

Total Number of Pages: 18

Suggested Title: Comprehensive Protection Plan Amendments

Discipline ¶: 1504.1

General Church Budget Implications: None

Global Implications: None

Make the following changes to the Comprehensive Protection Plan, which is incorporated by reference in ¶1504.1 of The Book of Discipline, including any needed revisions to section numbering, formatting, pagination, or Table of Contents, effective January 1, 2021, except where another effective date is specified.

Amend Section 1.01 as follows:

The Plan. The General Conference of The United Methodist Church established a program providing certain benefits for participating clergy and their beneficiaries, effective as of January 1, 1982, that has been known as the Comprehensive Protection Plan (hereinafter referred to as the “Plan”). The Plan was initially funded in part by a transfer of assets from the Disability and Survivor Benefit Fund of the Ministers Reserve Pension Fund. Article XII of this Plan replaces the provisions of the Ministers Reserve Pension Fund relating to the Disability and Survivor Benefit Fund. Effective January 1, 1997, the Plan was amended and restated. Effective January 1, 2002 the Plan was again amended and restated. Effective January 1, 2005, the Plan was again amended and restated. Effective January 1, 2007, the Plan was again amended and restated. Effective January 1, 2009, the Plan was again amended and restated. Effective January 1, 2012, the Plan was again amended and restated. Effective January 1, 2014 the Plan was again restated. Effective January 1, 2015, the plan was again amended and restated. Effective January 1, 2016 the Plan was again amended and restated. Effective 12:00 a.m. of the day following the close of the 2020 General Conference~~January 1, 2017~~ (the

“Effective Date”), General Conference 202046 amended the Plan as provided herein. This most recent statement of the Plan as amended constitutes the official plan document for the Plan.

Amend Section 2.06 as follows:

“**Beneficiary**” shall mean the person(s) designated as set forth in Sections 109.04 or 109.05 who is receiving, or entitled to receive, a deceased Active Participant’s, a Retired Participant’s, or a Surviving Spouse’s residual interest in the Plan which is non-forfeitable upon, and payable in the event of, such Active Participant’s, Retired Participant’s, or Surviving Spouse’s death. A Beneficiary may be one or more ~~legal persons, namely,~~ individual(s), trust(s), estate(s) or other legal person(s), as well as Beneficiaries described under Section 8.01(m) of the Plan.

Amend Section 2.20 as follows:

“Plan Compensation” ~~shall mean for an Active Participant the sum of the following amounts paid by his/her Salary Paying Unit or Plan Sponsor~~ equals the amount of a Participant’s Compensation for a Plan Year as determined under the applicable retirement plan in which the Participant participates as determined by the Administrator.:

a. ~~the Participant’s 415 Compensation, (including, in the case of a self-employed Clergy person, such Clergy person’s 415 Compensation earned in the course of such self-employment), but not including 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;~~

b. ~~cash excluded from taxable cash salary pursuant to Code Section 107(2); and~~

e. ~~when a parsonage is provided to the Participant as part of his or her compensation, 25% of the sum of: (i) Participant's 415 Compensation; and (ii) cash excluded from taxable cash salary pursuant to Code Section 107, as defined in Section 2.20b.~~

Amend Section 4.05 as follows:

Protection Benefit Trust. Church contributions pursuant to this Article IV shall be credited, as of the date of receipt by the Plan, to the Protection Benefit Trust. Said Trust shall be maintained and invested by the Trustee to provide for the benefits and the expenses of administration hereunder such that the Trust is for the exclusive benefit of the Participants of ~~the Plan~~ and ~~their~~ Beneficiaries of the Plan.

Amend Section 5.03d as follows:

Upon the death of an Active Participant or a Retired Participant eligible for death benefit coverage hereunder, a benefit shall be paid as follows:

(1) For an Active Participant, the benefit shall be \$50,000.

(2) For a Retired Participant, if the death occurs after 12:00 a.m. of the day following the close of the 2020 General Conference, the benefit shall be \$21,800; if the death occurs prior to that, for a Participant who retired on or before December 31, 2012, the benefit shall be 30% of the Denominational Average Compensation in effect at the time of death, and for a Participant who retired on or after December 31, 2013, the benefit shall be \$20,400 ~~who has retired on or before December 31, 2012, the benefit shall be 30% of the Denominational Average Compensation in effect at the time of death. For a Retired Participant, who has retired on or after January 1, 2013, the benefit shall be \$20,400.~~

Amend Section 5.03f as follows:

Upon the death of the Spouse of an Active or Retired Participant eligible for death benefit coverage hereunder, which death occurs:

(1) after 12:00 a.m. of the day following the close of the 2020 General Conference, a single-sum spouse death benefit equal to \$15,918 shall be paid to the Participant;

(2) prior to 12:00 a.m. of the day following the close of the 2020 General Conference, a single-sum spouse death benefit equal to 20% of the Denominational Average Compensation at the time of death shall be paid to the Participant if he or she was either Active at the time of death or retired on or before December 31, 2012; or, for a Participant who retired on or after January 1, 2013, a single-sum death benefit equal to \$15,300 shall be paid to the Participant ~~a single-sum spouse death benefit equal to 20% of the Denominational Average Compensation at the time of death shall be paid to the Participant. Upon the death of a Spouse of a Retired Participant, who has retired on or before December 31, 2012 and is eligible for death benefit coverage hereunder, a single-sum spouse death benefit equal to 20% of Denominational Average Compensation at the time of death shall be paid to the Participant. Upon the death of a Spouse of a Retired Participant, who has retired on or after January 1, 2013 and is eligible for death benefit coverage hereunder, a single-sum spouse death benefit equal to \$15,300 shall be paid to the Participant.~~

Amend Section 5.03g as follows:

Upon the death, after 12:00 a.m. of the day following the close of the 2020 General Conference, of: (1) a Surviving Spouse of a deceased Active Participant or deceased Retired Participant, ~~who retired on or before December 31, 2012,~~ (2) a Surviving Spouse who was receiving a pension benefit from a Conference on December 31, 1981, or (3) a Surviving Spouse of a bishop elected

by a Jurisdictional Conference or the Puerto Rico Methodist Church, a death benefit of \$10,924 shall be payable to the Beneficiary. ~~as follows. For a death prior to 12:00 a.m. of the day following the close of the 2020 General Conference, the~~ The benefit for this same group shall be a single-sum Surviving Spouse death benefit equal to 15% of the Denominational Average Compensation at the time of death, and it shall be paid to the Beneficiary. ~~Upon the death of a Surviving Spouse of a deceased Retired Participant, who~~ , unless the Participant had retired on or after January 1, 2013, in which case a single-sum death benefit equal to \$10,200 shall be payable to the Surviving Spouse's Beneficiary.

Amend 5.03h as follows:

Any death benefit payable to a Beneficiary shall be paid pursuant to the rules regarding Beneficiaries contained in Sections ~~109.04~~ and ~~109.05~~, as applicable.

Amend 5.03i as follows:

Upon the death, after 12:00 a.m. of the day following the close of the 2020 General Conference, of a Child of an Active Participant, deceased Active Participant, Retired Participant, or deceased Retired Participant:

(1) if the Participant survives the Child, a single-sum death benefit equal to \$8,490 shall be paid to the Participant; or

(2) if the Participant predeceases the Child, a single-sum death benefit equal to \$8,490 shall be paid, in the following order of preference, to either:

(i) the Surviving Spouse of the deceased Participant, if the Surviving Spouse was the guardian of the Child at the time of the Child's death, or if the deceased Child was dependent upon the Surviving Spouse; or

(ii) the guardian of the deceased Child, if any; or

(iii) the person paying the funeral expenses of the deceased Child.

Upon the death, before 12:00 a.m. of the day following the close of the 2020 General Conference, of a Child of an Active Participant, deceased Active Participant, Retired Participant, or deceased Retired Participant, who retired on or before December 31, 2012, and such Participant is, or was at the time of his or her death, eligible for death benefit coverage hereunder, ~~and upon the receipt of a death certificate for the Child:~~

~~(32)~~ if the Participant survives the Child, a single-sum death benefit equal to 10% of the Denominational Average Compensation at the time of death shall be paid to the Participant; or

~~(42)~~ if the Participant predeceases the Child, a single-sum death benefit equal to 10% of the Denominational Average Compensation at the time of death shall be paid, in the ~~following order of preference described in (2) above, to either:~~

~~(i) the Surviving Spouse of the deceased Participant, if the Surviving Spouse was the guardian of the Child at the time of the Child's death, or if the deceased Child was dependent upon the Surviving Spouse; or~~

~~(ii) the guardian of the deceased Child, if any; or~~

~~(iii) the person paying the funeral expenses of the deceased Child.~~

Upon the death, before 12:00 a.m. of the day following the close of the 2020 General Conference, of a Child of a Retired Participant or deceased Retired Participant, who retired on or after January 1, 2013, and such Participant is, or was at the time of his or her death, eligible for death benefit coverage hereunder, and upon receipt of a death certificate for the Child:

~~(53)~~ if the Participant survives the Child, a single-sum death benefit equal to \$8,160 shall be paid to the Participant; or

~~(64)~~ if the Participant predeceases the Child, a single-sum death benefit equal to

\$8,160 shall be paid, in the ~~following~~ order of preference described in (2) above. ~~either:~~

~~(i) — the Surviving Spouse of the deceased Participant, if the Surviving Spouse was the guardian of the Child at the time of the Child's death, or if the deceased Child was dependent upon the Surviving Spouse; or~~

~~(ii) — the guardian of the deceased Child, if any; or~~

~~(iii) — the person paying the funeral expenses of the deceased Child.~~

Amend Section 5.03l as follows:

On January 1, 2021~~47~~, and on January 1 every ~~fourth~~ year thereafter, the Administrator shall adjust the fixed-dollar death benefits for Active Participants, and for Retired Participants and their Children, Spouses and Surviving Spouses, by increasing those amounts by 2%, rounded down to the nearest \$50.00 increment (and with the annual increases being made on the unrounded amount) ~~Retired Participants and their Children and Surviving Spouses in Sections 5.03d(2), 5.03f, 5.03g, and 5.03i, by increasing those amounts by no more than 2% rounded to the next highest \$100, to reflect the rate of inflation over the four-year period as indicated by~~

~~the consumer price index (CPI) published by the U.S. Bureau of Labor Statistics of the Department of Labor.~~

Amend Section 5.04a as follows:

Temporary Payments and Eligibility for Disability Payments.

Temporary Payments: In cases where the application contains a doctor's opinion that the individual is unable to perform the usual and customary duties of a United Methodist Clergy person by reason of a bodily injury, a disease, or a behavioral illness or disorder that is expected to last for at least six continuous months, monthly payments shall be effective the first day of the month beginning on or following the date of the Participant's initial loss of income, on a temporary basis, for up to 90 days. The application remains subject to the normal process of evaluation, and may be denied upon full review, but in the meantime payments on a temporary basis will be made for up to 90 days, and if the benefit is approved, will be continued and/or paid retroactively, subject to the other provisions of the plan. Temporary payments under this section do not bear any weight in the determination of the Administrator under Section (b) below.

Eligibility for Disability Payments. An Active Participant who becomes disabled as defined in paragraph (b) below shall be entitled to a disability benefit under this Section 5.04 (and shall thereby continue to have the status of an Active Participant) under the following conditions:

Amend Section 5.04c(2) as follows:

Retirement Contribution. In addition, during the Participant's disability, an annual allocation from the Protection Benefit Trust, made in monthly installments, shall be credited to the

Participant's defined contribution account in the applicable clergy retirement plan maintained by the Administrator in an amount equal to the Plan Sponsor's nonmatching and matching contribution obligations with respect to the Participant, ~~limited in aggregate to no greater than 3% of the Participant's compensation as defined~~ as indicated by the applicable clergy retirement plan, including any increases, imputed or otherwise, to such compensation as determined under the applicable clergy retirement plan. Notwithstanding the foregoing, any allocation described in this Section 5.04(c)(2) shall cease for any Participant who (i) is retired pursuant to ¶357.3 of *The Book of Discipline* or (ii) severs his or her Conference relationship by honorable location or administrative location as described in ¶358 and ¶359 of *The Book of Discipline*, or terminates or has terminated his or her Conference relationship in any manner, thereby ceasing to be a member of the Conference as of the date of such termination. In addition, any contribution made under this Section to any plan other than the Clergy Retirement Security Program shall not exceed the amount that would have been made to the Clergy Retirement Security Program had the latter plan formula applied instead.

Amend Section 5.04c(7)(v) as follows:

For the application of the reduction described in item (iv) above, it will be assumed that the payment of imputed amounts began: (a) immediately after the date the Participant refused to apply for Social Security benefits, if the Participant has refused to apply, or (b) six months after the date the Participant's disability was determined by the Administrator to have commenced, if the Participant has elected under Code Section 1402(e) not to be covered by Social Security.

The Administrator shall begin applying the reduction described in Section 5.04c(7)(iv) above, after 12 months of disability benefit payments to the Participant, in all cases where the Participant has applied for Social Security benefits, unless the Participant has agreed to be

represented by an advocacy vendor approved by the Administrator, in which case the repayment can be delayed until receipt of the Social Security payout. The application of this offset will reduce the likelihood of a substantial overpayment to the Participant as a result of a retroactive award of Social Security benefits. In the event that the Administrator applies this offset and the Participant is denied benefits under the Social Security Act (for reasons other than those in clause (b), e.g., an election under Code Section 1402(e)), the Administrator shall make the Participant whole for this applied offset.

Amend Section 5.04c(8) as follows:

Other Income Offset. After the application of the Social Security reduction described above in Section 5.04c(7), the amount of the disability benefit payable under this Section 5.04 shall also be reduced as described below.

(a) During the first 24 months of disability, the disability benefit payable shall be reduced on a dollar-for-dollar basis when the sum of the amounts specified in items (i), (ii), (iii); and (iv) ~~and~~ ~~(v)~~ below exceeds 100% of the Plan Compensation of the Participant at the time the disability occurred, as increased annually by 3%.

(b) After the first 24 months of disability, the amount of the disability benefit payable under this Section 5.04 shall be reduced on a fifty cents on the dollar basis (\$0.50) when the sum of the amounts in items (i), (ii), (iii); and (iv) ~~and~~ ~~(v)~~ below exceeds 70% of the Plan Compensation of the Participant at the time the disability occurred, as increased annually by 3%; and the amount of disability benefits payable shall be reduced on a dollar-for-dollar basis when the sum of the amounts in items (i), (ii), (iii); and (iv) ~~and~~ ~~(v)~~ exceeds 100% of Plan Compensation of the Participant at the time the disability occurred, as increased annually by 3%. The amount of this

reduction shall be the amount by which the sum of items (i), (ii), (iii), and (iv) ~~and (v)~~ exceeds the amount described in (a) or (b) as applicable.

(i) The amount of gross income resulting from earned income of the Participant, or from payments received by the Participant that, by their nature, are a substitute for earned income. The sources of gross income are limited to: (a) compensation for services, including fees, commissions and similar items, and gross income derived from a business, as provided in section 61(a) of the Code; (b) compensation payments received from Worker's Compensation Insurance in respect to lost earnings; (c) payments received from any branch of the United States Armed Forces, excluding veteran's disability compensation and pension benefits; (d) payments received from any other agency of the United States Government; (e) payments received from any State of the United States, in respect to disability; and (f) disability benefits payable under this Plan. Notwithstanding the foregoing, the Plan Administrator will not reduce a Participant's disability benefits under this Section 5.04c(8) by amounts that a Participant receives from a Plan Sponsor in lieu of coverage in a group health plan, for the Participant or his or her family, even if such amount is considered taxable income or compensation for services.

(ii) The amount that the Participant received as retirement benefits, or the amount that the Participant's spouse and children received as retirement benefits because of the Participant's receipt of retirement benefits under the Social Security Act.

(iii) The amount of the reduction for Social Security disability benefits as described in Section 5.04c(7).

(iv) The above amounts (other than the disability benefits payable under this Plan) shall constitute the "Other Income Benefits" referred to below.

~~(v) If a Participant engages in a return to work program employment under Section 5.04f of the Plan during the time that he or she is receiving disability payments under the Plan, and is actively participating in a return to work program approved by the Administrator at that time, the earnings from such employment shall be a part of the Other Income Benefits on the following basis:~~

~~A. During the first 24 months of disability payments, only 50% of such earnings shall be included in the Other Income Benefits.~~

~~B. After the first 24 months, 100% of such earnings shall be included in the Other Income Benefits.~~

Amend Section 5.04c(9) as follows:

~~Other Disability Grants. In addition, the disability benefit payable to a Participant under this Section 5.04 shall be reduced on a dollar for dollar basis by the amount of any grant of disability benefits that the Participant receives from his or her Conference. In the event of any such reduction, the Administrator may reimburse the payor for the amount of the grant.~~

Amend Section 6.02 as follows:

Sunset of Program. Notwithstanding anything to the contrary in the Plan, this Voluntary Transition Program will begin effective January 1, 2013 and remain in effect through December 31, 2028, at which time the Program will terminate. The Voluntary Transition Program will no longer be available as a benefit program under the Plan as of January 1, 2024. Notwithstanding the foregoing, Transition Participants who are receiving Transition Payments on December 31, 2028 shall remain eligible for Transition Benefits beyond January 1, 2024 for the appropriate

number of weeks as determined by this Article. The Administrator shall have the authority to accelerate Transition Payments due after December 31, 2028~~0~~ for administrative ease to a date on or before December 31, 2028~~0~~.

Amend Section 6.04e as follows:

Termination and Withdrawal. The Active Participant must incur a Separation from Service and agree to surrender his or her credentials and terminate his or her membership in the Annual Conference, as soon as administratively feasible, but no later than the next following session of the Annual Conference, to be a Transition Participant. A Transition Participant may not be granted sabbatical leave under ¶351~~2~~ of *The Book of Discipline*, voluntary or involuntary leaves of absence under ¶353~~4~~ and ¶354~~5~~ of *The Book of Discipline*, medical leave under ¶356~~7~~ of *The Book of Discipline*, or placed on honorable location under ¶358 of *The Book of Discipline*, or administrative location under ¶359 of *The Book of Discipline*.

Amend Section 6.05d as follows:

Death Benefits Continuation. A Transition Participant shall remain eligible for the death benefits described in Section 5.03d(1) of the Plan, only for the number of weeks following the Commencement Date described in Section 6.05a equal to the number of weeks for which he or she is eligible for Transition Payments, rounded up to the next nearest whole month. Death benefits under Section 5.03d(1) payable on account of the death of a Transition Participant under this Section 6.05d shall be paid to the Spouse or Beneficiary of the Transition Participant in accordance with Section 109.04 of the Plan. Transition Participants are not eligible for any other death benefits under the Plan. The Spouse, Children, and Beneficiaries of a Transition Participant shall not be eligible for any other benefits under the Plan.

Amend Section 7.01d as follows:

Responsibilities of the Trustee. The Trustee shall have the following categories of responsibilities in addition to those responsibilities set out in Article VIII:

- a. To invest, manage and control the Plan assets;
- b. At the direction of the Administrator, to pay benefits required under the Plan to be paid to Participants, or, in the event of their deaths, to their Beneficiaries;
- c. To maintain records of receipts and disbursements, and to furnish to the Administrator for each Plan Year a written annual report;
- d. To invest the assets of the trust for the exclusive purpose of providing benefits to Participants and Beneficiaries, including taking actions under Section 8.01(m), and defraying reasonable expenses of the Plan. Such investing shall be done in accordance with investment policies that reflect the Social Principles of The United Methodist Church.

Amend Section 8.01 as follows:

Powers and Duties of the Administrator. The primary responsibility of the Administrator is to administer the Plan for the benefit of the Participants and their Beneficiaries, subject to the terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power and discretion to construe the terms of the Plan and to determine all questions arising in connection with the administration, interpretation, and application of the Plan. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator, in addition to all powers and authorities under common law,

statutory authority, and other provisions of the Plan, shall have the following powers and authorities, to be exercised in the Administrator's sole discretion:

m. To determine whether the Plan has funding in excess of the target reserve ("surplus"), and whether any amount of such surplus should be transferred to any defined benefit retirement plan administered by the General Board of Pension and Health Benefits for the United Methodist Church ("other plans") under the following circumstances:

(1) if contributions to such other plans are required to be made by plan sponsors;

(2) if the transfer of such surplus in lieu of plan sponsors making some or all of the required contributions would, as a whole, benefit the Participants and Beneficiaries of CPP and the other plans to which contributions are due;

(3) if a transfer of surplus would comply with all pertinent legal and regulatory requirements;
and

(4) if a transfer of surplus would be prudent under all relevant facts and circumstances.

If such a transfer is made under this paragraph, the contributions to the other plans may not exceed 100% of the non-normal cost contributions required by the other plans.

Amend Section 8.10 as follows:

Appeal a Condition Precedent to Mandatory Arbitration~~Civil Action~~. No cause of action in civil law or equity with respect to any alleged violation of the terms and conditions of this Plan, or otherwise regarding the benefits under this Plan, shall be commenced or maintained by any

claimant (or his or her representative). ~~unless and until~~ Any alleged violation of the terms and conditions of this Plan may be challenged by a claimant (or a representative) under the mandatory arbitration provisions set forth in section 8.12 but only after such claimant (or the representative) has initiated and completed the process of an Appeal as set forth in Sections 8.07 to 8.09 of this Plan. In addition, any such ~~cause of action~~ request for arbitration with respect to this Plan must be commenced by the claimant (or the representative) within 12 months of the date of the written notice sent by the Administrator to the claimant (or the representative) regarding the final denial of the Appeal, or such right to seek arbitration will be deemed waived. The notice sent out by the Administrator should describe this time limit.

Add Section 8.12 as follows:

Individuals who become or claim to be a Participant in the Plan agree, by filing any form related to the Plan with the Administrator, to be bound by the mandatory arbitration provisions of this section, in consideration for the Administrator and Trustee also agreeing to be bound by such provisions. If a claim for benefits or dispute that arises out of or related to the relationship between a Claimant and the Administrator or Trustee is not resolved through the claims and appeals procedures of section 8.09 once such procedures are fully exhausted, the party that seeks resolution of the matter must make a written request to the other party or parties to have the matter resolved through binding arbitration. Claimants must make such written request within the timeframe set forth under section 8.10 or, for matters not involving a claim for benefits, within one year of the date that the facts giving rise to the dispute arose. If the Administrator or Trustee is making such request to a Claimant or Participant, the request must be made within 12 months of the discovery of the facts that give rise to the dispute. Such claim for benefits or unresolved controversy or claim arising out of or relating to the relationship between the

Claimant or Participant and the Administrator or Trustee will be settled by binding arbitration through the American Arbitration Association, or another arbitrations service mutually agreed upon by the parties. The abuse of discretion standard of review will be used by the arbitrator(s) in reviewing the dispute and the Administrator's decisions under the claims and appeals procedures of sections 8.08 and 8.09.

(a) The site of the arbitration will be in a city mutually agreed to by the parties.

(b) The laws of the State of Illinois will apply in situations where federal law is not applicable. The applicable rules of the selected arbitration service will apply. If the service allows the parties to choose the number of arbitrators, unless another number is mutually agreed to, any arbitration hereunder will be before three arbitrators. The award of the arbitrators, or a majority of them, will be final. Judgment upon the award entered may be entered in any court, state or federal, having jurisdiction.

(c) The fees and costs of the arbitration will be allocated to the parties by the arbitrators.

Amend Section 10.05a as follows:

Each Surviving Spouse may designate, in such form as required by the Administrator, a primary and contingent Beneficiary who is to receive the Surviving Spouse's interest in the Plan in the event of the Surviving Spouse's death. In the event a Surviving Spouse's designated primary Beneficiary is not available (for any reason such as one noted below in this Section 109.05) as of the Surviving Spouse's death, the death benefit under Section 5.03g hereof shall be paid to the Surviving Spouse's designated contingent Beneficiary. The designation of Beneficiary shall not be effective for any purpose unless and until it has been filed by the Surviving Spouse with the Administrator during the Surviving Spouse's lifetime.

Date: August 29, 2019

Identification of Petitioner: Barbara A. Boigegrain
General Secretary, General Board of Pension and Health Benefits