

General Conference (April 23-May 3, 2024)

Clergy Retirement Plan Proposal—Compass

Why Change the U.S. Clergy Pension Plans?

Changes to the clergy retirement plan are needed so that we can continue to provide reliable and sustainable retirement income to those who serve.

The new retirement plan, Compass, is designed to uphold the longstanding values of the Church retirement programs, which include:

- Providing lifetime income *and*
- Ensuring adequate retirement income for lower-paid clergy

Compass addresses emerging needs such as helping clergy who have student loans.

Wespath is prepared to continue fulfilling our mission of caring for those who serve well into the future.

Compass is Designed to:

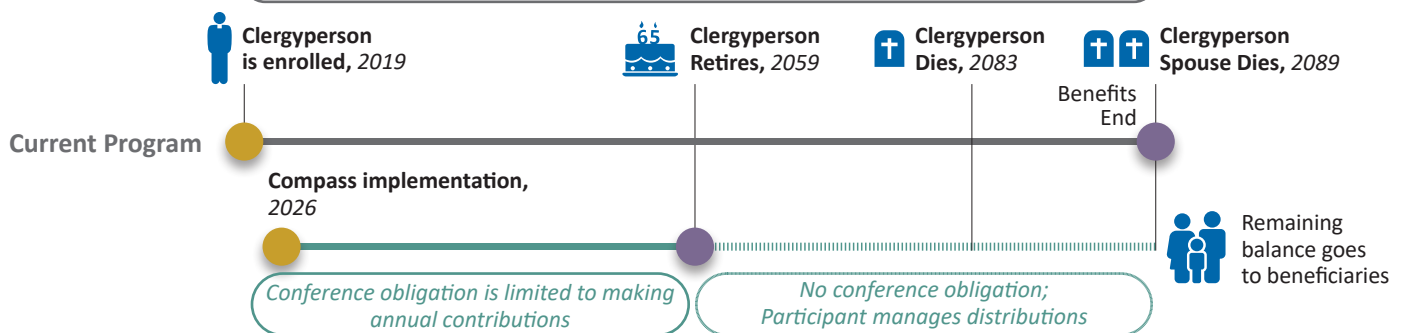
- Increase **sustainability**, ensuring reliable retirement benefits for future generations of clergy
- Balance **affordability** with income **adequacy**
 - Strives to provide sufficient retirement income for clergy, at a cost that is affordable to annual conferences
- Provide **flexibility** that:
 - Allows benefits portability for clergy
 - Enables participant to leave account balance to heirs

Sustainability Affordability Adequacy Flexibility



Increasing Sustainability

Current plan: Promises made today won't be fulfilled until decades into the future.



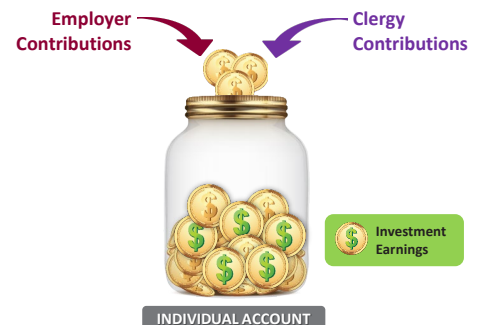
What are the Proposed Benefits of Compass?

Compass is an account-based plan, with three types of employer contributions:

- \$150 per month flat-dollar contribution*
- 3% contribution of pay
- \$1 for \$1 conference match on up to 4% of pay

The Compass plan is proposed to become effective on January 1, 2026.

*2026 amount; will increase 2% per year in \$5 increments



Key Components of the Compass Plan

Denominational Fairness

A flat-dollar contribution component provides a base level of benefits to more fairly distribute benefits than a solely pay-based plan.

The proposed plan continues to provide lower-paid clergy with a higher level of income replacement. Clergy will receive a flat-dollar contribution of \$150 per month, which will increase by 2% each year (in \$5 increments).

Helping Clergy with Student Loans

Secure 2.0 Act permits plans to match student loan payments.

The Compass plan will provide matching contributions on qualified student loan payments made by clergy. In essence, the plan treats clergy's student loan payments as if they are participant contributions, and then provides an appropriate match as if such payments had been participant contributions to the plan. To receive this match, clergy must certify to their conference annually how much they made in student loan payments for that year.

Retirement Income Sufficiency

Automatic features prioritize saving for retirement.

- *Automatic enrollment:* Clergy will be automatically enrolled for at least 4% in personal contributions, which qualifies for the full match.
- *Automatic escalation:* Personal contributions will automatically increase by 1% per year up to a maximum set by the conference.
- Automatic features are optional; clergy can opt out at any time.

Spending Phase

LifeStage Retirement Income

An easy way to set up monthly retirement payments designed to last a lifetime. The online interactive modeling tool demonstrates various retirement income scenarios including two optional features.

Optional Customizable Features

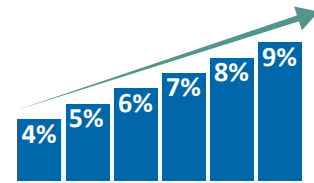
- *Social Security Bridge* uses more savings early in retirement so participants can defer applying for Social Security benefits until full retirement age or later.
- *Longevity Income Protection* begins monthly lifetime payments at age 80.

Keys to Success

- Increased personal retirement contributions
- Increased education and financial literacy
- Early, ongoing retirement planning



A flat-dollar contribution provides a base level of benefits.



Automatic escalation will increase the participant's contributions 1% per year up to a set maximum.



LifeStage Retirement Income optimizes retirement income for life.

Personal Contributions



Increased Education



Retirement Planning



What happens to defined benefit pensions that have been earned but not yet taken?

Clergy who have earned a pension in the defined benefit plans will retain those benefits. Clergy compensation used to determine benefits is the Denominational Average Compensation (DAC). The DAC will continue to increase 2% annually through retirement.