

HOW TO CALCULATE APPROXIMATE CRSP PENSION COST TO CHURCH & PASTOR WITH 2023 DEFINED BENEFIT (DB) FIGURE

View your pastor's pension and health insurance billing on the Church Dashboard/People Portal:

<https://www.neumc.org/welcome-portal>.

See the conference pension calculator tool available on our website: www.neumc.org/forms.

NOTE: Pension Benefits do not apply for less than 50% total appointment time and the following conference relationships: Lay (LM) Supply (SY), Coordinating Pastor (CP), and Retired (RE), or if the clergy status is Sabbatical Leave or Medical Leave without disability approval.

FIRST: Calculate Total Plan Compensation Figure

Use 2023 cash salary plus housing allowance, OR, if parsonage is provided, use the Parsonage Value (PV) plus cash salary. (To figure PV, take 25% of the cash salary and add that to cash salary.) This amount = Total Plan Compensation Figure⁴.

Example: using example of \$40,000 cash salary with parsonage provided

\$40,000 cash salary X 25% = \$10,000 parsonage value. Add \$10,000 + \$40,000 = \$50,000 which becomes the Plan Compensation Figure.

SECOND: Calculate Pension Amount (For Part-time Local Pastors, Full Members of Other Denomination and Student Local Pastors, see "For Less Than Full-Time" in next section)

To calculate the Pension Amount, take the total Plan Compensation Figure, multiply by 7% (4% for Death & Disability Plan [D&D⁵] and 3% for Defined Contribution [DC³]), add \$5,700 Defined Benefit (DB²) per full-time employee¹.

Defined Benefit (DB) amount: full-time appointment = \$5,700, ¾-time appointment = \$4,275,
½-time appointment = \$2,850, ¼-time appointment = \$1,425

(Part-time is prorated by % of appointment, in quarter-time increments 75%, 50%, 25%)

Example: using figures from example above

\$50,000 Plan Compensation Figure x 7% = \$3,500 + \$5,700 = \$9,200 annual pension amount for full-time

For Less Than Full-Time: Part-time Local Pastors (PL), Full Members of Other Denominations (OF-MOD), Student Local Pastors (SLP) in ¾- or ½-time appointments, please use 3% for the Defined Contribution (DC) (NOT 7%). For less than half-time appointments please see ** below.

Example: half-time (½) appointment with parsonage, using \$20,000 cash salary and 25% Parsonage Value (PV)

\$20,000 cash salary X 25% PV = \$25,000 Plan Compensation Figure X 3% DC (less than FT LP) = \$750 + \$2,850 (½ DB) = \$3,600 Annual Pension amount for half-time Local Pastor

****For Less than half-time appointments:** 2012 General Conference legislation no longer allows CRSP for less than ½- time appointments. The Conference Board of Pension strongly encourages local churches with clergy appointed less than 50% to support these clergy pensions with an amount equal to at least ten percent (10%) of these pastors' salaries through the United Methodist Personal Investment Plan (UMPIP). Contact Wespath Benefits Investments regarding UMPIP contributions at (800)851-2201.

IF THE CHURCH USES ACH (Automated Clearing House)

******* Incentive of 5% reduction to total amount is given *******

Example: Using figures from above FT examples: \$9,200 X 5% = \$460 discount. \$9,200 - \$460 discount = \$8,740

¹ FTE: full-time employee, if the pastor is ½-time then you would use ½ of this figure, & ¾ similarly

² DB: Defined Benefit portion of the clergy pension plan. This figure is provided each year by Wespath Benefits Investments.

³ DC: Defined Contribution

⁴ Total Plan Compensation Figure is the dollar amount used by the General Board to determine pension basis.

⁵ Death & Disability coverage (D&D) for clergy & spouses includes the Clergy Protection Plan (CPP) and UNUM Life & Long-Term Disability. Less than full-time Local Pastors, Full Members Other Denominations and Student Local Pastors are not eligible for CPP.