



“From Where I Sit ...”

Retirement and Pension ... A Difference in Practice

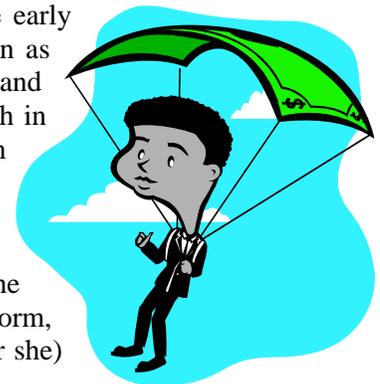
In the life of the CME Church, there is much confusion about the difference between Retirement and Pension as these terms are used in our denomination, and the events over a period of fifteen months clearly bring home the significance of this topic and the writing of this article. This confusion first became apparent at the close of the 2010 General Conference in Mobile, AL when general officers who met the age criteria for “retirement” failed to either petition for “retirement” or to petition in a timely manner. The second instance of this apparent confusion was displayed during a hearing of the Judicial Council in Spetember 2011 in Atlanta, GA.

As pertains to General Officers, basically there have always been two specific references to retirement in the discipline: one that pertains to the applicable categories and the criteria for mandatory retirement and the other that pertains to the criteria for retirement and the amount of retirement payment. For the most part, prior to the publishing of the 1994 Discipline, these references together have always been found in the section entitled Ministry; including those references to General Officers likely because the majority of General Officers during that period had been ministers. However, beginning with the 1994 Discipline the references pertaining to the criteria for retirement and the amount of retirement payment were relocated to the section entitled Connectional Operations and were included in that portion allocated to the General Board of Personnel Services.

In the meantime, the rules and procedures concerning the 12% retirement plan, referred to as the CME Retirement Plan and Trust, continued to be revised and updated and these revisions were also included in the section entitled Connectional Operations and included in that portion allocated to the General Board of Personnel Services. I am not sure of the reason for the relocation of those earlier references, although perhaps it was well intentioned at the time to place those retirement references into the same section with other retirement provisions.

To the average reader and particularly the new reader of the discipline, this contextualizing of the relocated references pertaining to the criteria for retirement and the amount of retirement payment could very easily lead the reader to two erroneous conclusions: 1) that this referenced criteria for retirement was under the jurisdiction of the General Board of Personnel Services and 2) that the responsibility for the amount of the retirement payment would be funded by or through the General Board of Personnel Services. I contend that it is primarily because of where these relocated references are now contexted that leads to these erroneous conclusions.

In light of the foregoing, let me now address the practice. In the early days of the Methodist church, the pension status for retirement was known as superannuation and is still referenced in our current disciple (see ¶450 §3 and ¶450.1, p. 131, The Book of Discipline of the CME Church 2010) although in one of its most cursory forms. The root word of superannuation comes from the same origin as annuity meaning, in its most general form, an interval payment over the lifetime of the recipient. This in fact was the case during the period of our Superannuated Preachers, Widows and Orphans (SPW&O) program which preceeded our current 12% retirement plan. The prefix in superannuation is super- meaning above the number or above the norm, indicating that the superannuant was above the normal worker in that he (or she) would be paid his (or her) annuity whether or not he (or she) chose to work.



In moving away from the SPW&O program, in lieu of the current 12% retirement plan which does not pay an annuity for life beginning at retirement but instead makes a lump-sum disbursement to the participant, it seems our church also began to move away from the use of the term superannuation.

The point of confusion arises because the average person infers that a retirement plan will distribute periodic annuity or pension payments. As stated in the foregoing, this is not the case for the CME Retirement Plan and Trust (12% retirement plan).

In an effort to clear the confusion, let me address the resolution by stating that there are two programs that provide benefits or distributions at or after retirement. They are as follow:

- 1) The CME Retirement Plan and Trust (12% retirement plan) which provides a lump-sum distribution to the participant or to a qualified roll-over account for the benefit of the participant at the time of retirement. This program is administered and governed by the General Board of Personnel Services and funded by the investment earnings and the contributions of congregations on behalf of their paid staffs (clergy and full-time laity). For clarity, I refer to this program as our Retirement Plan.
- 2) The Pension Plan of the CME Church which provides a life time annuity or interval payments to elibilble participants (see ¶454.3, page 134 and ¶1039.4, page 230; 2010 Discipline). This program is administered and governed by the Department of Finance and funded by the Connectional Budget of the CME Church. Again for clarity, I refer to this program as our Pension Program.

Yes, the argument can be made that both of these programs are, in fact, retirement plans and both are, in fact, pension plans but the understanding to be gained from this article is that there are two different programs administered and governed by two different departments and funded by two different sources of revenue. Additionally, depending on eligibiilty, a member of the CME Church may be a participant in one or both of these programs.

The intent of this article is not to take sides on any particular discussion or to influence any past actions. The intent and purpose is solely to make clear for the future the significant differences between two important programs and how the preceptions of their functions have come to be entwined and therefore confused. In this day and time of economic challenges, it appears to be important that we each understand the purpose and the plan for the distribution of the churches funds whether acquired through assessments, 12% contributions or free-will offerings. Or at least that is the way it looks to me ...

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Tyrone T. Davis is the General Secretary of the Board of Personnel Services