

We depend on you

As treasurer of your congregation, you are a critical link between the Church Pension Fund (CPF) and the clergy who serve your church.

You receive CPF's invoice for the assessment payments that keep your clergy's participation in the pension fund active and up to date. Both CPF and your clergy rely on you for timely payments and accurate information.

By keeping assessments and information current, treasurers ensure that when it's time for clergy to claim pension, insurance and other benefits, they will receive all the benefits they have earned in their years of service to the church.

This reference guide is intended to help you understand clergy pension assessments and how to keep your cleric's pension account current at all times.

A more detailed explanation of pension benefits is available on our website at www.cpg.org, as well as in a guide sent to clergy: "A Guide To Your Benefits, Now And In The Future," which can be downloaded from the website.

For more information, call CPF's Pension Services at (866) 802-6333.

Who pays assessments?

Title I, Canon 8, Section 3 of the Episcopal Church Canons mandates that church employers pay pension assessments on compensation paid to priests and deacons. The parish treasurer is generally responsible for making the payments.

Assessments are required for clergy serving full- and part-time, as well as those in supply or interim positions, when they are paid an amount of \$200 or more per month, exclusive of travel expenses, for three or more consecutive months.

If a cleric is paid less than \$200 a month or works for less than 3 consecutive months, paying the assessment is optional.

How much does the parish pay?

The current assessment rate is 18% of a cleric's total assessable compensation as defined below.

What compensation is subject to assessment?

For assessment purposes, compensation includes:

Cash stipend: Salary, bonuses, one-time cash payments (such as retirement and Christmas gifts), tuition paid for dependents and any salary reductions used to fund tax deferred annuities or other tax

deferred accounts such as an IRA, 403(b) plan, or RSVP.

Social Security tax reimbursement: Payments to the cleric to offset the cost of self-employment (SECA) taxes.

Utilities: Allowances and direct payments to cover the cost of utilities (fuel, gas, electric, telephone, cable, etc.)

Housing:

- **If housing is provided rent-free**, compensation for housing is calculated at 30% of the cleric's stipend, Social Security reimbursements (SECA offset) and utilities.
- **If housing and meals are provided free of charge**, the housing allowance is calculated at 40% of the cash stipend, Social Security reimbursements (SECA offset) and utilities.
- **If the cleric receives a cash housing allowance**, for pension purposes the allowance is assumed at the actual cash allowance or 30% of the cash stipend, Social Security reimbursements (SECA offset) and utilities, whichever is greater.
- **If housing is provided rent-free, along with an additional cash housing allowance or housing**

equity allowance, the allowance is assumed at 30% of the total of the cash stipend, Social Security reimbursement, and utilities. Total compensation is then calculated to include the sum of the assumed 30% housing allowance and the actual cash housing allowance or housing equity allowance.

- If the cleric receives compensation from more than one church employer, but only one provides housing, compensation from all qualified employers is assessed for a proportionate share of housing.

Where does the money go?

Assessments are not held in individual accounts. Rather, they are invested in a general fund of pooled contributions from employers of all clergy in the Episcopal Church. With this “defined benefit” plan, benefits are determined at the time of retirement, disability or death, and do not fluctuate due to market performance.

What if payments are late?

Assessments are billed in advance, monthly or quarterly, and are payable when billed. Late payments may jeopardize benefits and result in interest charges. Monthly reports to diocesan offices include the status of assessment payments and compensation information.

Pension benefits are based on participation in the fund and are determined based on a cleric’s years of credited service and highest average compensation over a period of several years. Each assessment payment adds to the cleric’s earned credited service. When assessments are unpaid, the cleric’s pension account does not accurately reflect his or her actual service to the church.

Remember, a cleric’s credited service is based not on years of service to the church, but on years of service for which assessments are paid.

If assessments are unpaid for more than six months, benefits at risk include:

- projected credited service, which affects:
 - benefits for a spouse if the cleric dies before retirement
 - disability benefits
- benefits for eligible dependent children
- the lump sum death benefit
- the life insurance benefit
- the resettlement allowance

What if the Church Pension Fund’s information is incorrect?

We rely on you and your clergy for accurate information about compensation and changes in work and family status. Incorrect information places benefits at risk. Clergy receive annual statements to confirm

How do clergy benefit?

Participation in the fund offers financial protection for clergy and their families before and after retirement.

Benefits include:*

- a life-long pension at retirement, including the Extra Christmas benefit each December
- disability protection
- spousal and children’s benefits
- a resettlement allowance
- life insurance
- lump sum death benefit

In addition, CPF provides assistance with medical costs in retirement for participating clergy.

**Subject to vesting and other eligibility requirements*

our records, and each assessment notice you receive asks for updates on compensation.

An Annual Certificate is sent to clergy in the first quarter of each year to verify the compensation on record for the previous year, service earned and assessment status. Every fall, clergy receive a Personal Information Summary to verify such information as name, address, beneficiary’s name, etc., as well as compensation and credited service. The Personal Information Summary also provides each cleric with an estimate of his or her retirement benefit. After two years, corrections to compensation and unpaid assessments cannot be accepted unless unusual and extraordinary circumstances apply.

How do we report changes in compensation?

Changes in compensation must be reported in writing on the Assessment Notice or the Change in Compensation Form (available for download at www.cpg.org/pensions/forms) or by letter which can be sent by regular mail or faxed to (212) 592-9424. If you send changes by letter, please include:

- a breakdown of the changes in specific compensation categories (cash stipend, Social Security offset, utilities and housing)
- effective date of salary change or termination, if applicable
- two signatures: yours and your cleric’s

What should I do if the assessment notice is inaccurate?

Contact Pension Services at (866) 802-6333. We’ll re-compute the assessment for you and issue a corrected assessment notice.

What should I do when a new cleric joins our staff?

Sometimes the cleric or former parish notifies CPF, but it's always best for you to verify the information with us. Call Pension Services at (866) 802-6333.

Can we increase retirement benefits by paying more than CPF assesses?

No. Pension benefits are based on credited service and highest average compensation over a period of consecutive years. These usually occur at the end of a cleric's ministry. Inflating a salary to achieve a higher calculation rate would compromise the fund and destroy the fairness of pooling contributions. (Parishes wishing to supplement a cleric's financial security in retirement may select from a wide range of investment products available in the market. Church Life Insurance Corporation offers several such products.)

Do assessments end when a cleric's duties terminate?

Yes, if compensation ends on the same date. However, when compensation continues under a sever-

ance agreement or sabbatical arrangement, or is expected to resume with new employment after a period of time, the possibilities for retaining active status in the fund vary. Including the Church Pension Fund in the planning process will help your parish and cleric make informed decisions under special circumstances.

Can a cleric keep working in the church after retirement and continue to receive benefits?

Yes, under certain conditions. To maintain benefits, work may not occur in the church or institution from which the cleric has retired. Total compensation may not exceed 50% of the median compensation of all US clergy, an amount which varies annually. No further pension assessments are due if a cleric is receiving pension benefits and meets the guidelines outlined above.

These income limits apply only to work performed within the Episcopal Church. They do not apply to secular employment. Further, they are not related to the income limits imposed by the Social Security Administration.

Useful Terms

Assessment

An amount equal to 18% of your cleric's total annual compensation. Assessments are payable in advance and billed on a quarterly or monthly basis.

Benefit

Life-long payments made by CPF to a cleric in retirement or in the event of total disability. Payments to an eligible surviving spouse and eligible dependent children on a cleric's death.

Compensation

The total of cash salary, Social Security (SECA offset), utility payments and housing allowance.

Credited Service (CS)

The time for which full assessments have been paid on compensation. One year of CS is earned for each calendar year in which we receive assessments for full-time work. A partial year of CS is earned for a year of part-time work or full-time work for only part of a year.

Highest Average Compensation (HAC)

Generally, this is the average of the highest-paid seven out of eight consecutive 12-month periods during which a cleric participated in the fund.

Project Credited Service (PCS)

This is the actual credited service earned plus the additional credited service that would be earned if the cleric continued to work for the church and remained active until age 65.

We have tried to be as informative and as accurate as possible in this summary. However, in the event of any conflict between this summary and the legal plan documents, the legal plan documents will control.



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