

Report Number 10: Clergy Retirement Security Program

Clergy Retirement Security Program (CRSP) provides pension benefits to eligible clergy. The cost for the defined benefit component of *CRSP* is actuarially determined by the General Board of Pension and Health Benefits. In 2013, the cost of the defined contribution component of *CRSP* is based on 3% of the participant's plan compensation. In any year, the total cost of *CRSP* may also include required funding amounts for pre-1982 service and certain *Ministerial Pension Plan (MPP)* annuities. *MPP* provides pension benefits for service rendered during the period 1982-2006.

Effective January 1, 2014:

- *CRSP will utilize a reduced defined benefit formula (1.00% of Denominational Average Compensation per year of service), a defined contribution non-matching component (2% of participant plan compensation), and a defined contribution matching component (100% of a participant's United Methodist Personal Investment Plan contribution not exceeding 1% of participant plan compensation).*
- *Clergy serving full-time appointments will continue to be eligible for benefits under CRSP and the North Alabama Conference has elected to continue eligibility for benefits under CRSP to clergy serving three-quarters time and half-time appointments.*
- *Clergy serving less than half-time appointments will no longer be eligible to earn CRSP benefits. However, churches that provide a United Methodist Personal Investment Plan employer contribution of up to 2% (3% if clergyperson makes a personal contribution up to 1%) for pastors serving a less than half-time appointment are eligible for reimbursement for this expense on an annual basis from the Conference.*

Change in Formula to Allocate CRSP Funding to Local Churches

In 2013, the total required funding amount for *CRSP* is allocated and invoiced to local churches using a formula comparable to the methodology approved by the Conference for apportioning the 2013 Conference budget. The Conference Board of Pension and Health Benefits has studied several alternative methods for allocating pension cost to local churches and *recommends the following formula for allocating pensions costs to local churches in 2014:*

- 50% of the required *CRSP* funding shall be allocated to local churches using a formula comparable to the methodology approved by the Conference for apportioning the 2014 Conference budget and 50% of the required *CRSP* funding shall be allocated to local churches based on the average cost per full-time equivalent (FTE) clergy serving each local church, with a minimum FTE of .25 for each local church.

Using the formula recommended for allocating pension cost in 2014 to allocate pension cost in 2013 shows the following:

- 252 churches would have incurred a decrease in their clergy pension cost, with the average annual decrease being \$4,972 per church
- 467 churches would have incurred an increase in their pension cost, with the average annual increase being \$687 per church.

The formula recommended for allocating pension cost in 2014 recognizes that the formula used from 2007 through 2013 is primarily driven by a local church's financial strength. Accordingly, larger churches have historically paid more for pension than smaller churches, without regard to specific pastor's true pension cost for a given year.