

# A Reference for Pension Administrators

Companion piece to  
*A Guide to Benefits Under  
the Clergy Pension Plan*

## A Reference for Pension Administrators

As Pension Administrator, you are a critical link between the Church Pension Fund (CPF) and the clergy who serve the Church.

You receive and process CPF's invoice for the assessment payments that keep your clergy's participation in the Church Pension Fund Clergy Pension Plan (the Clergy Pension Plan) active and up-to-date.

Both CPF and your clergy rely on you for timely payments and for communicating accurate and up-to-date information.

By keeping assessment payments, compensation, and other information current, you help ensure that when it's time for clergy to apply for pension, insurance and other benefits, they will receive all the benefits they have earned through their years of service to The Episcopal Church.

This reference is intended to help you better understand clergy pension assessments and how to keep your cleric's pension account current at all times. A detailed explanation of the benefits provided by the Clergy Pension Plan is available in *A Guide to Benefits Under the Clergy Pension Plan*, which you can download from our website, [www.cpg.org](http://www.cpg.org).

To discuss specific circumstances, please call Pension Services at (800) 223-6602; Monday – Friday from 8:30am – 5:30pm ET (excluding holidays) or email Pension Services at [benefits@cpg.org](mailto:benefits@cpg.org). For general questions, please call Client Engagement at (866) 802-6333; Monday – Friday from 8:30am – 7:00pm, ET (excluding holidays).

## Who pays pension assessments?

Title I, Canon 8, Section 3 of the Episcopal Church Constitution and Canons (2006) mandates that Church employers pay pension assessments on compensation paid to bishops, priests and deacons by all parishes, missions, and other ecclesiastical organizations or bodies that are subject to the authority of The Episcopal Church.

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

The diocesan or parish treasurer is generally responsible for making the pension assessment payments.

## What compensation is subject to assessment?

The compensation that is subject to assessment is termed Total Assessable Compensation. Total Assessable Compensation generally consists of cash salary, Social Security tax reimbursements, utilities, and housing. Total Assessable Compensation may also include other items that are taxable under the Internal Revenue Code, as determined by the Plan Administrator. Total Assessable Compensation is the sum of all of the following components and is the basis on which pension assessments are calculated.

- **Cash salary** is the stipend paid, including bonuses, fees, one-time cash payments, tuition paid for dependents, severance, and any salary reduction arrangements used to fund a tax-sheltered annuity or other 403(b) account.
- **Social Security tax reimbursement** is compensation the employer provides to offset the cleric's self-employment (SECA) taxes. The reimbursement may be a fixed dollar amount or a percentage of the cleric's cash salary.
- **Utilities** are allowances received to cover the cost of utility bills, such as fuel, gas (for cooking and heating), electricity, cable service and home telephone service, or the amount the employer pays for utilities on a cleric's behalf.
- **Housing** is the allowance received for this purpose. Since we use housing to calculate the Total Assessable Compensation on which assessments are based, it is important for us to know whether or not housing is provided, and, if so, how it is provided.
  - ~ If housing is provided rent-free, the assessable housing allowance is calculated at 30% of the sum of the cash stipend, Social Security (SECA) reimbursements, and utilities.
  - ~ If both housing and meals are provided, the assessable housing allowance is calculated at 40% of the sum of the cash stipend, Social Security reimbursements, and utilities.
  - ~ If a cash housing allowance or a housing equity allowance is received, the assessable housing allowance is the actual dollar amount received.

- ~ If housing or housing and meals are provided rent-free and an additional cash housing allowance or cash housing equity allowance is received, for pension purposes the value of the assessable housing is calculated at 30% (when only housing is provided) or 40% (if both housing and meals are provided) of the sum of the cash stipend, Social Security reimbursement, and utilities. The Total Assessable Compensation is then equal to the calculated value of the housing plus the actual cash housing allowance or cash housing equity allowance received plus all other cash compensation.
- ~ If compensation is received from more than one church employer, but only one provides housing, compensation from all of the qualified employers is assessed for a proportionate share of the housing.

### How much does the employer pay?

The current assessment rate is 18% of a cleric's Total Assessable Compensation.

### Where does the pension assessment 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 who are canonically resident in and employed by The Episcopal Church.
- The assessments fund a number of benefits including the retirement benefits provided by the Clergy Pension Plan and the CPF-provided life insurance benefit.
- The Clergy Pension Plan is a defined benefit plan. Under this plan, clergy accrue benefits that are determined by formula at the time of retirement, disability or death.
- These benefits do not fluctuate due to market performance.

### What if payments are late?

- Assessments are billed in advance, monthly or quarterly, and are due when billed. Late payments may jeopardize a cleric's benefits and may result in interest charges.
- Monthly reports to diocesan offices include the status of assessment payments and compensation information.
- Pension benefits are based on a cleric's years of Credited Service and Highest Average Compensation.
- Each assessment payment adds to the cleric's earned Credited Service. When assessments are unpaid, the cleric's pension benefit will not accurately reflect his or her actual service to the church.

*Remember, a cleric's Credited Service is not based on years of service to the Church, but on the period of months and 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
  - ~ survivor benefits for the cleric's spouse, or named beneficiary if the cleric dies before retirement
  - ~ disability benefits
- benefits for eligible dependent children
- the lump sum death benefit
- the life insurance benefit
- the resettlement benefit

### **What if the Clergy Pension Plan 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.
- Each assessment notice you receive provides space for compensation updates and employment changes.
- An Annual Certificate is sent to the clergy in the first quarter of each year. This provides the clergy an opportunity to verify the compensation on record for the previous year, Credited Service earned and assessment status.
- Every fall, the clergy receive a Personal Information Summary which allows them 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 projected retirement benefit.

### **How do we report changes in compensation?**

Changes in compensation must be reported in writing on the Assessment Notice (section 3) or the Change in Cleric's Compensation/Duties form (available for download at [www.cpg.org/pensions/forms](http://www.cpg.org/pensions/forms)).

### **What should I do if the assessment notice is inaccurate?**

Contact Pension Services at (800) 223-6602. We'll re-compute the assessment amount for you and issue a corrected assessment notice.

*Corrections to the Clergy Pension Plan's compensation and/or employment records will only be accepted for two years following the year in which the compensation or employment change became effective. No retroactive compensation corrections or notices of new employment will be accepted after the end of the second year following the year in which they became effective.*

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

Sometimes the cleric or former employer notifies CPF, but it's always best for you to verify the compensation, start date, and other pertinent information with Pension Services by completing and mailing a New Assignment Notice (available for download at [www.cpg.org/pensions/forms](http://www.cpg.org/pensions/forms)).

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

- No. Pension benefits are based on a formula that includes Credited Service and Highest Average Compensation over a period of years as two of the primary factors. Paying increased assessments has no effect on this formula.
- Further, inflating a salary for a short period to achieve a higher benefit is prohibited since it would undermine the economics of the Clergy Pension Plan. The Church Pension Fund reserves the right to request support for a cleric's Total Assessable Compensation as reported to Pension Services at any time.
- Parishes wishing to supplement a cleric's income in retirement may select from a wide range of annuity and investment products available in the market. The 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 severance 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 Clergy Pension Plan vary.
- Including Pension Services personnel in the planning process will help your parish or diocese and the cleric make informed decisions under special circumstances.

### **Can a cleric keep working in the Church after retirement and continue to receive benefits?**

- Yes, provided that the following criteria are met:
  - ~ The cleric receives permission from the bishop of the diocese in which he or she will be working.
  - ~ The cleric will not be working for the same church institution from which he or she retired.
  - ~ The cash remuneration will not exceed 50% of the national median compensation for all clergy.
- Clergy over the age of 72 have no restrictions on the amount of compensation earned.
- Clergy may work outside of The Episcopal Church with no restrictions on the place of employment or the amount of compensation earned.

We hope this will be a handy reference. Keep in mind this reference and *A Guide to Benefits Under the Clergy Pension Plan* are only a summary of the Clergy Pension Plan and the way it applies to most clergy. Individual situations may differ in some detail from those described in the Guide, and you may have questions about a specific cleric's situation.

## Contact Us

<i>Company or Department</i>	<i>Contact Information</i>	<i>Service</i>
<b>Pension Services</b>	<b>(800) 223-6602</b> <i>benefits@cpg.org</i> M-F 8:30am – 5:30pm ET	The Clergy Pension Plan, Lay Employees' Pension Plans, Retirement Savings Plan (RSVP)
<b>Client Engagement</b>	<b>(866) 802-6333</b> M-F 8:30am – 7:00pm ET	General pension questions
<b>The Church Pension Fund</b>	<b>(800) 223-6602</b> <i>www.cpg.org</i>	General information
<b>The Episcopal Church Medical Trust</b>	<b>(866) 273-4545</b> <i>mtmedsupp@cpg.org</i>	Post-retirement healthcare benefits questions, including enrollment
<b>Church Life Insurance Corporation</b>	<b>(866) 802-6333</b> <i>churchlife@cpg.org</i>	Group and Individual Life Insurance, Supplemental Life Insurance, Disability Insurance, Retirement Savings Plan, IRAs, Annuities
<b>Pastoral Care</b>	<b>(800) 223-6602</b>	Pre-retirement questions and personal pre-retirement meetings, disability questions, work after retirement issues
<b>Prudential Life Insurance Company</b>	<b>(800) 732-0416</b> <i>www.cpg.org/ltc</i>	Long term care insurance
<b>Written correspondence</b>	<b>The Church Pension Fund</b> Att: Pension Services 445 Fifth Avenue New York, NY 10016	

Please note that this reference is provided to you for informational purposes only and should not be viewed as investment, tax or other advice. In the event of a conflict between the information contained in this brochure and the Official Plan Document, the Plan Document will govern. The Church Pension Fund and its affiliates retain the right to amend, terminate or modify the terms of any benefit plans described in this brochure at any time, without notice and for any reason.

Life insurance is issued by Church Life Insurance Corporation; 445 Fifth Ave., New York, New York 10016 ("Church Life"). Life insurance policies contain exclusions, limitations, and restrictions for keeping them in force. For complete details of coverage, including exclusions, limitations and restrictions, the actual policy or certificate should be consulted. If the descriptions of the Church Life products in this document conflict with the terms of the actual life insurance policy, then the terms of the actual life insurance policy shall govern.



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*Serving the Episcopal Church and Its People*

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