

FUNDING OF ACTIVE CLERGY BENEFITS

ACTION TO BE VOTED ON:

It is requested of the annual conference that the Clergy Retirement Security Plan (CRSP), the Comprehensive Protection Plan (CPP) and the optional Basic Protection Plan (BPP) costs for active clergy and clergy retiring after Dec. 31, 1995 be paid for at the local level, and the optional Basic Protection Plan (BPP) costs for retired clergy retired prior to Jan. 1, 1996 be shared by the retired clergy and the conference.

Section I – Clergy Retirement Security Plan (CRSP)

A. Current service funding of the Clergy Retirement Security Plan has been calculated by the General Board of Pension and Health Benefits and will be billed to the Pension office of the Rocky Mountain Conference. The Pension office will direct bill these costs to each local church as follows:

1. Each church/charge will be billed 15.0% of actual compensation (using salary and housing as the contribution base) of each clergy for every pastor appointed to that church/charge.
2. There will be no equalization charge assessed effective January 1, 2009.
3. These contributions will be remitted to the Conference Pension office by the salary-paying unit of each clergy.

B. Eligibility and participation in this plan are established and defined by the General Board of Pension and Health Benefits.

C. The CRSP billing will be handled through the Conference Pension office.

Section II - Comprehensive Protection Plan (CPP)

A. Current service funding of the Comprehensive Protection Plan will be calculated as follows:

1. For full time clergy; 3% of salary and housing as the compensation base (with 200% of the Denominational Average Compensation (DAC) being the maximum base amount (2009 DAC = \$58,266)).
2. Ordained clergy serving $\frac{3}{4}$ time, the contribution rate is 3.4% of the DAC; as prescribed by the General Board of Pension and Health Benefits.
3. Contributions will be remitted to the Conference Pension office by the salary-paying unit of each clergy.

B. Eligibility and participation in this plan are established and defined by the General Board of Pension and Health Benefits.

45 C. The CPP billing will be handled through the conference Pension Office.
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47 **Section III - Basic Protection Plan (BPP)**
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49 A. The Basic Protection Plan is available as an optional benefit to active clergy, eligible
50 retired clergy and lay employees of the conference. The Basic Protection Plan includes:
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- 52 1. Additional death benefits for active and retired clergy,
 - 53 2. Death benefits for lay employees of the Conference,
 - 54 3. Disability coverage for lay employees,
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56 Eligibility and participation are already established and defined by the General Board of
57 Pension and Health Benefits.
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59 B. Current service funding of the Basic Protection Plan will be funded by:
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- 61 1. Active clergy will pay 100% of the premium cost for all benefits, and
- 62 2. Retired clergy (retired prior to January 1, 1996) will pay 60% of their death benefit costs
63 and the conference will pay 40%, and
- 64 3. Retired clergy (retiring after December 31, 1995) will pay 100% of their death benefit
65 costs.
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67 C. The total cost to the conference for the 40% support identified in III. B. 2. (above) is
68 estimated to be approximately \$6,000, depending upon the level of participation.
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70 D. Local church lay employees may also enroll in the Basic Protection Plan as an optional
71 benefit to be provided by their local church (as the employer). The employer must enroll
72 directly with the General Board of Pension and Health Benefits and all costs will be paid by
73 the employee and/or the employer with no costs supported by the Conference Board of
74 Pensions and Health Benefits.
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77 **RATIONALE:**

78 The rate assessment to 15% has been increased and the equalization charge has been
79 eliminated. The increase rate is due to the Defined Benefit component of the plan; whereby
80 the future liability is actuarially determined. Based upon these future projections for currently
81 enrolled clergy, the current contributions must be increased in order to meet these determined
82 liabilities.
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85 **PETITION INFORMATION:**

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87 **EFFECTIVE DATE:** January 1, 2009
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89 **TERMINATION DATE:** December 31, 2009
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91 **FINANCIAL IMPACT:**

92 Yes, and the direct billing costs are identified above, and included in the 2009 Budget request.

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94 Reviewed by Council on Finance and Administration, March 18, May 21,2008

95 Included in the Proposed 2009 Budget Yes In the amount of \$ 6,000

96 Recommendation by Council concerning funding: Since the billing costs are included in the

97 AC budget, there will be no additional financial impact unless there is significant non

98 payment by local churches. CF&A endorses this petition

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100 **ORIGINATOR OF THE PETITION**

101 Conference Board of Pensions and Health Benefits

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103 **PERSON TO PRESENT PETITION TO CONFERENCE:**

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