

## General Conference (2024)

# FAQs Regarding Church and Conference Disaffiliations

March 16, 2022

Wespath has been planning for various potential scenarios that might affect the future structure of The United Methodist Church (UMC), with emphasis on assuring that clergy benefits remain as secure as possible. *Wespath strives to be a bridge-building, non-anxious presence in the midst of change.* We seek to maintain the continuity of benefits for those who serve and investment management services for Methodist-related entities.

**The decision by the Commission on General Conference to postpone the 2020 General Conference to 2024 has generated new questions from across the denomination regarding how pension obligations will be handled by Wespath if local churches or annual conferences separate from the UMC before the next General Conference. The following new Q&As provide Wespath's responses to these questions. We will update these FAQs periodically as more information becomes available.**

**Please note:** Wespath's proposal for a new clergy retirement plan (Compass) is on hold until General Conference can consider the legislation.

### **Q: May an annual conference separate from the UMC under *The Book of Discipline*?**

**A:** This question will be answered by the UMC's Judicial Council. In early March 2022, the Council of Bishops requested a declaratory decision from the Judicial Council on this and related questions. That request has been added to the Judicial Council's docket (see the press release [here](#)).

### **Q: Can the pension withdrawal liability requirement of ¶1504.23 be avoided if a local church, group of churches or annual conference takes a particular path of separation from the UMC?**

**A:** No. The pension withdrawal liability requirement of ¶1504.23 of *The Book of Discipline* applies *regardless of the separation path* taken by the departing church, churches, or annual conference. Thus, whether a local church, or most or even all local churches in an annual conference separate, from the UMC under ¶¶2553, 2548.2, 2549, or otherwise, ¶1504.23 applies to that change in relationship to the UMC, and the pension withdrawal liability payment is required.

### **Q: Are there any paths of separation from the UMC that would permit a local church, group of churches or annual conference to “take its pension obligations with it”—in other words, continue to be a plan sponsor of the Clergy Retirement Security Program (CRSP) after they separate or disaffiliate from the UMC?**

**A:** No. Under current plan terms—which cannot be modified without General Conference approval—a local church that separates from the UMC *may not* be a plan sponsor of the Clergy Retirement Security Program (CRSP) and, therefore, cannot take pension responsibilities with it when separating from the UMC. If the Judicial Council were to rule that an annual conference is permitted to separate from the UMC, Wespath's interpretation of the plan language is that such a separating annual conference similarly could not be a plan sponsor of CRSP. Only **UMC annual conferences** (and the General Council on Finance and Administration) may sponsor CRSP. This means that annual conferences (and the local churches within them) that remain in the UMC will remain liable for funding the pension obligations under CRSP.

**Q: I've heard that churches that separate from the UMC under ¶1504.23 may take their pension obligations with them and avoid a pension withdrawal liability payment when they disaffiliate. Is this accurate?**

**A:** That is not correct. As noted in the above Q&A, a local church that separates from the UMC may not be a plan sponsor of CRSP. As such, it is not possible for a church that separates to take their pension obligations under CRSP with them or remain directly liable under CRSP for pension funding. The obligation for pension funding remains with the annual conference (i.e., the churches that remain within that annual conference) regardless of the path taken by a separated local church.

The pension withdrawal payment requirement of ¶1504.23 applies to a separation under ¶1504.23 by a local church. While ¶1504.23 mandates a pension withdrawal payment, it does not address the timing of payment under all potential paths of separation. For disaffiliations under ¶1504.23, the pension withdrawal payment is required to be paid *before disaffiliation is final*. For separation paths *other than ¶1504.23*, e.g., under ¶1504.23, while the payment is due in full, the annual conference, in its sole discretion, may agree to adjust the timing of the payment.

**Q: If the Judicial Council concludes that annual conferences may separate from the UMC, how would Wespath handle pension obligations of separating annual conferences?**

**A:** While Wespath would need to review the specifics of a Judicial Council ruling (when issued), in general, Wespath's view is that all local churches that leave with a separating annual conference would, pursuant to ¶1504.23, owe a pension withdrawal liability payment to the churches of the annual conference that remain with the UMC.

**Q: Is Wespath working with the Global Methodist Church (GMC) to provide employee benefit plans to clergy and laypersons of their denomination? Is the GMC able to continue sponsoring CRSP for its clergy?**

**A:** Wespath is in dialogue with the GMC to provide their churches employee benefit plans going forward, including retirement and health and welfare plans, after the GMC is formed. Discussions are still in progress. But any retirement plan will not be the same plan as CRSP, as no disaffiliating group may continue to sponsor that plan. The retirement plans under discussion would be a new defined contribution plan specifically for the GMC. Wespath provides retirement services to some disaffiliated local churches already, by offering sponsorship in the United Methodist Personal Investment Plan (UMPIP).

**Q: I heard that there is a UMC "comity agreement" for local churches that transfer to the GMC under ¶1504.23 that would accomplish the same things as the Protocol, such as transferring pension liabilities to a GMC plan and preserving clergy pensions—is that right?**

**A:** No, that is not correct. *There is not a denominational comity agreement.* Annual conferences might create comity agreements that suit their local context, but even then, the terms of the Protocol cannot be accomplished without General Conference. At most, a comity agreement might adjust how pension withdrawal payments are paid (in the sole discretion of annual conferences), but the obligation to pay the withdrawal liability is still owed by the separated church and the obligation to fund CRSP is still owed by the UMC churches that remain in the annual conference. In addition, clergy who terminate their UMC relationship under ¶1504.23 of *The Book of Discipline* will have their pension benefits converted to an account balance and transferred to UMPIP.

There are draft versions of comity agreements that reflect attempts by some parties to come to common understandings, but these are not final agreements. Agreements of this sort will not work in all circumstances. They would need legal review and would need to be configured to local context and

circumstances, which can vary significantly from conference to conference. We encourage conferences contemplating agreements of this sort, or other negotiated arrangements, to work with Wespath staff on provisions related to pension matters.

## **Wespath’s General Conference Petition—New ¶2555 to *The Book of Discipline***

Wespath submitted legislation to General Conference 2020 to address the pension and benefits impact of a potential large-scale restructure of the denomination, including pension funding and liabilities for U.S. clergy. *If approved by the General Conference, Petition 20701-FA* [pp. 576-580 of the [Advance Daily Christian Advocate \(ADCA\) vol. 2](#)] would create a new *Book of Discipline* ¶2555 (“Pension Matters for Disaffiliating Church Units”) to enable continuity of benefits and funding in much the same manner as exists today—in the event of large-scale movement of clergy, local churches or annual conferences, such as into “New Methodist Expressions.”

The petition legislation and rationale are here:

- [Petition](#)
- [Rationale](#)

### **Q: What is the purpose of Wespath’s proposed new ¶2555 for *The Book of Discipline*?**

**A:** A new paragraph (¶2555) would address how pensions are to be handled if an annual conference or a group (or groups) of local churches change their affiliation with or disaffiliate from The United Methodist Church.

### **Q: Is Wespath’s proposal for a new *Discipline* ¶2555 in alignment with Church restructure proposals submitted to the General Conference?**

**A:** Yes. Wespath has been in dialogue with all major caucus groups who are envisioning different scenarios for a potential restructure of the denomination, so Wespath’s proposed *Discipline* ¶2555 has been incorporated into most major proposals, including: the Protocol for Reconciliation through Separation and Grace, the Indianapolis Plan, Plain Grace Plan, , and Next Generation UMC. Wespath’s proposed new ¶2555 is included (either specifically, by reference, or through similar text) in petitions for these various restructure proposals.

Wespath’s petition must be voted on by the next General Conference before it can take effect.