

**IMPORTANT INFORMATION Regarding the
United Methodist Personal Investment Plan (UMPIP)**

AND RELATED CRSP/PENSION CONTRIBUTIONS

CRSP/UMPIP Rules as of 1/1/2014:

- ✓ If you are appointed 50% or more you are automatically enrolled in CRSP unless you waive participation on the prescribed form available from the Benefits Office
- ✓ **CRSP at a Glance**, which explains the Defined Contribution (DC) and the Defined Benefit (DB), is available on the Benefits Office webpage
- ✓ Clergy appointed less than 50% will not be eligible for CRSP as of January 1, 2014. These persons are vested in their current benefit for future distribution. Information on how they and their churches can both contribute to UMPIP is available through the General Board of Pension & Health Benefits.

Snapshot regarding the 1% match:

- ✓ Pastor decides either to contribute or not contribute to UMPIP personally
- ✓ If YES:
 - Complete Before Tax/After Tax Contributions Agreement of at least 1% of compensation
 - Send copy of Agreement to UNY Benefits Office
 - UNY bills church monthly 13.5% (2016) of compensation for CRSP
 - GBOPHB bills church monthly for UMPIP (withheld from salary per agreement)
 - UNY contributes 3% of pastor's compensation to CRSP-DC account, and funds the DB annuity at retirement
- ✓ If NO:
 - UNY bills church 13.5% (2016) of compensation for CRSP
 - UNY contributes 2% of pastor's compensation to CRSP-DC account, and funds the DB annuity at retirement

The Details regarding UMPIP administration:

Whenever a pastor has a salary change it is a good time to consider contribution amounts for the UM Personal Investment Plan (UMPIP) as part of the annual salary package considerations, and for good retirement planning. Also, when a pastor experiences a change in appointment, his/her participation in the UMPIP is automatically terminated and must be re-instated at the new appointment, which should prompt the pastor to consider his/her contribution amounts.

With that in mind, below are some points of clarification regarding UMPIP and CRSP Contributions:

1. This part of the pension plan (UMPIP only) is not mandatory. The pastor chooses whether or not to participate.
2. The pastor chooses the amount of contribution to his/her UMPIP account. It is **STONGLY** recommended that pastors contribute a minimum of 1% of compensation.

“Compensation” is Line 6 of the Clergy Compensation Report Form, salary plus housing. This will result in the highest contribution amount from the Conference for the Defined Contribution portion of CRSP (3%).

3. If the pastor chooses not to contribute to UMPIP, the Conference will decrease its contribution to that pastor’s Defined Contribution account to 2% of compensation.
4. For all clergy enrolled in the pension plan, the Conference will bill the church(es) for the combined CRSP Defined Benefit and Defined Contribution portions at 13.5% of compensation. See below for how UMPIP is billed.
5. When completing the salary form, the amount of UMPIP contributions should be included in Gross Salary, Line 1.
6. The contribution may be “Before Tax” or “After Tax”. In either case, an agreement must be executed between the Church and the Pastor on a “Before-Tax and After-Tax Contributions Agreement” form.
 - A. Before-Tax contributions reduce the pastor’s current taxable salary reported in Box 1 of the W2.
 - B. After-Tax contributions are included in the pastor’s salary on the W2 and he/she pays taxes on those contributions for the current year.
 - C. All contributions (whether Before or After Tax) are withheld from the pastor’s paycheck and then paid by the church (on a church check) to the General Board of Pension and Health Benefits on a monthly basis (see #8).
7. The contribution may be a set dollar amount or a percentage of compensation.
 - A. If a pastor chooses to contribute a set dollar amount, that amount does not change when the pastor’s salary changes. It will stay the same until a new agreement is executed and the General Board is notified (see below).
 - B. If a pastor chooses to contribute a percentage of compensation, his/her chosen percentage is calculated using the **Pension Base Compensation**, which includes housing. (Line 6 on the 2016 UNY Clergy Compensation Form). The amount that is being contributed will change when the pastor’s salary changes.
 - C. A pastor can change their contribution amount prior to the first of any month by completing a new Agreement form and notifying the General Board (see below).
8. The General Board bills monthly for UMPIP directly to the church or churches to which the pastor is appointed. In order for this bill to be correct, the church or pastor must advise the General Board in one of two ways:
 - A. A copy of the Agreement form can be sent to the Benefits Office in Syracuse. The information will then be transmitted to the General Board. **OR**
 - B. The Church Treasurer can correct the amount on the current General Board invoice (if pastor is enrolled in UMPIP already) and return to the General Board with the corrected payment.

In any case, it is the church and pastor's joint responsibility to ensure that these contributions are being properly reported and paid every month.

9. Contribution limits to the pension plans have changed to provide a greater opportunity to save for retirement. These limits are between \$17,500 and \$23,000 per year for before-tax contributions (and potentially more for after-tax contributions). Please consult the IRS website (www.irs.gov) for specific information or the General Board's website at www.gbophb.org.
10. The General Board of Pension and Health Benefits offers FREE financial planning through Ernst & Young, and independent financial planning service that does not sell any investment or insurance products. Any person with an account at the General Board may utilize this free service. More information is available on the General Board's website.