



*“From Where I Sit ...”*

## **Changes in the “CME Retirement Plan and Trust”**

In the October issue of the Christian Index, I shared with you my observations of the overall event we called the Annual CME Unity Summit. One of the combined meetings of the Summit was the meeting of the General Connectional Board which, according to the 2010 Discipline of the CME Church (§1000, p. 198), has supervision of “[t]he administration of the Connectional program of the Christian Methodist Episcopal Church ...” In the past, although the General Connectional Board has met in May of each year except the year of the General Conference, the 2010 Discipline of the CME Church (§1000.6, §1, p. 200) authorizes the College of Bishops to “determine the times and place(s) of the meetings of the General Connectional Board.” Consequently, the General Connectional Board of 2012 was duly authorized by the determination of the College of Bishops to meet in conjunction with the Annual CME Unity Summit in New Orleans, LA.

In its supervisory role, the General Connectional Board receives and acts on reports from the several General Departments of the Church including their recommendations and/or actions. During the 2012 meeting, the General Connectional Board received from the Board of Personnel Services two significant actions of the Board concerning the CME Retirement Plan. The actions were as follows:

- 1) Beginning in 2013, Participant Distribution Statements of the CME Retirement Plan and Trust shall be distributed semiannually for the periods ending June 30<sup>th</sup> and December 31<sup>st</sup>; also
- 2) Effective in 2013, the Safe Harbor entry age for participants in the CME Retirement Plan and Trust will be lowered from age 69 to age 65.

Regarding the Participant Distribution Statements, the intent of the Board is twofold: 1) to provide more frequent reporting intervals (in response to requests from retirement participants) and 2) to formally document to retirement participants the deviation of investment earnings during these reporting intervals. The current annual reporting basis only reports the impact of investment earnings for the period ending December 31<sup>st</sup> regardless of the level of earnings at other times during the year. This semiannual reporting frequency will begin to address this concern.

Regarding the adjustment of the Safe Harbor age, the intent of the Board (again in response to the requests of retirement participants) is to facilitate an earlier planning opportunity for those participants who may seek to retire closer to age 65 than to age 74. Safe Harbor is an option that allows a participant to authorize a permanent reallocation of the funds in their account into more conservative or fixed investment instruments. The Option allows participants to move their account into investments that are less likely to suffer losses during challenging economic periods but are also not expected to demonstrate high rates of returns during stronger bull market intervals. At present a participant may not enter into and execute the Safe Harbor Option until the participant is 69 years of age or within five (5) years of mandatory retirement. Lowering the eligibility age to 65 presents a larger, 9-year window for a participant to elect the Safe Harbor Option.

During 2013, all retirement participants, who will be 65 by January 1, 2014, will be sent a letter to exercise the Safe Harbor Option. Included in this letter is a required submission or return date. If a participant exercises the Option and later wishes to reverse their decision, a 30-day period (specified in the Option form) is afforded to rescind his or her decision. Once the Option has been fully exercised, the account will remain as structured within the Safe Harbor

program until the participant retires. Additionally, participants will receive Safe Harbor letters each year of their eligibility until they fully exercise their Option or until their retirement. Most importantly, Safe Harbor is intended as a retirement tool and should not be used solely in response to market or investment fluctuations therefore it is also important to remind participants regarding the Safe Harbor Option to do so with great care and, where possible, the counsel of their financial or retirement advisors..

Although we are excited to implement these new actions, in the long run these procedures will provide our participants with more information as well as more options. And this to me is a good thing. Or at least that is the way it looks to me ...

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