

**East Ohio Conference Clergy Pension Plan
Clergy Retirement Security Program (CRSP)**

By Action of 2012 General Conference, Revised Pension Changes go into Effect 1/1/2014

As many of you are now aware, the 2012 General Conference made revisions to the Clergy Retirement Security Plan (CRSP). The changes were to try to balance adequacy of benefits for participants with affordability and sustainability for the church. After the decline in market in 2008, unfunded liability resulted which caused numerous Annual Conferences to nearly falter. East Ohio Conference handled this unfunded liability better than most. However, as a connectional system, if one conference defaults then the other conferences are then liable so changes needed to be made.

The new revised plan which will go into effect 1/1/2014 is a reduced benefit. For active clergy who are $\frac{3}{4}$ and full time, the benefit will be 1% of the DAC instead of the current 1.25%. For part-time local pastors to be deemed $\frac{3}{4}$ time then their compensation needs to be at least \$26,641.50 in 2014. These revisions only impact pension earned after 1/1/2014. The revised pension plan also requires that in order for the clergy to receive 3% in a defined contribution benefit (same as today); the pastor must personally contribute 1%. If the pastor does not personally contribute a 1% contribution then they will only receive a 2% defined contribution amount put into their account. The General Board of Pensions and Health Benefits has put together a video that further describes the revised plan and emphasizes the importance of the pastor to personally contribute towards his/her retirement needs. This video can be accessed by going to <http://www.gbophb.org/retirement/CRSPMatchingContributionsVideo.asp>

The plan that was approved by General Conference was for full time only. Each Annual Conference could choose to also include $\frac{3}{4}$ and $\frac{1}{2}$ time clergy. For this new plan, $\frac{1}{4}$ time clergy are no longer eligible. East Ohio Conference Board of Pension will be bringing the election to Annual Conference to include $\frac{3}{4}$ time clergy (which is more in line with our healthcare benefits eligibility) but to exclude $\frac{1}{2}$ time clergy from eligibility of CRSP. The reason for excluding the $\frac{1}{2}$ time was to provide flexibility to a group that is largely short-term service (on average 3 to 5 years) and earning a very part-time compensation amount. A defined benefit plan is not ideal for this type of employee group. A pension plan would typically not be offered and certainly not a defined benefit plan to employees not working full time. A defined benefit plan requires the employer to carry a liability for many years and when an employee works for only a few years then it makes the plan unreasonable for a very small pension benefit. The East Ohio Conference wants to encourage churches of $\frac{1}{2}$ and $\frac{3}{4}$ time pastors to consider what they have been providing and consider continuing some level of pension benefit. We will make it easy for these churches to set up a defined contribution plan (UMPIP) for their pastors which are a more appropriate plan by making adoption packets available upon request. This will be an option encouraged but not mandated by the Conference. Not mandating a specific plan also allows for other options. An example of another option would be simply providing additional compensation monies so the pastor can possibly contribute to an already existing IRA. Normally, the pastors that fall in the $\frac{1}{2}$ and $\frac{3}{4}$ time category have pensions from another source so flexibility would be appreciated. There will also be District events held in the fall to provide more information not only on the new revisions of CRSP but other plan options for those churches less than $\frac{3}{4}$ time.

The revisions to CRSP will, on average, save the local church 15% in pension costs. It is the hope of the denomination that the newly revised plan will provide an adequate benefit to our pastors and at the same time, a benefit that can be sustained long term by the church.