

Total Number of Pages: 12
Suggested Title: Clergy Retirement Security Program Amendments
Discipline ¶: 1504.1
General Church Budget Implications: None
Global Implications: None
Agency Name: General Board of Pension and Health Benefits

Revise the Clergy Retirement Security Program (“CRSP”), which is incorporated by reference in ¶1504.1 of *The Book of Discipline*, including any needed revisions to CRSP section numbering, formatting, pagination, or Table of Contents, effective January 1, 2017, except where another effective date is specified:

1. Amend Section A1.2 as follows:

A1.2 History. The Program is restated as of January 1, ~~2014~~2017, reflecting revisions approved at General Conference ~~2012~~2016. This restatement date does not impact the Effective Date of the Program. This most recent restatement of the Program constitutes the official plan document for the Program. . . .

2. Amend Section A1.6(b) after the first sentence as follows:

In addition, and notwithstanding any other provision of the Program to the contrary, the General Board may, in its discretion, purchase insurance contracts that provide annuities, in which case the insurance company will become solely responsible for providing the defined benefits and/or annuities that would have been due under the Program. . . .

3. Amend Section A2.29(a) as follows:

(a) the Participant's 415 Compensation (including, in the case of a self-employed Clergy person (who is self-employed within the meaning of Code §401(c)(1)(B) but is an employee of The United Methodist Church within the meaning of Code §414(e)(5)(A)(i)(I) and the Regulations thereunder), such Clergy person's 415 Compensation earned in the course of such self-employment) but excluding:

(i) any Includible Compensation earned outside of such Plan Year; and

(ii) any 415 Compensation paid to the Participant in lieu of Plan Sponsor-provided group health plan coverage, including coverage of the Participant's family members, as determined by the Plan Sponsor in accordance with procedures that may be established by the Administrator;

4. Amend Section A2.44 as follows:

A2.44 Denominational Average Compensation. The average annual eCompensation of Full-Time Clergy persons, which average is determined in accordance with procedures established by the Administrator. For Plan Years after 2016, Denominational Average Compensation will not include the type of compensation excluded by Section A2.29(a)(ii), even if such excluded compensation was earned before the effective date of Section A2.29(a)(ii), i.e., January 1, 2017.

5. Add Section A2.46(d), effective January 1, 2013, as follows:

(d) in the case of a Terminated Participant who is not eligible for a Social Security Administration determination of disability, determined to be disabled by an outside professional firm selected by the Administrator, based on reasonable and consistently applied factors established by the Administrator from time to time. . . .

6. Amend Section A2.52 as follows:

A2.52 Effective Date. ~~This restatement of the Program is effective on~~ The effective date of the Program is January 1, 2014. Provisions with different effective dates are noted in the Program's text or by footnote. Although the Program was amended by General Conference 2016, those amendments do not change the Effective Date of the Program.

7. Amend Section A2.59(b), effective January 1, 2014, as follows:

(b) the Denominational Average Compensation for the Plan Year in which such person was last rendered service ~~Appointed and rendered service to:~~ . . .

8. Amend Section A2.93, effective January 1, 2007, as follows:

A2.93 MPP Plan Sponsor. An entity described below:

(a) ~~for periods before September 1, 2008, GCFA,~~ if the Participant was a Bishop, ~~except in the case of Bishops who were newly consecrated in 2008, then for periods before the date of their consecration;~~ ~~or~~

(b) for periods before January 1, 2007, a plan sponsor as defined in the Ministerial Pension Plan as it existed before January 1, 2007-; and

(c) for periods on and after January 1, 2007, a Conference (for non-Bishop Clergy Participants who were Appointed to churches, Conferences or Conference-Responsible units).

9. Amend Section A2.107(c), effective January 1, 2007, as follows:

(c) As used in Supplement Three, a person with an MPP Account Balance or receiving an annuity benefit as provided in Supplement Three.

10. Amend the last sentence of Section A2.149 as follows:

The term “Trust” also includes, as applicable, any insurance contract purchased to fund benefits under the Program (but does not include annuity contracts purchased from insurance companies that become solely responsible for providing the defined benefits and/or annuities that would have been due under the Program).

11. Amend the last sentence of Section A3.11(d), effective June 1, 2016, as follows:

Any such cause of action must be filed with a court of competent jurisdiction within ~~six~~12 months of the date on the written notice of denial described in Section A3.11(c)(ii)(E) or such cause of action will be deemed waived; provided, however, that such ~~six~~12-month limit will apply only if it is described in such notice of denial.

12. Amend Section A4.3(b), effective June 1, 2016, as follows:

(b) If a eContribution is made to a Plan by the Plan Sponsor by a mistake of fact, then such eContribution will, to the extent permitted under Regulations or applicable guidance from the Internal Revenue Service, and to the extent consistent with procedures established by the Administrator, be adjusted for any gains or losses and returned to the Plan Sponsor (~~adjusted for any gains or losses~~) if:

- (i) the Plan Sponsor sends a written request for its return to the Administrator within a reasonable time~~one year~~ after the eContribution was made;
- (ii) the Plan Sponsor documents such mistake to the satisfaction of the Administrator; and
- (iii) the Administrator has not yet distributed such eContribution (or the portion sought to be returned). ...

13. Add new Section A4.17, effective June 1, 2016, as follows:

A4.17 Transfer of Benefits. Notwithstanding any provision of the Program to the contrary, for reasons of administrative convenience or flexibility, including but not limited to the distribution of small amounts, the distribution of required minimum distributions, or the availability of investment or distribution options, the Administrator may transfer benefits and Account Balances due to a Participant, a Recipient, an Accountholder, an Alternate Payee, or a Beneficiary within the Program from a Plan to another Plan (or, in the case of defined contribution plan assets to

another defined contribution plan administered by the Administrator) to be paid from the transferee Plan (or other defined contribution plan), subject to the following:

(a) Defined benefit plan benefits and annuitized Account Balances may be transferred only to Plans and portions of Plans within the Consolidated DB Plan, and the assets determined by the Administrator to be sufficient to fund such benefits will be transferred from the Funding Account(s) of the transferor Plan to the appropriate Funding Account(s) of the transferee Plan; provided, however, that small annuity amounts or defined benefit plan small benefits that the Program provides will be converted into a lump sum equivalent may be transferred in accordance with Section A4.17(b) below.

(b) Defined contribution plan benefits, and the Account Balances funding such benefits, may be transferred from one Plan Account to another Plan Account within the Program or to another defined contribution plan administered by the Administrator.

(c) Transfers will be made only when benefits continue to be paid, or are available to be paid, from the transferee plan in the same form and amount and to the same payees as was or would have been the case under the transferor Plan. A benefit will not be transferred unless, after the transfer, the transferred benefit payable under the transferee plan is at least the Actuarial Equivalent of the benefit that was transferred from the transferor Plan.

(d) All Regulations relating to transfers will be complied with, including but not limited to §1.403(b)-10(b)(3) of the Regulations.

14. Move the second to last sentence of Section B3.1(b) to new Section B3.1(c), as follows:

(c) Ineligibility to Receive Credited Service. Notwithstanding Section B2.2, aAfter initially becoming a Participant on the Entry Date, an Eligible Clergy person must continue to meet the conditions in Sections B3.1(a) and (b) above to remain a Participant eligible to receive Credited Service. In the case of an Eligible Clergy person who satisfies Section B3.1(b)(iii)(B) or (C), such person will cease to be eligible to receive Credited Service on the date he or she ceases to qualify for retirement plan contributions under Section C4.1(c)(iii), unless such person otherwise satisfies Section B3.1(b)(iii)(A).

15. Amend Section B7.2(h), effective January 1, 2014, as follows:

(h) *Disabled ~~Adult~~-Child Annuity Conditions.* When a disabled ~~adult~~-child (whether a minor or an adult) is a secondary Contingent Annuitant (receiving an annuity benefit after the Participant's or Terminated Participant's Spouse or other Contingent Annuitant has died), such disabled ~~adult~~ child will not be eligible for benefits unless, or benefits already payable will be forfeited unless:

- (i) benefits to the disabled ~~adult~~-child are payable to a special needs trust for the benefit of such child; and
- (ii) such special needs trust complies with applicable law.

Further, the disabled ~~adult~~-child benefits above for which such disabled ~~adult~~-child was not eligible, or that were forfeited, will not be restored to the estates of the deceased Participant, Terminated Participant, surviving Spouse, or other primary Contingent Annuitant, nor will any of them receive any retroactive change to the actuarially reduced benefits that were paid to them that funded the secondary Contingent Annuitant benefits.

16. Amend Section B9.1(b)(iii), effective January 1, 2014, as follows:

(iii) *Disabled ~~Adult~~ Child as Contingent Annuitant.* As Optional Forms of Benefit, the Administrator will offer one or more Contingent Annuity options that pay survivor benefits to a special needs trust for a disabled ~~adult~~ child (whether a minor or an adult) of the Participant or Terminated Participant, which Contingent Annuity options may provide for dual Contingent Annuitants (such as a Spouse and the special needs trust as a successor). . . .

17. Amend Section C4.1(c)(iii) as follows:

(iii) *Period of Contributions.* The Contributions provided for under Section C4.1(c)(ii) above will be made from the date such Participant is eligible under C4.1(c)(i) above until the earliest of:

(A) the date such Participant ceases to qualify under C4.1(c)(i) above; or

(B) ~~in the case of a Participant who qualified under C4.1(c)(i) above before age 60, on the earlier of:~~

~~(I) the date such Participant Retires on an Early Retirement Date; or~~

~~(II) such Participant's Normal Retirement Date (whether or not he or she actually Retires); or~~

~~(C) in the case of a Participant who qualified under C4.1(c)(i) above on or after age 60, on the earliest of:~~

~~(I) the date that is the five year anniversary of such Participant's qualification under C4.1(c)(i) above;~~

~~(II) such Participant's 70th birthday; or~~

~~(H)~~ in the case of a CPP Disabled Participant, the date that CPP disability retirement plan contribution benefits under CPP cease.

18. Amend the last sentence of Section C8.3(d)(i), effective January 1, 2010, as follows:

The Spouse must consent as specified above to each change in Designated Beneficiary ~~unless the original consent expressly permits the Participant to further change his or her Designated Beneficiary without the requirement of further consent by the Spouse;~~

19. Amend Section S1.4.2(c), effective January 1, 2007, as follows:

provided however, that if ~~such Pre-82 Participant Retires on his or her:~~

(1) such Pre-82 Participant's Annuity Starting Date occurs before his or her Normal ~~Early~~ Retirement Date, the amount of his or her Past Service Benefit, or later increases, will be actuarially reduced by the lesser of: ...

(2) such Pre-82 Participant Retires on his or her Late Retirement Date, the amount of his or her Past Service Benefit will be actuarially ~~adjusted~~ increased to reflect the delay from his or her Normal Retirement Date to his or her Late Retirement Date.

Such actuarial adjustment will be on an Actuarially Equivalent basis determined pursuant to procedures developed by the Administrator. ...

20. Amend Section S1.4.2(d), effective January 1, 2007, as follows:

(d) *Form of Benefit.*

(i) If the Pre-82 Participant has a Spouse at the time of Retirement or his or her Annuity Starting Date and his or her marriage to that Spouse took place before the cessation of service rendered by the Pre-82 Participant while Under Episcopal Appointment, the form of the annuity will be a Contingent Annuity with 70% (or 75%, 85%, or 100%, if elected by the applicable Pre-82 Sponsor and so set forth in the Adoption Agreement) payable to the Contingent Annuitant on the death of the Pre-82 Participant. The Pre-82 Participant will be the primary annuitant and his or her Spouse will be the Contingent Annuitant.

(ii) If the Pre-82 Participant is not married at the time of Retirement or his or her Annuity Starting Date or if the Pre-82 Participant's marriage took place after he or she ceased serving Under Episcopal Appointment, the form of the annuity will be a Single-Life Annuity.

21. Amend Section S1.4.3(c), effective January 1, 2007, as follows:

(c) A Pre-82 Participant will be fully Vested ~~after December 31, 1981~~ in his or her Past Service Benefits if he or she has at least:

(i) 10 years of Pre-82 Plan Vesting Service if he or she is a Bishop, an Elder in Full Connection, a Provisional Member, affiliate member within the meaning of ¶¶344.4, 370.1, or 586.4 of the Discipline, or an Associate Member, and became a Terminated Participant after December 31, 1981; or

(ii) 10 years of Pre-82 Plan Vesting Service or four consecutive years of Pre-82 Plan Vesting Service if he or she is a Local Pastor or an ordained minister of another denomination within the

meaning of ¶¶346.2 or 346.3 of the Discipline and if his or her Annuity Starting Date is on or after January 1, 1997.

22. Amend Section S1.4.5(c)(ii), effective January 1, 2007, as follows:

(ii) at the Pre-82 Participant's Retirement or the date the Participant becomes a Terminated Participant; and

23. Amend Section S1.4.5(d), effective January 1, 2007, as follows:

(d) Upon the death of a Pre-82 Participant on or after January 1, 1982, and before his or her Retirement, or, for Vested Terminated Participants, before his or her Annuity Starting Date, the following provisions will apply: ...

24. Amend the last sentence of Section S3.4.2(c)(iii), effective January 1, 2010, as follows:

However, the Participant's Spouse must again consent in writing in accordance with the provisions of Section S3.4.2(c)(i)(A) to any change in the Participant's Designated Beneficiary ~~unless the original consent expressly permits such changes by the Participant without the requirement of further consent by his or her Spouse.~~

25. Amend the last sentence of Section S3.4.4(a), effective January 1, 2007, as follows:

Such a Terminated Participant's Account will be distributed in accordance with Sections S3.4.5(g)(i) or (ii) ~~without taking into account the increases provided for in Section S3.4.8.~~

26. Amend Section 3.4.5(c)(ii), effective January 1, 2010, as follows:

(ii) Such election may designate a Beneficiary (or a form of benefit) that may not be changed without Spousal consent ~~(unless such Spouse's consent expressly permits future designations by the Participant without the requirement of further consent by such Spouse).~~

27. Amend the first sentence of Section S3.4.5(g)(i), effective January 1, 2014, as follows:

(i) with respect to 65% of such Participant's MPP Account Balance, the purchase of or providing of a lifetime (including a lifetime with years certain) annuity or joint and survivor lifetime annuity (including the disabled ~~adult~~ child annuity options described in Section B9.1(b)(iii)).

Date: August 10, 2015

RATIONALE: GBPHB wishes to make certain technical corrections and plan design changes for the benefit of participants in the Clergy Retirement Security Program and to make administration easier