

*This petition was approved at the General Conference.
Wespath will provide updated information soon.*

General Conference (April 23-May 3, 2024)

Compass—New Retirement Plan for U.S. Clergy

Petition 20946-FA

[Petition 20946-FA replaces Petition 20220-FA that was submitted prior to the four-year postponement of General Conference. The updated petition appears in the [Advance Daily Christian Advocate Supplement, Volume 3](#)—published in 2024.]

GENERAL QUESTIONS AND ELIGIBILITY

Q: What is Wespath’s proposal for creating a new mandatory retirement plan for U.S. clergy?

A: Petition 20946-FA would create a new account-based, defined contribution (DC) retirement plan for U.S. clergy. The proposed new plan is named Compass. Compass would replace the Clergy Retirement Security Program (CRSP), which is the current mandatory retirement plan for U.S. clergy.

- This [handout](#) describes the Compass plan in more detail.

Q: What happens to CRSP?

A: *Petition 20946-FA (create Compass plan) and petition 20227-FA (close CRSP) work together.*

- As proposed, CRSP would continue **through December 31, 2025**, and then “freeze.”
- Effective **January 1, 2026**, the new Compass plan would take effect. Clergy participants in CRSP would automatically be enrolled in Compass (assuming their conference does not change its rules regarding eligibility).

Q: What happens to benefits earned through CRSP?

A: *Clergy will not lose CRSP benefits they earn through December 31, 2025.* Starting January 1, 2026, clergy would begin earning benefits through the new Compass plan instead of CRSP.

Assuming General Conference approval, Compass will become effective on January 1, 2026. At that point, clergy will no longer accrue additional service under CRSP. The maximum period of service under CRSP will be 19 years (CRSP will have been in effect 19 years: from January 2007 through December 2025). As of December 31, 2025, there will be no further service earned under CRSP.

Under the CRSP formula, the Denominational Average Compensation (DAC) will continue to increase 2% annually for clergy while they remain active.

Q: Will Compass affect retired or terminated clergy?

A: No. Compass will have no impact on the benefits of clergy who have already retired or terminated.

Q: Will Compass affect clergy in the UMC’s Central Conferences?

A: No. Compass is a U.S.-only plan. It is only for clergy who minister in the United States.

Q: What happens to benefits earned through older clergy plans (Ministerial Pension Plan for service 1982-2006 and Pre-82 Plan for service prior to 1982)?

A: Compass will not change benefits being received through these older plans. *Clergy who earned pensions through MPP or Pre-82 will maintain those benefits.*

Q: Will Compass have different rules than CRSP regarding eligibility?

A: No. *Compass retains the same eligibility rules of CRSP*, so bishops and full-time clergy who are eligible for CRSP today will be eligible for Compass in 2026.

- Eligibility for part-time clergy is based on the annual conference’s choice. Assuming your annual conference chooses the same eligibility for Compass that it currently has for CRSP, then clergy who are not eligible for CRSP today also will not be eligible for Compass.
- Deacons are treated like any other clergy for purposes of eligibility in Compass or CRSP. If they are appointed to less than full-time, they will be eligible for Compass if their annual conference chooses to cover clergy at their appointment percentage.

Q: Why does the UMC need a new retirement plan for U.S. clergy?

A: *Changing Church demographics and increasing financial challenges* for churches and annual conferences are the main reasons a new plan is needed. As shown in this chart, United Methodist Church (UMC) membership in the U.S. has declined significantly over the past 40 years. Membership in 2021 was about half of the 2007 level (the year CRSP started) and about one-quarter the 1982 level.

UMC: U.S. Church Membership Per Retired Clergy	
1982	1,011 members per retiree
2007	461 members per retiree
2017	314 members per retiree
2021	236 members per retiree

With declining membership in the U.S., local churches and annual conferences are struggling to meet the long-term financial obligations for funding pensions that continue often many decades after an individual clergyperson retires from their church. As financial strains worsen in the UMC, the current plan is no longer affordable for local churches and annual conferences.

A new account-based plan is needed to assure the Church can continue providing reliable and sustainable retirement income to those in ministry today—and for future generations.

Q: Does the UMC need a new retirement plan because of disaffiliations?

A: No. Recent disaffiliations and closures of nearly 8,000 local churches (over 25% of U.S. churches) intensified the funding strain and sped up the urgency for a different type of plan—but did not create this problem. In fact, Wespeth began designing a new retirement plan in early 2017. The petition for Compass was initially submitted to the 2020 General Conference in September 2019, well before the recent wave of disaffiliations.

COMPASS PLAN FEATURES

Q: What is an “account-based, defined contribution” retirement plan?

A: With an account-based, defined contribution (DC) plan, each clergy participant has their own account—the money in that account belongs to that individual, to keep for the rest of their lives. The Compass plan’s DC design offers the flexibility to leave any remaining balance to family members, or to a church, charity or other beneficiaries after the clergy participant dies.

A DC account grows over time through investing.

- In contrast, a defined benefit (DB) works as a pension. It pays the participant a set amount (adjusted annually for inflation) every month for the rest of their life. When the clergy participant dies (and their spouse dies, if the participant elected the “Life and 70% Survivor” benefit), there is no remaining balance for heirs or other beneficiaries.
- An account-based, defined contribution (DC) plan like Compass gives individual participants greater flexibility and control over their own retirement savings and investment options than they have with a traditional pension/DB plan.
- CRSP includes a DB component *and* a DC component. Compass is DC-only.

Q: I’m concerned about not receiving a monthly pension payment. How will Compass address this and help assure I don’t outlive my retirement savings?

A: While Compass won’t provide a traditional pension, it has special features designed to reflect the importance the UMC places on providing clergy with lifetime income. Notably, Compass fully integrates with Wespath’s award-winning *LifeStage Retirement Income*—a professionally designed program that determines a safe amount for withdrawals from your Compass account. It helps protect participants from taking out too much—or too little—so they can be comfortable in retirement and not worry about outliving their savings.

LifeStage Retirement Income uses an algorithm that is completely individualized. It considers the individual’s age, account balance, inflation and other factors to determine an optimal monthly withdrawal amount.

- LifeStage Retirement Income is mandatory for the church’s contributions into Compass. It is an optional feature for contributions the individual pays into the plan. More about how LifeStage Retirement Income works is [here](#).

Two *optional* features in Compass further help participants optimize their income throughout their retirement lifetime:

- *Social Security Bridge*—which distributes more of the individual’s Compass savings early in retirement so they can defer taking Social Security (and therefore benefit from higher Social Security payments later in life), and
- *Longevity Income Protection*—which provides monthly annuity payments from a commercial insurer starting at age 80.

Q: What are the three types of contributions from the church/annual conference?

A: The local church (church employer) makes three types of Compass contributions for each eligible clergyperson:

1. \$150 per month *flat-dollar* contribution (increasing 2% per year in \$5 increments),
2. *3% contribution* based on individual clergy compensation, and
3. *\$1 for \$1 match* on up to 4% of the clergyperson's plan compensation, based on how much the clergyperson contributes (i.e., the individual's "personal contributions").

Q: Why are there three different types of contributions from the plan sponsor (church/conference)?

A: When designing the new plan, Wespeth's Board of Directors spent a lot of time thinking about the pros, cons and purpose of each type of plan sponsor contribution, and how these three different approaches work together.

- The *flat-dollar contribution* provides relatively more value to lower-paid clergy. It helps support participant groups who may be unable to save as much of their earnings as higher-paid participants.
- The *3% of pay contribution* is equitable relative to individual earnings. This contribution type provides a uniform ratio across the spectrum of pay for the denomination's eligible clergy.
- The *\$1 for \$1 match* on the individual's contribution (up to 4% of compensation) encourages clergy participants to share in the responsibility to save for their own retirement.

Compass leverages these three different types of plan sponsor contributions working together. The plan design is based on carefully calibrating these contribution levels to achieve an income replacement ratio within the target range (75% or more, with Social Security) for the overwhelming majority of full-time clergy who serve a full career in the UMC.

Q: Why is the clergy's contribution increasing from 1% of pay to 4% to earn a full matching contribution from the church?

A: Like CRSP, Compass is designed with shared responsibility for saving for retirement: the individual contributes, and their local church contributes. With declining church membership in the U.S., many churches and annual conferences face increasing budget challenges.

- Clergy who contribute 4% of their salary will receive 7% contributions from their church based on income: a standard 3% of compensation + a matching 4% contribution—*plus* the flat-dollar contribution from the church (\$150 per month in 2026).

Q: Why did Wespeth decide to give all pastors the same flat-dollar contribution from their church (\$150 per month, starting in 2026 and increased annually), regardless of their income? Why not give lower-paid clergy a higher amount than higher-paid clergy?

A: The Compass plan design aims to balance *adequate retirement benefits* for clergy with affordability for local churches and annual conferences, while also prioritizing *equity* across clergy with different circumstances.

As a percent of pay, the church's flat-dollar contribution is higher for lower-paid clergy than it is for higher-paid clergy—providing relatively more value to lower-paid participants and participant groups who may be unable to save as much of their earnings for retirement compared with what higher-paid clergy can afford to save.

Q: Does Compass have features that support equity for lower-paid clergy?

A: Yes. Beyond the \$150 flat-dollar contribution, additional features are included in Compass that generally favor lower-paid clergy and help equalize retirement outcomes. These features help clergy attain a goal income replacement ratio of at least 75% of active service compensation in retirement received from Compass plus Social Security.

These special features for clergy include:

- *Match on qualified student loan payments*—Many clergy early in their careers carry student loan debt, which makes it difficult to pay back the loan *and* pay personal contributions for their retirement. Compass will provide matching contributions up to 4% based on qualified student loan payments, treating such student loan payments as if they were personal contributions into Compass.
- *Increase in the deemed value of parsonages, from the current 25% of plan compensation to 35%*—When clergy are provided with a parsonage, the deemed value of the parsonage is considered as a part of the clergyperson's total compensation package and included in plan compensation, upon which plan sponsor contributions are made. Generally, clergy who live in parsonages tend to have lower salaries. Raising the imputed value of a parsonage from 25% to 35% of plan compensation in turn increases the amount the church makes in plan contributions for clergy living in parsonages.

Q: What does “adequacy” mean when you’re talking about Compass?

A: For individuals who spend their career in UMC ministry, Wespath designed Compass to achieve a goal retirement income that (combined with Social Security) is at least 75% of what they earned when they retired. Studies show this is adequate income to live comfortably in retirement.

Q: What does “equity” mean when you’re talking about Compass?

A: Equity, or fairness, is a fundamental principle of United Methodism. Compass supports equity with three unique features described above: match on student loan payments, deemed parsonage value increase to 35% of compensation, and the monthly flat-dollar contribution.

Q: If people choose to have Wespath manage their Compass money through LifeStage Investment Management, can they decide on how Wespath invests it? For example: Can people choose not to have Wespath invest in fossil fuels or in Israel?

A: Currently, no. As of 2024, the Social Values Choice (SVC) suite of funds are not available for participants who use the automated LifeStage Investment Management tool; SVC is currently available only for participants who self-manage their investments. *However, starting in January 2026, Wespath will make SVC funds broadly available to all participants—whether they self-manage their investments or use the LifeStage Investment Management service.*

- **What are SVC funds?** Wespath's Social Values Choice (SVC) suite of funds do not invest in companies that derive a significant amount of revenue from involvement in the fossil fuels industry or in certain companies subject to annual conference resolutions concerning peace in the Middle East. SVC funds were introduced in 2017.
- **Will SVC funds be available with Compass for participants using LifeStage Investment Management?** Yes. Wespath is expanding availability of Social Values Choice funds to include participant portfolios managed through LifeStage Investment Management, effective **January 1, 2026** (the planned implementation date for Compass, assuming General Conference approval).

Regardless of the outcome of General Conference, Wespath is committed to adding the SVC suite of funds as an option for participants in LifeStage Investment Management by early 2026. (Additionally, by year-end 2024 Wespath will expand availability of SVC funds to institutional investment clients, such as United Methodist foundations, senior living communities and educational institutions.) This [press release](#) has more details.

- **Wespath plans to add the SVC suite of funds to LifeStage Investment Management** the same time the new proposed Compass retirement plan goes into effect, assuming the General Conference approves Compass. Wespath intends Compass to take effect on January 1, 2026. More information is in this [press release](#) and description of the [funds' strategy](#).

Q: Did Wespath consider diverse perspectives when brainstorming the plan design for Compass?

A: Yes: Before designing the Compass plan, Wespath gathered input from a broad range of perspectives, including clergy and lay leaders under age 40 through our Young Leaders Advisory Board (Y-LAB, which represents younger participants who will be most impacted by the new plan), as well as annual conferences (benefits officers and treasurers), bishops, clergy focus groups and other stakeholders to better understand their concerns and priorities. This collective input identified three main objectives for a new mandatory clergy retirement plan: long-term plan sustainability, affordability and income adequacy. Compass is designed to balance these three objectives.

Q: Where can I learn more about Compass?

A: Please visit this [webpage](#) for handouts and videos that explain Compass. The [petition](#) provides a very detailed description of the proposed Compass plan.



Wespath's General Conference webpage: www.wespath.org/gc2020