed participants to work in groups and develop strategies for facing potential pension administration challenges. Simulating possible issues and real-life solutions prove to be an energizing segment of the three days.

CCP Program Administration

Supporting the Needs of Each Plan

Donor Communications

The success of the CCP program is built on the contributions of the many individuals, local churches, agencies and conferences since the initial fundraising drive. Over time, communications with these donors have continued through newsletters to share program progress, stories of recent trips and overviews of program financials. Newsletters are available on the **Wespath website (www.wespath.org/ccp)**.

Opportunities to Improve Sustainability

The program is designed for sustainability, with current state of pension plans assessed by field visits done by CCP program evaluators who review the conference pension records and visit with retirees to ensure pensions are being paid in full and on time. Those who work on the CCP program continue to be fueled by the feedback received from those touched by the program.

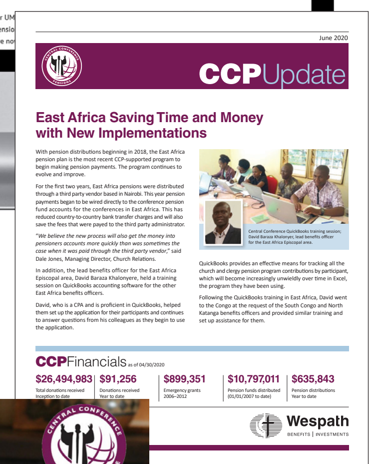
As we look to 2020 and beyond, Wespath is focused on improving sustainability of each of the individual CCP plans for future generations of UMC clergy. During 2019, Wespath introduced CCP provided audits to identify opportunities and challenges for each plan such as process issues, funding levels, financial integrity concerns, or opportunities for increased controls.

More information on each of the plan overviews is available on pages 19-29.

Pension Plan Audits

Wespath partners with an external auditor to assess plan financials and administration. These audits allow a first-hand review of pension plan sustainability, financials, and administrative opportunities. Findings from the audits are reported back to Wespath and pension plan leadership.

Note: As available, audit findings are incorporated in the plan overviews detailed on pages 19-29.



Pictured: CCP webpage, CCP Update (June 2020), CCPI fundraising appeal

CCP Program Administration

Supporting the Needs of Each Plan

CCP Pension Support—Full Funding for Initial Groups of Retirees and Beneficiaries

The $25 million fund-raising goal was based on the annual pension support needed for:

- Clergy already retired,
- Surviving spouses of deceased clergy,
- Orphaned minor children of clergy, and
- Pension needed for clergy who would retire in the early years of each of the various pension plans (before the plan had time to raise significant funding through contributions).

As noted elsewhere in this report, all pension plans supported by CCP are contributory, calling for both church and clergy contributions, as distributions from the CCP endowment were never intended to meet all of the eventual needs of the plans.

The following table shows the annual CCP support for each plan compared to the annual pensions paid to retirees and surviving spouses (and in some cases, orphaned minor children of clergy) in the first year the plan made pension payments and for the most recent 12 months. For some plans, the CCP support is still adequate to cover total pension payments; other plans have had more rapid growth and some of the plan's own funds are needed to make all pension payments.

Pension Plan	Distributions Began	Annual CCP Support	1st Year Pension Payments	Latest 12 Months Pension Payments
Angola	2010	192,136	184,670	220,113
East Angola			32,108	47,403
West Angola			152,562	172,710
Baltics (Latvia, Lithuania)	2013	10,000	1,800	7,179
Latvia			1,800	7,179
Lithuania			—	—
Central and Southern Europe	2013	50,000	43,780	42,802
Congo	2013	254,700	251,573	275,556
Central Congo			75,231	73,332
East Congo			28,433	34,803
North Katanga			107,088	107,625
South Congo			40,821	59,796
Côte d'Ivoire	2011	25,000	21,298	23,028
East Africa	2018	130,000	96,222	128,772
Eurasia	2012	25,000	4,024	16,074
Liberia	2007	160,000	103,781	154,355
Mozambique[1]	2009	120,000	125,017	109,116
Nigeria	2012	31,000	30,060	34,491
Philippines	2013	150,000	129,593	145,006
Sierra Leone	2011	25,000	20,376	26,796
South Africa	2013	5,000	4,980	4,344
Zimbabwe	2011	57,500	47,192	60,600

[1] Mozambique and South Africa CCP support funds were initially combined as $125,000 annually from 2009 when the Mozambique plan began until the South Africa plan began making its own distributions in 2013.

Note: Latest 12 Months Pension Payment amounts are taken from participant listings provided for each distribution of CCP pension support funds or from audit reports submitted to Wespath. First Year Pension Payments are compiled from historical information available in CCP records.

Actuarial Valuations

Wespath partners with an external vendor, Willis Towers Watson (WTW) on actuarial valuations. The below chart represents the major financial elements contained in the most recently completed valuations from WTW (as of 12/31/18) for the CCP Pension Programs that are of significant size and received a full valuation.

Valuation Results

Pension Plan*	Total Accrued Liability	Fair Value of Assets	Unfunded Liability	Funded Ratio
Angola				
East	537,584	8,150	(529,434)	1.52%
West	3,675,793	1,832	(3,673,961)	0.05%
Congo				
Central	1,529,983	30,180	(1,499,803)	1.97%
East	836,268	11,235	(825,033)	1.34%
North Katanga	2,101,158	7,258	(2,093,900)	0.35%
South Congo	1,634,454	17,310	(1,617,144)	1.06%
Côte d'Ivoire	1,023,629	318,405	(705,224)	31.11%
East Africa	3,058,410	0	(3,058,410)	0.00%
Eurasia	967,402	410,840	(556,562)	42.47%
Liberia	3,372,705	121,418	(3,251,287)	3.73%
Mozambique	2,972,022	119,209	(2,852,813)	4.01%
Nigeria	1,288,348	397	(1,287,951)	0.03%
Philippines	3,894,966	1,180,559	(2,714,407)	30.31%
Sierra Leone	904,500	7,443	(897,057)	0.08%
South Africa	91,349	3,750	(87,599)	4.11%
Zimbabwe	2,026,500	37,771	(1,988,729)	1.86%
USD Total	**24,413,346**	**2,265,378**	**(22,147,968)**	**9.28%**
Central and Southern Europe (Euros)	2,305,542	559,514	(1,746,028)	24.26%

*Updated demographic data was not available to produce 12/31/18 valuations for East Angola, West Angola, and Nigeria. Accordingly, Wespath Actuarial Services developed estimated funding ratios for those pension programs by projecting the liabilities forward using the previous valuation's data and actuarial assumptions.

Latvia and Lithuania actuarial valuations were not performed due to the very small size of the pension programs.

The WTW valuations included not only the assets and present values of liabilities accrued to date, as reported above, but also present values of future assets and liabilities, assuming active clergy continued to earn benefits until retirement or death and the plans collect all prescribed clergy contributions and continued to receive current amounts of CCP support. These values are depicted in the table on the next page. (Note that they are not available for the three plans for which updated demographic data could not be obtained.)

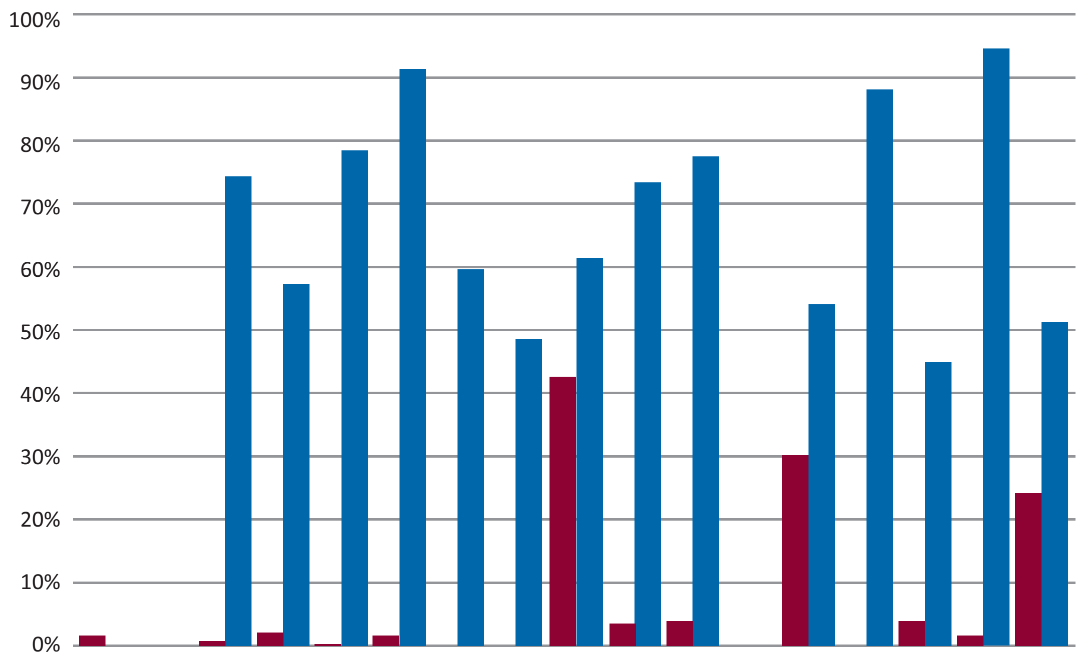
Pension Plan*	Present Value of Future Benefits	Present Value of Future Assets	Unfunded Present Value of Benefits	Funded Ratio
Angola				
East				N/A
West				N/A
Congo				
Central	1,089,730	623,722	-466,008	57.24%
East	7,345,756	5,471,365	-1,874,391	74.48%
North Katanga	1,741,323	1,368,780	-372,543	78.61%
South Congo	2,477,106	2,265,149	-211,957	91.44%
Côte d'Ivoire	2,037,597	1,213,714	-823,883	59.57%
East Africa	6,924,189	3,366,876	-3,557,313	48.62%
Eurasia	1,955,069	1,206,637	-748,432	61.72%
Liberia	1,468,908	1,077,855	-391,053	73.38%
Mozambique	4,257,895	3,303,507	-954,388	77.59%
Nigeria				N/A
Philippines	4,829,087	2,621,065	-2,208,022	54.28%
Sierra Leone	4,984,184	4,399,677	-584,507	88.27%
South Africa	1,145,036	519,748	-625,288	45.39%
Zimbabwe	114,338	108,201	-6,137	94.63%
USD Total	**40,370,218**	**27,546,318**	**23,896,357**	**68.87%**
Central and Southern Europe (Euros)	3,994,733	2,053,617	-1,941,116	51.41%

*Latvia and Lithuania actuarial valuations were not performed due to the very small size of the pension programs

As noted above, present values of future benefits and future assets could not be calculated for the plans for which participants' demographic data could not be obtained. It is not feasible to determine these values projecting previous valuation data forward as could be done for the current accrued liability in the first table.

Funding Ratios

(based on current assets accrued liabilities and the present value of future benefits and assets)



Pension Plan**	East Angola	West Angola	East Congo	Central Congo	North Katanga	South Congo	Côte d'Ivoire	East Africa	Eurasia	Liberia	Mozambique	Nigeria	Philippines	Sierra Leone	South Africa	Zimbabwe	Central and Southern Europe
Current	1.52	0.05	1.34	1.97	0.35	1.06		0.00	42.4	3.73	4.01	0.03	30.3	0.08	4.11	1.86	24.2
Future	0	0	74.4	57.2	78.6	91.4	59.5	48.6	61.7	73.3	77.5	0	54.2	88.2	45.3	94.6	51.4

KEY

Red Bars: Funding ratio based on current plan assets as a percent of liabilities accrued to date. As is typically true for relatively new pension plans which are covering past service before the plan's inception, these funding ratios tend to be low because the plan has not had sufficient time to accumulate assets. The pension support from CCP provides all or most of the funding for clergy service before the plan's effective date.

Other possible reasons for very low funding ratios include:

1) The pension plan has not consistently collected the church and clergy contributions called for in their plan document, and/or
2) Economic, civil, or other conditions in the region have negatively impacted clergy salaries and in turn reduced the prescribed contributions so that even when collected in full they are not sufficient to fund the benefit being earned, and/or
3) Poor administration of eligibility for and determination of benefits, which could result in the plan taking on liability for unearned (and thus unfunded) pensions or for larger pensions than prescribed by terms of the plan.

Blue Bars: Funding ratio based on present value of future benefits and assets. These funding ratios assume additional liabilities accrued for the remaining service years of currently active clergy and additional assets from continuing CCP support and 100 percent collection of future clergy contributions. Future church contributions are not included in these numbers. Future assets and liabilities have both been discounted back to present value numbers. These funded ratios tend to be much higher, indicating the extent to which plan funding can be improved over time by full receipt of clergy contributions. Full receipt of future church contributions would further improve funding ratios beyond the values shown. Conversely, plans which are unsuccessful in collecting contributions, or which do not manage liabilities through accurate administration, will not achieve the indicated funding ratios.

Taken together these two sets of funding ratios show how a pension plan can improve its financial viability by consistently receiving the contributions called for in its plan document. Conversely, if only partial or no contributions are received going forward as pension liabilities continue to accrue, the current funding ratios will get even worse than what is currently shown in the red bars. While the greatest funding challenge facing many of the pension plans in the central conferences is receiving prescribed contributions, accurate determination of benefit eligibility and amount is also important in improving plan funding.

Funded ratios are a calculation of a pensions assets compared to liabilities. Those shown in the chart utilize the relative asset levels compared to the calculated liabilities of the individual pension plans. The funded ratios of future assets/liabilities are based on:

- Long term financial assumptions (including asset returns and interest rates),
- Collection of all employee contributions, due the plan, and
- Demographic assumptions.*

Variations from the fulfillment of those long-term assumptions and obligations may have a significant impact to the present value funding ratio.

*Demographic assumptions include interest rate used to discount liabilities, salary increase rate, investment return on plan assets, expected age of retirements, mortality, and participant marital status.

***Latvia and Lithuania actuarial valuations were not performed due to the very small size of the pension programs*

Sustainability Considerations

To receive CCP funding, a pension plan must achieve the following six foundational criteria before becoming operational:

1. Elect and train a Board of Pensions,
2. Prepare and adopt a pension plan description, or plan document,
3. Select and train a benefits officer and orient the bishop to the pension program,
4. Establish a discrete bank account to be used only for pension funds,
5. Provide documentation of the conference's or episcopal area's official government registration and engagement in legally recognized chartable work, and
6. Establishment of accurate records for all pension plan participants.

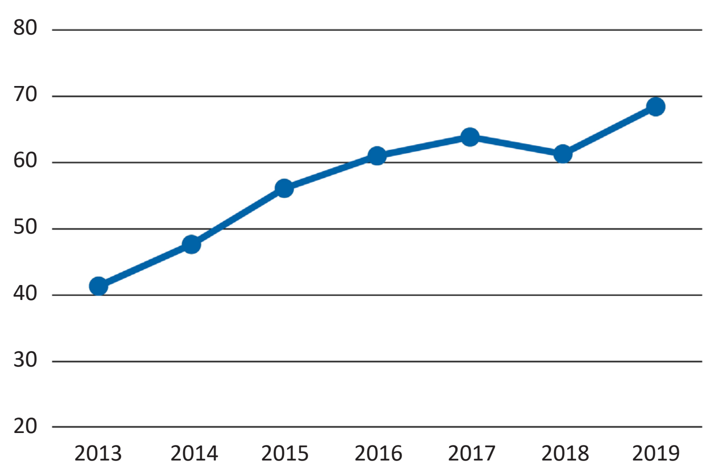
Pension plan reviews by members of the CCP team typically include an assessment of several aspects of the plan that have been identified as important factors in achieving long-term sustainability. These factors are:

- Foundational strengths, that is, maintaining the criteria and qualities required for CCP support initially
- A continued, sustainable funding stream
- Regular actuarial valuations and response to the valuation results
- A comprehensive investment policy
- Legal review to assure plan complies with pension laws and regulations
- Plan compliance
- Focused benefits education for pastors and congregational leaders
- Regular audits, with reporting of and action on audit findings
- United Methodist Connection
- Partnership with Wespath

While these assessments are somewhat subjective, they do give an indication of a plan's strengths and weaknesses, as well as the plan's progress over time. Using a "Sustainability Scorecard" with multiple questions about each factor listed above, quantitative ratings are assigned to each of these aspects. The ratings roll up to yield an overall score. Not every plan is reviewed every year. Individual sustainability scores are listed for each plan beginning on page 20.

The CCP-supported pension plans began at different times, with varying initial levels of sustainability and each with their own challenges. Similar differences exist today. However, as noted in the below chart, most plans have improved their sustainability scores over time. This general improvement trend can be seen in the average sustainability score of all the plans given a score in a particular year, shown in the following graph. The most recent three sustainability scores for each plan are provided within pages 19-29. Wespath continues to partner with each pension plan to seek sustainability for the generations to come.

Average Sustainability Score of Plans Assessed in Each Year



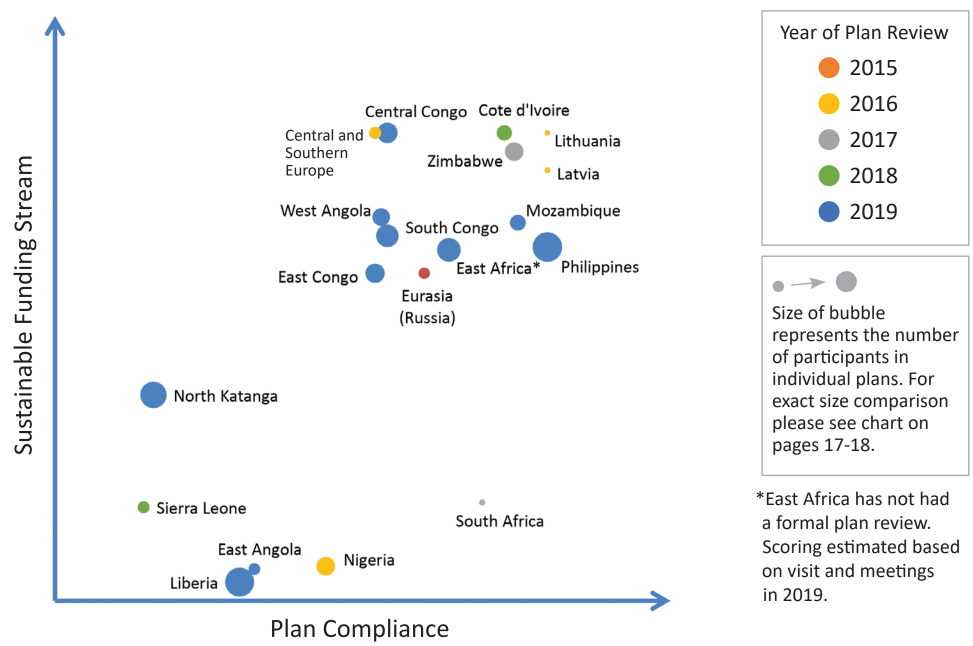
CCP Program Administration

Supporting the Needs of Each Plan

Other factors notwithstanding, to be considered "sustainable" a pension plan must have funding adequate to meet its obligations. Additionally, the plan must be administered in accordance with the plan document as approved by the central conference, episcopal area, or annual conference. Without adherence to a clearly articulated plan document, the plan may be providing benefits to ineligible persons that its funding scheme will not be able to sustain, failing to pay some who qualify for benefits, or paying benefit amounts that are too large or too small. Sustainable funding stream and plan compliance are particularly important for a plan's long-term viability. The chart which follows shows relative strength of the pension plans in these two key measures.

Pension Plans Relative Comparison

Sustainable Funding Stream and Plan Compliance



*East Africa has not had a formal plan review. Scoring estimated based on visit and meetings in 2019.

Funds from CCP were intended to be adequate to assure pension benefits for clergy already retired at the time a pension plan began to operate, as well as for surviving spouses and clergy nearing retirement for whom there would only be a few years of plan contributions. CCP funds were not intended to meet all of the pension plan funding needs for the long term. Accordingly, all the CCP-supported plans are contributory, with both pastor and church/employer contributions typically based on a percentage of the pastor's compensation (see Global View of Benefits on page 19 for plan specifics).

The contribution percentages vary from plan to plan and are often different for pastor and church within the same plan.

In the *Pension Plans Relative Comparison* chart, Sustainable Funding Stream scores indicate the extent to which:

- Active pastors in the pension plan contributed the correct employee amounts to the plan,
- Churches or other employers contributed the correct employer amounts for their clergy, and
- Active clergy salaries are reported to the pension administrator so that correct contributions can be determined.

Plan Compliance scores in this chart indicate, among other measures, the extent to which:

- Eligibility of those receiving pension payments has been verified,
- Contribution arrearages are tracked fully and accurately,
- Communications about the pension program accurately reflect plan provisions, and
- Eligibility questions and appeals of pension administration decisions are well-documented and communicated.

CCP Program Administration
Supporting the Needs of Each Plan

As the Church continues to become more global, CCP follows a similar trajectory. The current scope of the program has grown over time.

The benefits, contributions and vesting requirements vary throughout the central conferences. The below chart provides a global look at the conference participation, distributions and requirements for each conference.

CCP Benefit Comparison

Pension Plan	Active Clergy	Retirees Receiving Payments	Surviving Spouses/ Beneficiaries Receiving Payment	Required Participant Contributions	Employer Contribution Funding Sources	Vesting
East Angola	80	25	19	4%	Employer contribution of 10% of salary + 1% of each church's budget.	5 years Termination prior to vesting: employee contributions returned without interest.
West Angola	267	82	73	4%	Employer contribution of 10% of salary + 1% of each church's budget.	15 years
East Congo	399	88	69	3%	Employer contributions of 5%	5 years Termination prior to vesting: employee contributions returned without interest.
Central Congo	349	203	112	3%	Employer contributions of 5%	5 years Termination prior to vesting: employee contributions returned without interest.
North Katanga	917	268	231	3%	Employer contribution of 5%	5 years Termination prior to vesting: employee contributions returned without interest.
South Congo	593	97	183	3%	Employer contribution of 5%	5 years Termination prior to vesting: employee contributions returned without interest.
Central and Southern Europe	95	24	11	3%	Employer contribution of 5%	3 years
Côte d'Ivoire	225	4	29	5%	Employer contribution increases to 5% by 2027	15 years
East Africa	705	162	151	5%	Employer contributions of 5%	5 years Termination prior to vesting: employee contributions returned without interest.

CCP Benefit Comparison (Continued)

Pension Plan	Active Clergy	Retirees Receiving Payments	Surviving Spouses/ Beneficiaries Receiving Payment	Required Participant Contributions	Employer Contribution Funding Sources	Vesting
Eurasia	92	18	0	3% pre 2012; 4.5% post 2012	3% pre 2012; 4.5% post 2012	15 years Specific amounts are paid for service less than 5 years prior to 2014, and a smaller amount for service less than 5 years since 2014.
Latvia	12	2	0	4% for ’19 and after	Employer Contribution 4% ’19 and after	15 years
Liberia	1,143	198	532	5% of compensation	10% local church	5 years
Lithuania	11	0	0	4% for ’18 and after	Employer Contribution 4% ’18 and after	15 years
Mozambique	223	41	47	3%	4% employer contributions	5 years
Nigeria	350	41	79	3.5% plus 0.5% if married	Employer contributions of 4.5%	7 years Termination prior to vesting: employee contributions returned without interest.
Philippines	1,610	190	182	3%	Church contributes 7% of compensation; Additional Funding Sources: • ₱1,000 per participant annually • ₱150 per church member annually	15 years
Sierra Leone	88	20	15	5%	Employer contributions of 5%	5 years Termination prior to vesting: employee contributions returned without interest.
South Africa	8	5	2	4%	Church contributes 4% of compensation	5 years
Zimbabwe	381	39	48	7.50%	Employer contributions of 8.5%	Immediate

Global View of Benefits

The CCP Program is comprised of countries from throughout the central conferences. Since plans are governed within the individual conference, the following pages review plan details within each location.

The following information is available for each CCP plan on pages 20-29:

Benefits
Summary of benefits provided to each plan participant, the formula and the term.

Plan Funding Ratio
Funded ratios are a calculation of a current pension plan assets compared to liabilities accrued to date—the current funding level of the plan if no further credited service occurred and no additional assets were received.

Required Participant Contributions
Pension plan contributions that are made by the individual participant.

Employer Contribution Funding
Conference mandated pension plan contributions that are made by the employer (i.e. – local church, annual conference, or other church employer).

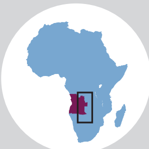
Vesting
Minimum period of clergy service required to be entitled to a pension benefit.

Plan Attributes and Health
Summary of key audit findings, plan opportunities for improvement and successes within each individual plan.

Sustainability Score
Pension plan reviews by members of the CCP team typically include an assessment of several aspects of the plan that have been identified as important factors in achieving long-term sustainability. The scale ranges between 1–100, and a full overview of these criteria are available on page 15.

Sustainability Needs
A summary of the means through which the plan will have longer term sustainability success.

Global View of Benefits



East Angola

Benefits: Formula based on credited years of service multiplied by the fraction of conference average compensation

Plan Funding Ratio: 1.52%

Required Participant Contributions: 4%

Employer Contribution Funding: Employer contribution of 10% of salary + 1% of each church's budget

Vesting: Five years termination prior to vesting: employee contributions returned without interest

Plan Attributes and Health

- East and West Angola Conferences have the same plan document, but the pension programs are administered separately
- Active clergy data was to incomplete to produce a 12/31/18 actuarial valuation
- Minimal collection of church and clergy contributions except small deductions from Mountain Sky Conference salary supplements
- Pension benefit is the same amount for all vested pensioners, regardless of length of service

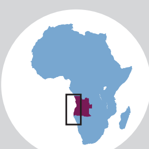
Sustainability Scores:

- 31.67 (2017)
- 32.90 (2018)
- 34.65 (2019)

Sustainability Needs: Lack of church and clergy contributions means that the plan is not adequately funded.

Rev. Branca Manuel Jacinto Antonio Martins
Retiree, East Angola

Rev. Branca appreciates the need for young pastors and local churches to contribute to the pension fund for sustainability of future payments.



West Angola

Benefits: Formula based on credited years of service multiplied by the fraction of conference average compensation

Plan Funding Ratio: 0.05%

Required Participant Contributions: 4%

Employer Contribution Funding: Employer contribution of 10% of salary + 1% of each church's budget

Vesting: Five years termination prior to vesting: employee contributions returned without interest

Plan Attributes and Health

- East and West Angola Conferences have the same plan document, but the pension programs are administered separately
- Same pension amount for all vested pensioners, unrelated years served
- West Angola is much larger conference with many more active clergy and pensioners than East Angola
- Active clergy data was too incomplete to produce a 12/31/18 actuarial valuation
- Minimal collection of church and clergy contributions; clergy collection rate may improve with central pay system

Sustainability Scores:

- 48.06 (2017)
- 48.43 (2018)
- 56.51 (2019)

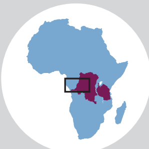
Sustainability Needs: Lack of church and clergy contributions means that the plan is not adequately funded.

The Reverend Domingos Almeida Sobinho
Retiree, West Angola

Retired in 2009, Rev. Sobinho served 17 churches during his 44-year career. He has proudly attended 46 consecutive annual conference sessions—every one since his first appointment in 1965.

"Visiting members and being an evangelist were the most enjoyable duties of my ministry."

All dollar amounts reflected as the United States dollar ($).



Central Congo

Benefits: Monthly pension of $10 US, plus $0.50 US per year of service over 10 years of credited service, paid semi-annually. The pension amount commences immediately and is payable for the life of the participant.

Plan Funding Ratio: 1.97%

Required Participant Contributions: 3%

Employer Contribution Funding: 5%

Vesting: Five years termination prior to vesting: employee contributions returned without interest

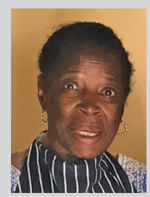
Plan Attributes and Health

- Contributions collected from active pastors consistently
- Very good recordkeeping
- Pension distribution amounts relatively steady over last four to five years
- Pension payments typically hand-delivered in cash
- Clergy and conference leaders relatively well-educated about pension program

Sustainability Scores:

- 87.46 (2017)
- 76.33 (2018)
- 82.33 (2019)

Sustainability Needs: Salaries tend to be low in most parts of the episcopal area, so that plan may not be adequately funded in relation to benefit costs, even when the church and clergy contributions are paid in full.



Charlotte Okoko
Widow of clergy

During 44 years of ministry with Rev. Okoko, Charlotte served as Women's Coordinator and Orphans Coordinator, taught in Methodist schools and led various women's groups.

East Congo

Benefits: Monthly pension of $10 US, plus $0.50 US per year of service over 10 years of credited service, paid semi-annually. The pension amount commences immediately and is payable for the life of the participant.

Plan Funding Ratio: 1.34%

Required Participant Contributions: 3%

Employer Contribution Funding: 5%

Vesting: Five years termination prior to vesting: employee contributions returned without interest

Plan Attributes and Health

- Episcopal area has been beset by violence, Ebola, and more recently, devastating flooding
- Pension payments typically hand-delivered in cash
- Pension plan training provided for cabinet and conference leaders as well as pastors
- Recordkeeping of contributions and pension payments is considerably manual

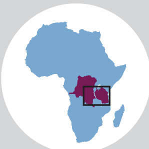
Sustainability Scores:

- 84.36 (2017)
- 75.23 (2018)
- 73.63 (2019)

Sustainability Needs: In recent years, lowest salaries in the Congo Central Conference mean the plan is not receiving enough contributions to sustain current benefit formula long-term.

All dollar amounts reflected as the United States dollar ($).

Global View of Benefits



North Katanga

Benefits: Monthly pension of $10 US, plus $0.50 US per year of service over 10 years of credited service, paid semi-annually. The pension amount commences immediately and is payable for the life of the participant.

Plan Funding Ratio: 0.35%

Required Participant Contributions: 3%

Employer Contribution Funding: Employer contribution of 5%

Vesting: Five years Termination prior to vesting: employee contributions returned without interest

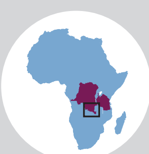
Plan Attributes and Health

- Pension distribution amounts relatively steady over last four to five years
- Audit report indicates clear calculation of payments and collections, good controls on withdrawals, but improvement opportunity in financial and clergy recordkeeping
- Large number of local pastors in remote areas typically not participating
- Active clergy data needs improvement, especially for local pastors
- Contributions have improved in the last few years, but more emphasis on contributions still needed with active pastors
- Potential for improved contribution tracking and financial record through use of software such as QuickBooks

Sustainability Scores:

- 33.44 (2017)
- 48.26 (2018)
- 57.05 (2019)

Sustainability Needs: Inattention to collecting contributions in early years of the plan leave a deficit in the current level of funding.



South Congo

Benefits: Monthly pension of $10 US, plus $0.50 US per year of service over 10 years of credited service, paid semi-annually. The pension amount commences immediately and is payable for the life of the participant.

Plan Funding Ratio: 1.06%

Required Participant Contributions: 3%

Employer Contribution Funding: Employer contribution of 5%

Vesting: Five years Termination prior to vesting: employee contributions returned without interest

Plan Attributes and Health

- Unlike other Congo episcopal areas, this plan does not cover local pastors
- Reported clergy salaries higher than other Congo episcopal areas
- Marked increase in contribution collections in the last two years

Sustainability Scores:

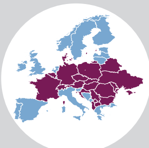
- 74.09 (2017)
- 71.14 (2018)
- 80.72 (2019)

Sustainability Needs: Extensive contribution delinquencies in early years of the plan have not been fully made up with recent focus on contributions.

Rev. Numbi Nvwelenyoka
Retiree, South Congo
Rev. Numbi retired in 2009. He was a leader in the Church, the CEO of the Methodist Hospital as well as the Central Africa conference District Superintendent.

All dollar amounts reflected as the United States dollar ($).

Global View of Benefits



Central and Southern Europe

Benefits: 100% of the final average earnings minus offset for government social security; that is, pension plan plus government social security combine to provide 100% of final average earnings.

Plan Funding Ratio: 24.26%

Required Participant Contributions: 3%

Employer Contribution Funding: 5%

Vesting: 3 Years

Plan Attributes and Health

- Pension program involves five of seven conferences in the episcopal area, and presently has clergy participants in at least eight of the area's sixteen countries
- Rigorous audits and financial controls in central conference office, in keeping with European standards
- Complex administration due to multiplicity of conferences, countries, and languages, as well as government pension offset in benefit formula
- Plan assets invested locally rather than with Wespath

Sustainability Scores:

- 76.17 (2014)
- 82.08 (2015)
- 82.20 (2016)

Sustainability Needs: Possible long-term funding challenge based on projected low earnings for locally invested pension funds.

Côte d'Ivoire

Benefits: $5.625 US for each year of credited service, paid quarterly. Pension commences immediately and payable for the life of the participant.

Plan Funding Ratio: 31.11%

Required Participant Contributions: 5%

Employer Contribution Funding: Employer contribution increased to 5% by 2027

Vesting: 15 Years

Plan Attributes and Health

- Relatively few clergy for size and strength of the annual conference
- Most all current pensioners are surviving spouses; larger retiree classes are expected in the future
- Clergy contributions are collected in full via central pay deductions
- Clergy data typically complete and accurate
- Pension distributions made by cash or check, although Côte d'Ivoire banking system has relatively robust online banking capabilities
- Pension plan contributions invested locally rather than with Wespath

Sustainability Scores:

- 67.80 (2015)
- 70.01 (2016)
- 63.80 (2018)

Sustainability Needs: Scheduled church contribution increases of 1% every four years, from 1% initially to 5% by 2027, are expected to become more challenging to attain.

Adele M'Bouke
Widow of clergy

In Côte d'Ivoire, the bishop's wife Madame Boni (left) accompanied the CCP evaluation team in a visit to the widow of a clergy recipient of CCP—Adele M'Bouke. Adele thanks everyone connected with the program that has made such a wonderful difference in her life. Her husband served from 1967 until his death in 1996, serving 14 appointments and over 100 churches/preaching points.

All dollar amounts reflected as the United States dollar ($).

Global View of Benefits

East Africa

Benefits: $30 US per month, plus $1 US per month for each year of service over 15 years of credited service. The monthly pension is payable for the life of the participant.

Plan Funding Ratio: 0%

Required Participant Contributions: 5%

Employer Contribution Funding: 5%

Vesting: Five years termination prior to vesting: employee contributions returned without interest

Plan Attributes and Health

- Plan adopted in 2013 but did not become operational until 2018
- Includes four conferences and six countries
- All pension payments made electronically, through banks or credit and savings cooperatives
- 2018 and 2019 pension payments administered by a third-party vendor; pension payments administered by benefits officers beginning Q1 2020
- Relatively good rate of contribution collections, especially for plan that has recently begun functioning

Sustainability Scores:

- Not available at this time

Sustainability Needs: Continued focus on contribution collection and recordkeeping.

Redempter Akinyi Oduory
Surviving spouse, East Africa

Redempter expressed gratitude for the East Africa program. She now has an income which helps pay for rent, school fees and medical care for her four children ages 11 to 17. Her husband was tragically killed in a robbery in 2015.

Eurasia (Russia)

Benefits:
At least 15 years of credited service: Monthly benefit amount payable for life equal to 1.35% of final average pensionable salary for each year of credited service.

5 to less than 15 years of credited service: Monthly benefit amount payable for life equal to:

- US $4 for each year of Credited Service prior to 2014
- US $3 for each year of Credited Service in 2014 or later

Plan Funding Ratio: 42.47%

Required Participant Contributions: 3% pre-2012; 4.5% post 2012

Employer Contribution Funding: 3% pre-2012; 4.5% post 2012

Vesting: 15 years (specific amounts are paid for service less than five years prior to 2014, and a smaller amount for service less than five years since 2014)

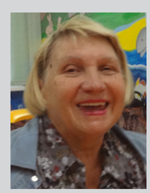
Plan Attributes and Health

- Encompasses Russia, Ukraine, Belarus, Kazakhstan, Kyrgyzstan and Maldova, involving one annual conference and four provisional annual conferences
- All pension payments are made electronically by bank transfer
- Audit report notes accuracy in and sound records for benefit calculations and contribution amounts
- Efficiencies in recordkeeping may be possible by migrating from Excel to QuickBooks or similar software
- Clergy contributions deducted from portion of salary paid by episcopal area office
- Plan is set up as a single life plan only, no benefits offered to surviving spouses

Sustainability Scores:

- 57.70 (2013)
- 64.74 (2014)
- 66.57 (2015)

Sustainability Needs: Continued financial viability of the episcopal area overall, which has typically received considerable support from the UMC in the U.S. and Europe.

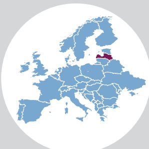


The Reverend Taisiya Sergunina
Retiree, Russia

Rev. Sergunina helped establish one of the first United Methodist churches in Russia after the fall of Communism when many were afraid to join a non-Russian Orthodox church. After seminary graduation, she converted an assembly hall into a house of worship. As the new church grew, Taisiya and her fellow parishioners traveled on mission trips to preach the Gospel to those outside her town.

All dollar amounts reflected as the United States dollar ($).

Global View of Benefits



Latvia

Benefits: Formula based on credited years of service x fraction of the conference average compensation.

Plan Funding Ratio: N/A (valuations not completed in 2018 due to stewardship considerations)

Required Participant Contributions: 4% for 2019 and after

Employer Contribution Funding: 4% for 2019 and after

Vesting: 15 years

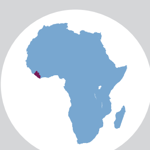
Plan Attributes and Health

- Pension plan for the Latvia District of the Estonia Annual Conference
- Small plan with about 12 active clergy and two retirees in pay status
- No additional credited years of service after reaching age 65
- Clergy contributions based on individual's salary; church contributions based on district average salary
- Central pay enables full collection of contributions
- Church and clergy contribution rates increased by half percent annually from one percent in 2013 to four percent in 2019

Sustainability Scores:

- 62.98 (2014)
- 66.58 (2015)
- 77.60 (2016)

Sustainability Needs: Continued diligence in collecting contributions and plan management.



Liberia

Benefits: Quarterly pension amount payable for life and commencing immediately as follows:

- Elders in full connection—$60 US
- Elders in associate connection—$55 US
- Probationary deacons—$50 US
- Local pastors or associate deacons—$45 US

Plan Funding Ratio: 3.73%

Required Participant Contributions: 5%

Employer Contribution Funding Sources: 10%, provided by the local church

Vesting: 5 years

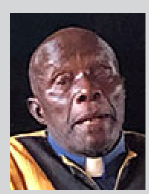
Plan Attributes and Health

- Benefits are based on clergy status rather than length of service
  - Elders' pension greater than local pastors
  - Same benefit amount for all clergy with the same clergy credentials who meet the five year vesting requirement
- Large number of active clergy, some who receive no, or minimal, salaries
- Clergy data is typically accurate and complete
- CCP support does not cover pensions for all clergy seeking to retire; Liberia Conference pends some retirement requests until funds are available to pay the pensions

Sustainability Scores:

- 47.76 (2015)
- 51.30 (2016)
- 55.30 (2019)

Sustainability Needs: Church and clergy contributions not consistently collected, leading to future plan funding and sustainability issues.

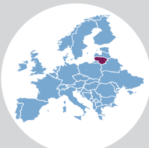


Reverend Ernest Namakpeh
Retired Pastor, Liberia

Rev. Namakpeh was assigned to his first church in his homeland of Liberia in 1992. Now Rev. Namakpeh is retired, yet he still is active in the church, primarily helping young children receive an education. "Young people need assistance to go to school," he said. "I work within the Church to help them." He is grateful that his pension allows him to care for himself and his family while carrying on his mission.

All dollar amounts reflected as the United States dollar ($).

Global View of Benefits



Lithuania

Benefits: Formula based on credited years of service x fraction of the conference average compensation.

Plan Funding Ratio: N/A (valuations not completed in 2018 due to stewardship considerations)

Required Participant Contributions: 4% for 2018 and after

Employer Contribution Funding: 4% for 2018 and after

Vesting: 15 years

Plan Attributes and Health

- Pension plan for the Lithuania District of the Estonia Annual Conference
- Small plan with about 11 active clergy and no retirees or beneficiaries in pay status
- No additional credited years of service after reaching age 65
- Church and clergy contributions collected in full by deducting from incoming General Board of Global Ministries or U.S. partner church funds
- Church and clergy contribution rates increased by half percent annually from 1.5% in 2013 to four percent in 2018

Sustainability Scores:

- 60.73 (2014)
- 67.46 (2015)
- 80.85 (2016)

Sustainability Needs: Continued adequate external and internal funding for local church operations and pastors' compensation.

Mozambique

Benefits: Factor times previous year Conference Minimum Salary

- < 20 years—75%
- 20 - 29 years—85%
- 30 years or more—100%

Plan Funding Ratio: 4.01%

Required Participant Contributions: 4%

Employer Contribution Funding: MZN300,000 per year

Vesting: 5 Years

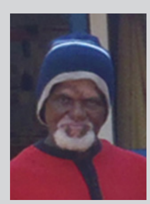
Plan Attributes and Health

- U.S. partner annual conference or some of its clergy make occasional donations to the pension program
- Good financial records of pension payments and benefit amount calculation
- Areas for improvement include incomplete records of clergy contributions, documentation of surviving spouse eligibility
- Some question about whether minimum salary used in benefit formula should be from when plan was adopted or updated to current minimum

Sustainability Scores:

- 66.28 (2016)
- 65.94 (2017)
- 70.92 (2019)

Sustainability Needs: Contributions are not collected in full, and recordkeeping of clergy contributions are not fully adequate to determine arrearages.



The Reverend Naftal Taimo
Retiree, Mozambique

Rev. Taimo used his pension money to paint his reed home and build a cistern to provide a water source. His pension is essential to him and his wife, and he is grateful for it.

Video available on website: *Stories of Hope*

All dollar amounts reflected as the United States dollar ($).

Nigeria

Benefits: $20 US per month plus $1 US per month for each year of credited service over 20 years.

Plan Funding Ratio: 0.03%

Required Participant Contributions: 3.5% plus 0.5% if married

Employer Contribution Funding: 4.5%

Vesting: Seven years. For termination prior to vesting, employee contributions are returned without interest.

Plan Attributes and Health

- Recordkeeping challenges with pension, clergy, and accounting records
- One of the four conferences has refused to participate in pension program or other episcopal area initiatives/opportunities
- Active pastors' awareness and understanding of pension program needed to improve contributions
- Limited systems and use of technology and software impede recordkeeping and communications

Sustainability Scores:

- 34.54 (2013)
- 31.76 (2015)
- 33.65 (2016)

Sustainability Needs: Continuing challenges in collecting church and clergy contributions.

Philippines

Benefits: Annual pension equivalent to ₱800* per year of Credited Service. (Note: ₱ refers to the Philippine Peso).

Plan Funding Ratio: 30.31%

Required Participant Contributions: 3%

Employer Contribution Funding Sources: Church contributes 7% of compensation;

Additional Funding Sources:

- ₱1,000 per participant annually
- ₱150 per church member annually

Vesting: 15 Years

Plan Attributes and Health

- Significant progress year-to-year in clergy and church contributions
- Prior non-contributory plan, although financially failing, caused initial resistance to contributory plan
- Engaged Board of Pensions provides good plan governance
- Plan has funding streams in addition to church and clergy contribution
- Benefit level relatively low compared to some clergy salaries, which vary widely across the central conference

Sustainability Scores:

- 80.56 (2017)
- 85.50 (2018)
- 91.62 (2019)

Sustainability Needs: Continued progress toward full receipt of contributions.

The Reverend Teresita Supetran
Retiree, Philippines

Rev. Supetran was a retired teacher who then became a full-time pastor. In retirement she continues to work with women's groups and leads a senior citizen's Bible class.

All dollar amounts reflected as the United States dollar ($).

Global View of Benefits

Sierra Leone

Benefits: $60 US per month plus $2 US per month for each year of service over 20 years of credited service payable for the life of the participant.

Plan Funding Ratio: 0.08%

Required Participant Contributions: 5%

Employer Contribution Funding: 5%

Vesting: Five years. For termination prior to vesting, employee contributions are returned without interest.

Plan Attributes and Health

- Monthly pension distribution adds to administrative load and banking fees, but provides very regular income for retirees and beneficiaries
- All pension payments done by electronic bank transfer, for which the bank provides documentation of each month's release of funds
- Central pay structure exists for clergy compensation, which could be used to facilitate clergy pension contributions, if so applied
- Because of required contributions to national social security system, church and clergy pension contributions which should be made throughout the clergyperson's active service typically are not being made until clergy reaches age 60, when required government contributions end

Sustainability Scores:

- 37.60 (2014)
- 47.39 (2016)
- 50.08 (2018)

Sustainability Needs: Failure to start collecting clergy and church contributions before age 60 results in major underfunding, as contributions for the remaining few years of active service will fall far short of funds needed to provide benefits for a ministry career.

South Africa

Benefits: Monthly benefit amount payable for life equal to $50 US, plus $3 US per month for each year of credited service over 20 years.

Plan Funding Ratio: 4.11%

Required Participant Contributions: 4%

Employer Contribution Funding Sources: Church contributes 4% of compensation

Vesting: 5 years

Plan Attributes and Health

- Very small plan in both number of active clergy and retirees/beneficiaries
- No contributions from several pastors and their churches
- Difficulty obtaining salary information for some clergy
- More detailed contributions records needed for those pastors/churches who are contributing
- Several South African pastors from other conferences and are participants in the pension plans of those conferences

Sustainability Scores:

- 24.80 (2015)
- 51.25 (2016)
- 50.95 (2017)

Sustainability Needs: Delinquencies in contributions need correction or remediation.

All dollar amounts reflected as the United States dollar ($).

Zimbabwe

Benefits: Monthly benefit amount US dollars for life based on the following schedule for years of credited service:

- 0–9 years $40 US
- 10–19 $48 US
- 20–29 $64 US
- 30 $80 US

Plan Funding Ratio: 1.86%

Required Participant Contributions: 7.5%; applies to clergy whose service started before 1/1/2017

Employer Contribution Funding: Employer contributions of 15%

Vesting: 2 years

Plan Attributes and Health

- CCP-supported defined benefit pension applies only to clergy active or already retired prior to 2017 and their spouses/ beneficiaries
- Clergy entering ministry 1/1/2017 or later have a defined contribution plan
- Pension payments are administered by Fidelity
- Zimbabwe national law makes it difficult to invest pension funds outside the country (i.e. with Wespath)

Sustainability Scores:

- 80.00 (2015)
- 85.35 (2016)
- 82.01 (2017)

Sustainability Needs: Church and clergy contributions for clergy earning defined benefits are essential to avoid cash flow shortages and plan underfunding.

The Reverend Josiah Makande
Retiree, Zimbabwe

Rev. Makande answered the call to help a family bury their dead—even though he was hospitalized himself at the time! (Risked his health to do so.)

Video available on website: *Stories of Hope*

All dollar amounts reflected as the United States dollar ($).

Looking to the Future

Sustainability of Central Conference Pension Programs

As Wespath partners to support each of the plans, we collectively strive to balance participant and conference needs with long-term plan, and CCP Program viability. Ultimately, to be sustainable a pension plan must have funding adequate to meet its long-term obligations.

To support the future of the CCP Program, Wespath will increase partnerships with local plans on the following measures:

- Leadership
- Assessment of Needs/Risks
- Plan Audits and Sustainability Strategies

Wespath strives to manage the Central Conference Pensions endowment, from which we regularly distribute funds to pension plans in the central conferences, so that these distributions can continue indefinitely. However, as noted above, CCP distributions have never been intended to meet all the obligations of any of the pension programs CCP supports. Every pension plan is contributory and calls for contributions from clergy participants and the churches they serve. As seen in the actuarial and financial information and individual plan overviews, there are varying degrees of sustainability concerns among the pension programs in the central conferences.

Unfortunately, the diversity of pension programs across the central conferences creates inconsistencies in governance, communication, education and plan viability. Therefore, to support the future of the central conference pensions, Wespath will increase partnerships with local plans on the following measures:

- **Central Conference Program Leadership:** With the leadership of the Overseas Pensions Corporation Board, the strong staff at Wespath supporting this work continues to be strengthened. Recently, Wespath announced a consulting arrangement with Thomas Kemper, retired General Secretary of the General Board of Global Ministries, who will take a leadership role in this work for Wespath.

Thomas Kemper

Pictured above: Philippines Central Conference finance and administration staff, administrators of the pension program

- **Assessment of Needs/Risks:** As outlined in this report, a sustainable funding stream and plan compliance are important for a plan's long-term viability. The most common and most severe need of central conference pension plans is adequate and sustainable funding. Other factors important to the success of a pension plan include data management and accuracy, financial controls, and plan governance. Shortcomings in any aspect of a pension plan may have multiple causes and multiple solutions. CCP personnel will work with plan personnel in identifying and quantifying needs and risk and considering possible responses. Ultimately, each pension plan will need to determine how to best deal with its own situation.

- **Plan Audits and Sustainability Strategies:** Working with the leadership of each individual plan, Wespath staff is conducting re-occurring audits to monitor the progress, governance and funding of the plans. The outcome of these audits, as well as our ongoing plan reviews, will feed into sustainability strategies. To be successful these strategies will need to be largely developed, owned, and executed by each pension plan. Wespath will be an active partner in these efforts convening the needed parties, presenting realities and risks, offering possible approaches to address funding challenges and shortages, financial analyses, and similar support.

As with most initiatives in the Church or any similar organization, making progress and moving beyond the status quo entails strong, enduring commitment by those in positions to bring about the changes sought. Additionally, strategies devised by someone half a world away, not living daily with the realities, challenges, and context within which a pension program is trying to operate, have little chance of yielding desired results. Therefore, key leaders of each conference or episcopal area (not just the benefits officer and Board of Pensions) must be fully supportive of, and involved in, any strategies for improving sustainability and remediating past shortcomings.

Wespath views its role as providing guidance for the challenges that the conferences and plan sponsors face, but ultimately the actions and decisions to ensure a sustainable program lie with the leadership of the conference or episcopal area. Utilizing Thomas Kemper's worldwide connections and access to bishops and other Church leaders, Wespath will convene the groups and individuals to develop workable strategies for a pension plan's success and who have the influence, authority, and desire to see that those strategies are carried out.

As with all pension plans, sustainability and plan success takes time and success is not achieved overnight. Through careful discipline and governance Wespath will work with each plan towards the ultimate goal of sustainability.

Pictured above from the East Africa Episcopal Area: Rwanda district meeting

Potential Approaches to Remediating Common Needs and Risks

Adequate Funding

Funding shortfalls may have multiple causes and multiple solutions. While each pension plan will need to determine how to best deal with its own situation, in general underfunding can be attributed to one or more of the following:

1. **Often insufficient or inconsistent collection of plan-prescribed contributions from clergy and churches.** This remains a pervasive problem among a number of plans, and even plans that have made strong progress in receipt of clergy and church contributions have shortfalls from earlier years when compliance with prescribed contributions was lower.
2. **In some cases, clergy compensation is so low that even if with strong compliance in receiving prescribed contributions, the revenue generated is not adequate for the cost of the benefit being earned.** Severe economic conditions in a region may cause a drop in clergy salaries, and resulting drop in contribution income.
3. **Contribution rates called for by the plan are not sufficient to fund the benefits.** This could be a result of low clergy salaries as noted above, or could be a matter of the plan document having set contribution rates at too low a percent of salary even at expected salary levels.

To be sustainable, a pension plan's assets must at least equal its obligations. It also needs sufficient income or liquid assets to meet its outflows of benefit payments. Therefore, insufficiently funded plans need to increase their assets or reduce their obligations, or a combination of both. Again, specific solutions must be determined and executed by each pension plan according to their situation, but in general underfunding can be addressed through:

1. **Full collection of prescribed contributions, where non-receipt of contributions from churches and clergy is a persistent problem.**
2. **Increasing the percentage of clergy salary which the church and/or clergyperson are to contribute**

to the pension plan. This change will of course be of minimal help if clergy and churches are not consistently contributing in the first place.

3. **Developing additional sources of funding beyond church and clergy contributions.**
4. **Lowering benefit levels or adjusting the benefit formula to produce lower long-term obligations.**

A combination of these approaches may be the most feasible strategy for some pension plans.

Complete and Accurate Data

Data is essential for several aspects of pension plan management.

Complete clergy data is critical for plan enrollment, benefit payments, and actuarial valuations, among other needs. Service record data determines who is eligible for a pension benefit, when the benefit should begin and often, the amount of benefit to which the clergyperson or their beneficiary is entitled. Contribution data, and arrearage records for missed contributions, are essential not only for the plan's financial records, but also in most plans to ascertain periods of service for which the clergyperson is not entitled to a benefit because clergy contributions were not made.

Wespath has developed and urged the use of a template for essential clergy data that enables consistent recordkeeping of clergy and spouse data. In all but the smallest plans, the volume of contributions to be tracked quickly becomes overwhelming. Wespath will assist pension plans in acquiring and setting up accounting software such as QuickBooks or database software to enable recording of all church and clergy contributions.

Plan Compliance, Governance, and Policies

When a practice is out of compliance with plan provisions, possibly the practice needs to change, or possibly the plan provisions need to change because they are proving to be unrealistic or impractical. Maybe the situation in the conference or episcopal area is different than when the plan provisions were adopted. Wespath can consult with central conference pension personnel and other key leaders as they develop responses to plan compliance or plan governance concerns. Wespath also has expertise and experience to offer support in policies for the Board of Pensions and its members, formation or refinement of investment policies, and amendment of the pension plan document.

As with all pension plans, sustainability and plan success takes time and success is not achieved overnight. Through careful discipline and governance Wespath will work with each plan towards the ultimate goal of sustainability.

Continued Generosity

Thanks to the generosity of donors worldwide, Central Conference Pensions (CCP) achieved its $25 million challenge goal, providing necessary seed money to help launch pension programs for retired central conference ministers and their surviving spouses in retirement. Continued donations will help assure ongoing CCP support even during economic downturns, and could eventually enable additional support for central conference areas with rapid growth and emerging needs. Donations can be made to:

Central Conference Pensions
c/o Wespath Benefits and Investments
75 Remittance Drive, Suite 6714
Chicago, IL 60675

Make checks payable to Wespath Benefits and Investments and add "CCP" on the "memo" line. Or, visit our website to make donations online: **https://www.wespath.org/ccp/donations/**.

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