

Alabama-West Florida Conference Direct Billing Explanation (Updated January 2023)

The following information explains the categories for direct billing and should be helpful to understand the monthly direct bill.

CRSP is the Clergy Retirement Security Plan. Contributions to this plan are based on the pastor's total plan compensation as reported on the Clergy Compensation Forms (Line 3) and include either the Housing Allowance or an imputed value of 25% of compensation if the pastor lives in a parsonage. There are 2 components of CRSP (see below). Pastors serving at less than 75% are not eligible to participate in the Clergy Retirement Security Plan and churches will not be billed.

- **CRSP-DB** is the Defined Benefit. It represents the 8% contribution charged to the church to fund the future liability of the plan for the pension benefit that the pastors in the AWF Conference receive upon retirement. The current benefit is determined by the years of service beginning January 1, 2014. Pastors serving full time earn one year of service for each year of appointment. Pastors serving at less than full time earn service years based on the percentage of appointments, i.e. 75% appointments earn 1.5 years each two years of appointment. The amount the Conference is billed for by Wespath is determined by the Board actuarial projections each year.
- **CRSP-DC** is the Defined Contribution. It represents a 3% contribution to the pastor's retirement investment account which is managed by the pastor and invested in the "market" by Wespath. Results of the market are available to the pastor upon retirement. To receive the full contribution, clergy must contribute at least 1% of his/her total plan compensation to the United Methodist Personal Investment Plan (UMPIP) through salary agreement with the local church.

While clergy appointed at less than 75% are not eligible for CRSP; they may participate in UMPIP (United Methodist Personal Investment Plan).

NOTE: The AWF Conference does not bill for personal contributions to United Methodist Personal Investment Plan (UMPIP.) These contributions are billed by Wespath to the local church based on the completed UMPIP Contribution Agreement Form between the church and pastor. The amount is deducted from the pastor's salary each month and remitted directly to Wespath.

CPP is the Comprehensive Protection Plan. It represents 3% of total plan compensation and provides a death and long-term disability benefit for full time active clergy. If the clergy is appointed less than full time, he/she is not eligible and not enrolled for the benefit.

More information on the retirement plans available to United Methodist clergy can be found at www.gbophb.org. Select the link to Retirement.

Clergy Health is the premium equivalent for the individual clergy. It is called a premium equivalent because the conference health plan is self-insured and is based upon the projected expenses for the current year.

If the clergy is retired and appointed to a church, the premium equivalent for the clergy is billed to the church. For example, if the clergy is under age 65 and on the active plan, the premium equivalent is \$965. If the pastor is 65 or older, he/she is on the Conference MedSupp Plan and the premium equivalent billed to the local church is \$230.

If the clergy is enrolled in the Conference HSA high-deductible health plan and has elected to make a monthly personal contribution, the amount will appear on the church monthly direct bill. However, it is the clergy's responsibility to have this amount withheld from their paycheck to be remitted to Gallagher by the church.

Dependent Health is the premium equivalent for the pastor if he/she has elected family coverage. Although it is on the local church direct billing, it is the clergy's responsibility to pay the premium equivalent. The current premium equivalent is \$965 regardless of the number of dependents.

The dependent equivalent premiums are charged to the "lead church" in a multiple church charge or dual appointments. Individual clergy premium equivalent are charged to individual churches in a multiple church charge/dual appointment based on the percentage of the salary compensation reported for each church. For example, on a three point charge/dual appointment, the billing is determined in the following way:

Church A total plan compensation is w
Church B total plan compensation is x
Church C total plan compensation is y

Formula: $w+x+y = z$
Church A billing for each item is w/z
Church B billing for each item is x/z
Church C billing for each item is y/z

Note: *CRSP-DB, CRSP-DC, and CPP are billed based on Total Plan Compensation. The total plan compensation includes the cash salary received from the church (Line 3 of the Pastor's Compensation Form) and the housing allowance or an imputed value of 25% of compensation (if the pastor lives in or have access to a parsonage).*

All payments, including a copy of the invoice, should be mailed directly to GALLAGHER BENEFIT GROUP, PO BOX 190, SELMA, AL 36702.

DO NOT SEND PAYMENTS TO THE CONFERENCE OFFICE.

If you have questions regarding the direct billing, please feel free to call the Fiscal Office at (334) 274-1051 and speak with BeLinda Carnegie or Suzanne Jones.