

Total Number of Pages: 17
Suggested Title: Clergy Retirement Security Program Amendments
Discipline ¶: 1504.1
General Church Budget Implications: None
Global Implications: None

Amend 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, paragraph numbering for references to *The Book of Discipline*, formatting, pagination, or Table of Contents, effective as of the close of General Conference held in 2024, except where another effective date is specified:

1. Amend Section A1.2 as follows:

A1.2 History. The Program is amended and restated as of January 1, 2017~~the close of General Conference held in 2024~~, reflecting revisions approved at that General Conference~~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. The amendments are effective as of the close of General Conference held in 2024, except where stated otherwise. Among other revisions, as of the Freeze Date, the Core Defined Benefit Plan is partially frozen (no new Participants and no further Credited Service on or after the Freeze Date, but continued Final Compensation and Final DAC updates) and Contributions to the Core Defined Contribution Plan will cease. . . .

2. Amend Section A1.4(b) as follows:

(b) The Core Defined Benefit Plan and the Core Defined Contribution Plan are active Plans through the day before the Freeze Date. As of the Freeze Date, the Core Defined Benefit

Plan will become partially frozen (no new Participants and no further Credited Service on or after the Freeze Date, but continued Final Compensation and Final DAC updates), and Contributions to the Core Defined Contribution Plan will cease. . . .

3. Amend Section A1.4(c) by deleting the final sentence as follows:

~~Each of these four plans will be treated as a separate single plan within the meaning of Regulation §1.414(l) 1(b)(1).~~

4. Amend Section A1.6(b) as follows:

(b) *Insurance Contracts and Pension Obligation Transfers/Assignments.* Benefits under the Program may also, at the General Board's discretion, be provided by the purchase of insurance contracts, and, in such event, the term Trust will also include the Program's interest, if any, in such insurance contracts. In addition, and notwithstanding any other provision of the Program to the contrary, the General Board may, in its discretion, transfer or assign some or all of the pension obligations of Plan Sponsors to a third party (such as an insurance company or other annuity provider)~~purchase insurance contracts that provide annuities~~, in which case the third party insurance company will become solely responsible for providing the defined benefits and/or annuities that would have been due under the Program. Such transfer or assignment of pension obligations~~insurance contracts~~ may be effectuated~~entered into~~ by the General Board or by the Trustee in accordance with the General Board's direction.

5. Amend Section A1.6(c) as follows:

(c) *Separate Accounts.* The Administrator will maintain a separate accounting for each of the ~~Regulation §1.414(l) 1(b)(1)~~ plans identified in Section A1.4(c), . . .

6. Amend Section A1.6(d) as follows:

(d) *Defined Benefit Funding.* . . . If, however, a financially distressed Plan Sponsor's Funding Account balance drops to a level that, as determined by the Administrator, puts Participants at risk of not receiving full benefits, and/or puts other Plan Sponsors at risk of having to provide financial support to the distressed Plan Sponsor's Funding Account, the Administrator may reduce such risks by, in its discretion, taking prudent actions that may include:

(i) authorizing debits against the Funding Accounts of all other Plan Sponsors (except any Plan Sponsor with a zero Funding Account balance); and

(ii) reducing the accrued benefits payable as annuities of Participants of the financially distressed Plan Sponsor.

If the financially distressed Plan Sponsor later makes contributions to its Funding Account, such contributions will first be allocated pro rata in the same fashion to repay amounts debited from other Plan Sponsors' Funding Accounts, plus interest at a market rate to be determined by the Administrator from time to time, and only thereafter to the financially distressed Plan Sponsor's separate Funding Account. ~~a Plan Sponsor does not have sufficient assets in its Funding Account to pay all benefits of the Consolidated DB Plan as they come due, in order to pay such benefits, the Administrator will authorize debits against the Funding Accounts of all other Plan Sponsors (except any Plan Sponsor with a zero Funding Account balance), pro rata in proportion to the Liabilities each such other Plan Sponsor has as a percentage of all Liabilities under the Consolidated DB Plan (as determined by the Administrator). If the delinquent Plan Sponsor later makes contributions to its Funding Account, such contributions will first be allocated pro rata in the same fashion to repay amounts taken from other Plan Sponsors' Funding Accounts, plus~~

~~interest at a market rate to be determined by the Administrator from time to time, and only thereafter to the delinquent Plan Sponsor's separate Funding Account.~~

7. Amend Section A1.6(f) as follows:

(f) *Reversion from a Funding Account.* No Plan Sponsor may receive a reversion of assets in its Funding Account unless assets remain after all liabilities of all Plan Sponsors and the Consolidated DB Plan have been satisfied as to all Participants, Beneficiaries, and any other persons entitled to benefits under such plan. When all such liabilities have been satisfied by the payment of all benefits due, by annuitizing any remaining benefits with an insurance or annuity provider selected by the Administrator, and/or by converting, merging, or spinning off any remaining benefits to Actuarially Equivalent lump sum or annuity benefits to be paid from another plan, annuity provider or insurance contract, any remaining assets in each Plan Sponsor's Funding Account will be returned by the Trustee to that Plan Sponsor. Notwithstanding the foregoing, assets may also be returned to a Plan Sponsor as provided in Section A4.3.

8. Add a new Section A2.29 as follows, renumbering current Section A2.29 and subsequent Sections:

A2.29 Compass Retirement Plan. The Compass Retirement Plan, established by General Conference held in 2024 and effective January 1, 2026, or as soon as administratively feasible thereafter.

9. Amend current Section A2.29, effective retroactively to January 1, 2024, as follows:

A2.30 Compensation. ~~In a~~ For Plan Years beginning after 2023, for a Participant's
Compensation equals, the sum of the following:

(a) the Participant's annual base wages or salary paid or made available by a Plan Sponsor or Salary-Paying Unit to a Clergy person in a Plan Year, including, at the Plan Sponsor's election, any additional wages or salary ~~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. Such wages or salary will include any amount that is excluded from gross income pursuant to Code §107(2); and~~

(b) ~~cash received from a Plan Sponsor or a Salary-Paying Unit and excluded from taxable cash salary pursuant to Code §107(2); and~~

(c) ~~when a parsonage is provided to the Participant as part of his or her compensation, 25% of the sum of:~~ amount described in subsection (a).

(i) ~~the Participant's 415 Compensation; and~~

(ii) ~~cash excluded from taxable cash pursuant to Code §107(2) as provided in Section A2.29(b).~~

Compensation will be determined under procedures that may be established by the Administrator.
Compensation excludes, among other things, one-time or occasional payments that are not made
regularly as part of a Clergy person's annual base wages or salary, such as expense
reimbursements or bonus payments. Severance pay is also excluded from Compensation.

10. Amend Section A2.41 as follows:

A2.41 Credited Service. Service rendered on or after January 1, 2007 and before the Freeze
Date that counts toward the computation of a Participant's Accrued Benefit as specified in
Section B2.2, measured in one-day increments. Service rendered before January 1, 2007 or on or
after the Freeze Date will not be counted as Credited Service.

11. Amend Section A2.44 as follows:

A2.44 Denominational Average Compensation. The average annual Compensation of Full-
Time Clergy persons, which average is determined in accordance with procedures established by
the Administrator. For Plan Years ~~after 2016~~ beginning before the Freeze Date, Denominational
Average Compensation will not include ~~the type of compensation excluded~~ additional wages or
salary paid to a Participant by Section A2.29(a)(ii), even if a Plan Sponsor that has ceased offering
group health plan coverage, in lieu of providing such excluded compensation was earned before
~~the effective date of Section A2.29(a)(ii), i.e., January 1, 2017~~ coverage to the Participant and any
family members, as determined by the Plan Sponsor in accordance with procedures that may be
established by the Administrator. For Plan Year 2025, Denominational Average Compensation
will not include any moving expense reimbursements paid or made available to Clergy persons.
For Plan Years beginning on or after the Freeze Date, Denominational Average Compensation

will equal the Denominational Average Compensation for the Plan Year immediately preceding the Freeze Date, increased annually by 2%.

12. Amend Section A2.47 as follows:

A2.47 Discipline. *The Book of Discipline of The United Methodist Church 2012*2016, the body of church law established by General Conference, as amended and restated from time to time. Cited paragraphs or other subdivisions are deemed to refer to successor provisions when an amendment or restatement of the *Discipline* causes a change in location or citation.

13. Amend Section A2.52 as follows:

A2.52 Effective Date. 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 the General Conference 2016held in 2024, those amendments do not change the Effective Date of the Program.

14. Amend Section A2.56 as follows:

A2.56 Entry Date. The date upon which a Clergy person becomes a Participant in a Plan after first satisfying the eligibility requirements. Such date must occur before the Freeze Date.

15. Add a new Section A2.67 as follows, and renumber current Section A2.67 and subsequent Sections:

A2.67 Freeze Date. January 1, 2026, or as soon as administratively feasible thereafter.

16. Add a new Section A2.84 as follows, and renumber current Section A2.84 and subsequent Sections:

A2.84 LifeStage Investment Management. An asset allocation and investment direction service offered by the Administrator directly or through a contractor, which provides Accountholders with an appropriate investment mix based on factors such as the Accountholder's age and selected level of risk tolerance. This service may, in the Administrator's discretion, be branded under a different name.

17. Add a new Section A2.85 as follows, and renumber current Section A2.85 and subsequent Sections:

A2.85 LifeStage Retirement Income. A method of payment from PIP which is provided by the Administrator directly or through a contractor. Under this form of payment, a series of periodic payments that may vary in amount over time are distributed from all or a portion of an accountholder's account balance, over the accountholder's life expectancy or the accountholder's and spouse's joint life expectancy. This method of payment may also incorporate modifications elected by the accountholder, affirmatively or as a result of a default feature, with such modifications determined in accordance with procedures established by the Administrator. Such modifications may include the purchase of a deferred annuity from an insurance company, the receipt of Social Security bridge payments, under which increased periodic payments are made during a period of deferral of Social Security retirement payments, and the ability to receive no more than the required minimum distributions. Any purchase of a deferred annuity will be made in accordance with Regulations under Code §401(a)(9). Additional administrative details of this method of payment will be determined by the Administrator, consistent with the objectives of providing installments over applicable life expectancies, in a manner that prudently balances the objectives of maximizing payments made over the expected lifetime or joint lifetimes, and

minimizing longevity and investment risks. This method of payment may, in the Administrator's discretion, be branded under a different name.

18. Amend Section A2.151 as follows, and renumber the Section to appear in alphabetical order in Section A2:

A2.151 UMPIP. ~~The United Methodist~~ Personal Investment Plan or any successor plan. The Personal Investment Plan was named the United Methodist Personal Investment Plan until August 1, 2022.

19. Amend Section A3.11(d) as follows:

(d) ~~Appeal a Condition Precedent to Civil Action~~ Mandatory Arbitration. No cause of action in civil law with respect to any alleged violation of the terms and conditions of this Program may be commenced or maintained by any Claimant, Recipient, or Accountholder. Any alleged violation of the terms and conditions of the Program may be challenged by a Claimant, Recipient, or Accountholder under the mandatory arbitration provisions set forth in Section A4.18, but only after unless and until such Claimant, Recipient, or Accountholder has initiated and completed the claim and appeal process as set forth in Sections A3.11(a) and (c). ~~Effective June 1, 2016, a~~ Any such cause of action request for arbitration must be filed with a court of competent jurisdiction ~~made~~ made within 12 months of the date on the written notice of denial described in Section A3.11(c)(ii)(E) or such ~~cause of action~~ right to seek arbitration will be deemed waived; provided, however, that such 12-month limit will apply only if it is described in such notice of denial.

20. Amend Section A4.2(e) as follows:

(e) to the extent that such Accountholder, Recipient, or other person has received an overpayment under the Program or any other plan administered by the Administrator; or

21. Add a new Section A4.18 as follows:

A4.18 Mandatory Arbitration. Individuals who become or claim to be a Participant or Accountholder in the Plan agree, by earning Accrued Benefits or receiving Plan Sponsor Contributions, or filing any form related to the Program 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 or Accountholder and the Administrator or Trustee is not resolved through the claims and appeals procedures of Section A3.11 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 or Accountholders must make such written request within the timeframe set forth under Section A3.11(d) 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 Accountholder, the request must be made within 12 months of 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 a Claimant or Accountholder and the Administrator or Trustee will be settled by binding arbitration through the American Arbitration Association, or another arbitration 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 Section A3.11.

(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 rendered may be entered in any court, state or federal, having jurisdiction.

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

22. Amend Section B1.2 as follows:

B1.2 Prospective Application and Freeze Date. No benefits may accrue to an individual under the Core Defined Benefit Plan before January 1, 2007 or on or after the Freeze Date.

23. Amend Section B2.1 by adding the following language at the end of subsection (b) as a new paragraph:

Notwithstanding the foregoing, no Credited Service will be earned on or after the Freeze Date.

24. Amend Section B3.1(b) by adding the following sentence at the end of the final paragraph in the subsection:

No individuals will become Participants on or after the Freeze Date.

25. Amend Section B3.2 by adding the following sentence at the end of the Section as a new paragraph:

Notwithstanding the foregoing, no Entry Date may occur on or after the Freeze Date.

26. Amend Section B5.1(a) as follows:

(a) ~~\$265205,000~~ (or such greater amount as may be determined from time to time in accordance with Code §415(d) for calendar years ending after December 31, ~~20232013~~ that begin within the Plan Year, . . .

27. Amend Section B5.1(b) as follows:

(b) 100% of the Participant's average 415 Compensation for the three consecutive calendar years (as provided in Section B5.3) in which he or she received the highest aggregate 415 Compensation. For Plan Years commencing on or after January 1, 2007, to the extent required by Code §415(b), a Participant's 415 Compensation in excess of the limit in Code §401(a)(17) (~~\$330255,000~~ in ~~20232013~~, adjusted each later Plan Year . . .

28. Amend Section B5.2(b) as follows:

(b) If a Participant's Annual Retirement Benefit is paid before the Participant attains age 62, the determination as to whether the dollar limitation set forth in Section B5.1(a) has been satisfied will be made, in accordance with Regulations under Code §415(b)(2)(C), by reducing the limitation specified in Section B5.1(a) so that such limitation (as so reduced) equals an annual benefit (beginning when such Annual Retirement Benefit begins) that is actuarially equivalent to a ~~\$265205,000~~ (in ~~20232013~~, or as indexed thereafter) Annual Retirement Benefit beginning at the Participant's attainment of age 62.

29. Amend Section B5.2(c) as follows:

(c) If a Participant's Annual Retirement Benefit is paid after the Participant attains age 65, the determination as to whether the dollar limitation set forth in Section B5.1(a) has been

satisfied will be made, in accordance with Regulations under Code §415(b)(2)(D), by increasing the limitation of Section B5.1(a) so that such limitation (as so increased) equals an annual benefit (beginning when such Annual Retirement Benefit begins) that is equivalent to a ~~\$265,000~~ \$205,000 (in ~~2023~~2013, or as indexed thereafter) Annual Retirement Benefit beginning at the Participant's attainment of age 65.

30. Amend Section B6.1 by adding the following sentence to the end of the Section as a new paragraph:

Notwithstanding the foregoing, no further Credited Service will accrue on or after the Freeze Date, although neither Final DAC nor Final Compensation will be frozen as of the Freeze Date.

31. Add a new Section B6.4 as follows:

B6.4 Freeze Date Transition Rules. Upon the Freeze Date, the Administrator may, in its discretion, apply the transition rules of this paragraph to the groups of Participants described in subsections (a) through (c) below, with priority being given to the groups in the order in which they are listed. Under the transition rules, the Administrator may convert the Accrued Benefit and Past Service Benefit of such Participants into an Actuarially Equivalent lump sum and transfer such amounts, along with the annuitizable portion of the MPP Account Balance, if any, to an Account of the Administrator's choosing in the Compass Retirement Plan.

(a) *Terminated Participants Not Yet In Pay Status.* Participants who, as of the Freeze Date, are Terminated Participants not yet in pay status.

(b) *Less Than Five Years of Credited Service.* Participants, other than Terminated Participants or Retired Participants, who have earned fewer than five years of Credited Service as of the Freeze Date.

(c) *Retired Participants Not Yet In Pay Status.* Participants who, as of the Freeze Date, are Retired Participants not yet in pay status.

32. Amend Section B9.1(a)(ii) by deleting the following typographical error from the language:

~~in Section S4.9.1(a)(ii)(B)~~

33. Amend Section B9.1(b)(iv) as follows:

(iv) *Lump Sums.* Except as otherwise provided in Section B9.1(d) or (h), or in Sections B6.4 or B9.2(c), no Recipient may receive his or her benefit under this Plan in a lump sum, partial lump sum, installment form, or any other non-annuity form of payment.

34. Amend Section B9.1(h) as follows:

(h) *Mandatory Conversion of Aggregate DB Benefit.* Notwithstanding any provision of the Program to the contrary, a Participant described below ~~who is neither Retired nor a Terminated Participant at the time of terminating his or her annual conference relationship under ¶360 of the Discipline~~ will be treated as a Terminated Participant for purposes of determination of benefits under the entire Program. Such Participant's Aggregate DB Benefit will be converted to an Actuarially Equivalent Account Balance, using factors corresponding to those used for determining Plan Sponsor Contributions to the Program, i.e., the assumptions determined under the Funding Policy. Such converted Aggregate DB Benefit and the Participant's Vested Account Balances in this Program will be transferred to UMPIP, with such transferred amounts becoming

subject to the terms of ~~UMPIP~~. This paragraph (h) will apply to Elders in Full Connection, Deacons in Full Connection, Local Pastors, Associate Members, and Provisional Members who are neither Retired nor a Terminated Participant at the time he or she terminates his or her annual conference relationship by withdrawal, discontinuance, or revocation of credentials under ¶¶320, 327, 360, 2711.3, or other applicable paragraph of the Discipline.

35. Amend Section C1.2 as follows:

C1.2 Prospective Application and Freeze Date. No benefits will accrue under the Core Defined Contribution Plan before January 1, 2007 or on or after the Freeze Date.

36. Amend Section C3.1(b) by adding the following sentence to the end of the last paragraph in the Section:

No individuals will become Participants on or after the Freeze Date.

37. Amend Section C3.2 by adding the following sentence to the end of the Section as a new paragraph:

Notwithstanding the foregoing, no Entry Date may occur on or after the Freeze Date.

38. Amend Section C4.1 by adding the following sentence in a new paragraph at the end of the Section:

Notwithstanding the foregoing, Plan Sponsor Contributions under this Section will not be made on or after the Freeze Date.

39. Amend Section C5.1(a)(i)(A) as follows:

(A) ~~\$6651,000~~ (in ~~2023~~2013 or as indexed under Code §415(d) in later years); or

40. Amend Section S3.4.5(g) as follows:

(g) *Optional Forms of Distribution.* If a married Participant elects pursuant to Section S3.4.5(c) above not to receive his or her benefit in the form of a 70% Contingent Annuity, or if an unmarried Participant elects pursuant to Section S3.4.5(c) above not to receive his or her benefit in the form of a Single-Life Annuity, the Administrator, pursuant to the election of the Participant on an Application for Benefits, will direct the Trustee to distribute, as determined and limited by rules and regulations of the Administrator, on a date specified by the Participant (which date may not be later than such Participant's Required Beginning Date and which date must be as of the first of a month), to the Participant or to the Participant and his or her Contingent Annuitant:

(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 child annuity options described in Section B9.1(b)(iii)). However, such annuity may not be elected in any form that will guarantee, through a years-certain provision, payments over a period extending beyond either the life of the Participant (or the lives of the Participant and his or her designated Contingent Annuitant) or the life expectancy of the Participant (or the life expectancy of the Participant and his or her designated Contingent Annuitant); or:

(ii) effective as soon as administratively feasible after the close of General Conference held in 2024, with respect to 65% of such Participant's MPP Account Balance, a series of periodic payments that may vary in amount over time, over the Participant's life expectancy or the joint life expectancy of the Participant and the Participant's Spouse, by transferring 65% of such Participant's MPP Account Balance to an account within PIP that is required to be invested and

distributed pursuant to LifeStage Investment Management and LifeStage Retirement Income with respect to Participants. Such transferred amounts shall be required to remain invested and distributed in such manner during the Participant’s lifetime, i.e., such election is irrevocable. Upon a date when it is administratively feasible, as determined by the Administrator, Participants may elect this optional form of distribution with respect to an amount that is less than 65% of the MPP Account Balance, with the remaining amount that makes up 65% of the MPP Account Balance distributed under either the normal form of distribution or the optional form of distribution described in (i) above, in an increment that is permitted by procedures established by the Administrator; and

(iii) with respect to the remaining 35% of such Participant’s MPP Account Balance, a one-time lump-sum payment, subject to the Participant’s right to request a direct rollover in accordance with the provisions of Section C8.5(a).

41. Amend CRSP by replacing all references to “Red Bird Missionary Annual Conference” with “Central Appalachian Missionary Conference”.

42. Amend CRSP by replacing all references to “UMPIP” with “PIP”.

Date: July 21, 2023

Signature of Petitioner: _____

Identification of Petitioner: Andrew Q. Hendren
General Secretary, General Board of Pension and Health Benefits
Phone: (847) 866-4644
Glenview, Illinois, USA
Email: Shenretta@wespath.org