

## Resolution 2015-A181

### Report on the Costs of Pension Benefits in Foreign Dioceses

#### Report Summary

Resolution 2015-A181 asked the Church Pension Group (CPG) to:

- Conduct a study of compensation and costs for employee benefits for clergy and lay employees in the dioceses of Province IX, the Diocese of Haiti, the Episcopal Church in Cuba, and Covenant Partners;
- Provide information and guidance to The Church Pension Fund (CPF) Board of Trustees (CPF Board) on alternative programs and strategies, such as employee contribution plans, that will improve clergy and lay pension plans in these areas;
- Discuss findings with leaders of each diocese; and
- Report findings back to the 79th General Convention.

All the above requests have been addressed and resolved, with this report serving as the final request of the Resolution. We appreciated the opportunity to complete this work. We are particularly thankful for the support of the diocesan offices in the countries we studied. Our data collection, analysis, and conversations with diocesan leadership found that many of the benefits included in this study are competitive and exceed local market practices. We tried, but we were unable to collect extensive data on lay employees so meaningful analysis of their benefits could not be completed. Our study also identified areas where additional research is needed to clarify facts and to identify opportunities where gaps currently exist. Notwithstanding this, we look forward to continued collaboration with the Church to address needs outside the United States.

Following are the major findings related to clergy compensation and benefits. More detailed findings are on page 5.

***An overview for each diocese can be found in the Appendix.***

- Clergy compensation, which is determined by each local diocese, is below market benchmarks in most of the dioceses we studied.
- For full-career clergy (25 years or more of credited service) earning up to \$10,000 per year in compensation, CPF's International Clergy Pension Plan (ICPP) provides retirement income that is equal to or greater than the compensation such clergy were receiving in active ministry. This high level of "income replacement" is unusual in a pension plan and is generous compared to local benchmarks and compared to The Church Pension Fund Clergy Pension Plan (the U.S. Clergy Pension Plan). Even though clergy in the studied dioceses have a high amount of their active income replaced in retirement, the absolute amount of their pension benefit tends to be low because clergy compensation is relatively low in these dioceses.
- Most dioceses included in the study have access to a national healthcare system; however, in most countries employers in the benchmark also offer a private supplemental health plan to active employees. Some dioceses in our study do not offer supplemental healthcare benefits to active clergy or offer coverage that is below the local benchmark. In contrast, the post-retirement medical subsidy benefit provided by CPG to retired participants in the ICPP exceeds local benchmarks.
- Life insurance and disability coverage offered to eligible clergy generally exceed local benchmarks.

This study, along with others we have conducted with the support of the General Convention, are part of our commitment to provide our clients with the highest possible level of financial security in retirement that is consistent with exemplary financial stewardship on CPG's part and with the evolving needs of the Church. CPG is committed to providing quality employee benefits wherever the Episcopal Church operates, and we are happy to conduct ongoing research to make sure we are keeping our commitments.

## Background

Founded more than 100 years ago to provide retirement income for servants of the Episcopal Church, CPG's vision is to provide clergy and lay employees with the highest possible level of financial security in retirement in a manner that is consistent with exemplary financial stewardship on CPG's part and with the evolving needs of the Church. This vision applies to *all* dioceses of the Episcopal Church, domestic and international.

Over the past several years, CPG has conducted multiple studies and facilitated various meetings and discussions with international dioceses to understand benefit needs, stay current with local market trends, and explore opportunities. These efforts have helped the CPF Board either confirm the appropriateness of the benefits we offer or support a decision to enhance benefits.

Some of these studies include:

- **Minimum Pensions for Clergy** – In 2009, after hearing a need expressed by the international dioceses, the CPF Board completed an analysis and, based on its findings, voted to increase minimum pensions as well as the post-retirement medical subsidy payment. This payment is a monthly cash benefit provided to eligible retired clergy and their spouses to assist with healthcare needs in retirement.
- **Healthcare Benefits** – In response to General Convention Resolution 2006-A147, CPG collaborated with the dioceses in Province IX to study the feasibility of offering affordable healthcare benefits outside of the United States. After months of study, it was determined that local healthcare systems (public and private) were inadequate in many areas, resulting in gaps in healthcare delivery throughout Province IX and that a new source of funding was needed to cover certain clergy and lay medical expenses. The CPF Board established the Fund for Medical Assistance (FMA) in 2010, which offers financial assistance for many types of healthcare expenses, including emergency care, treatment of chronic illness, and prescription drugs not covered by public or private insurance.
- **Mandatory Pensions for Lay Employees** – In response to General Convention Resolution 2009-A138, CPG gathered data, fielded surveys, made in-person visits, and tested various hypotheses regarding the feasibility of enacting a compulsory lay pension system. As reported to the 77th General Convention, the majority of international dioceses agreed that compulsory lay pensions were desirable but acknowledged that they did not have sufficient financial resources to implement a plan. As a result, General Convention did not provide for mandatory lay pensions for the international dioceses as it did with the domestic dioceses.

Beyond performing research studies, CPG has engaged in numerous activities and attended various meetings in the Virgin Islands, throughout Province IX, IARCA, Mexico and Taiwan over the years where we had the opportunity to expand our understanding of their needs and strengthen relationships. CPG also established a Client Council four years ago that has included bishops from Puerto Rico, the Virgin Islands and Honduras who have offered insight and feedback on CPG benefit programs and services. More recently, CPG hired a bilingual international account manager to support institutions outside of the U.S. in getting access to benefits, education and service. Our Education and Wellness (E&W) team has also developed and implemented a targeted benefits education strategy and has hosted several conferences in and for our international dioceses since 2013.

In 2015, the 78th General Convention requested a study of compensation and benefit costs in a subset of the provinces and dioceses that participate in the ICPP and the plans sponsored by our Covenant Partners.

Over the past triennium, CPG has collaborated with diocesan and lay leaders to collect compensation and benefits information. We also have worked with third-party experts to help us compare the Episcopal Church's compensation and benefits with appropriate benchmarks in every country.

## Benefits and Services for International Dioceses

Pension benefits are the primary component of the international clergy benefits package. The two key objectives of the pension plan are to replace a high portion of the income earned by full-career clergy (i.e., income replacement) and, at a minimum, provide a pension benefit that exceeds the two-person poverty line for all clergy, regardless of years that the clergy have participated in the plan (i.e., years of "credited service").

Findings show that the ICPP compares favorably to local benchmarks and to the U.S. Clergy Pension Plan. For example:

- The ICPP pension formula provides 100% or more retirement income replacement for full-career clergy earning less than \$10,000 while working (compared to 50% income replacement for full-career clergy in the U.S. Clergy Pension Plan). Most clergy in the ICPP have the potential to receive a retirement benefit that exceeds the compensation they were paid while actively employed.
- The ICPP's minimum pension feature provides a benefit above the local two-person poverty line for the majority of ICPP participants.
- Short-term disability benefits provided to eligible clergy participating in the ICPP are in line with local benchmarks but lag behind those available to eligible clergy participating in the U.S. Clergy Pension Plan.
- The post-retirement medical subsidy provided to eligible clergy participating in the ICPP exceeds local market practices in all dioceses included in this study.

The ICPP and the U.S. Clergy Pension Plan are so-called "defined benefit plans." As an employer, the Church pays assessments into the plan based on the amount of the cleric's total compensation, as defined in the plan.

The cleric's retirement benefit is calculated based on a formula that takes into account the highest average compensation that the cleric earned over a specified period of time and the number of years that the cleric participated in the plan during the cleric's career. If the cleric is less than age 65 when the cleric retires, the benefit may be reduced to reflect the early retirement.

The above findings do not apply to benefits provided to Covenant Partner clergy. Covenant Partners are those dioceses that were once part of the Episcopal Church but are now independent Anglican provinces. More details about the findings can be found in the Appendix.

Additional benefits and services for ICPP participants include:

- **Education and Wellness Services** – These include educational conferences, one-on-one conversations with our financial educators, and online planning tools that help participants understand their benefits, plan for their retirements, and live healthier lives.
- **Fund for Medical Assistance** – This is available to active clergy and lay employees and their dependents in international dioceses of the Episcopal Church in need of financial assistance for important medical treatment and/or prescription drugs. Each diocese has an annual limit.
- **Fund for Special Assistance** – This is available to retired clergy, surviving spouses and dependents of deceased clergy in international dioceses of the Episcopal Church in need of financial assistance for unexpected expenses.
- **CREDO Conferences** – These are holistic health and wellness retreats available to all clergy in the U.S. and international dioceses of the Episcopal Church.

## Current Study – Responding to Resolution 2015-A181

### The Resolution

As noted above, Resolution 2015-A181 asked CPG to conduct a study of compensation and benefit costs for clergy and lay employees for the following dioceses:

- Province IX
- Haiti
- Cuba (*see note below*)
- Covenant Partners

#### *Please note:*

- The Diocese of the Virgin Islands was added to the study because clergy in the British Virgin Islands participate in the ICPP.
- The Diocese of Taiwan chose not to participate.
- Compensation and benefits data was also requested and collected from the Episcopal Church in Cuba. Unfortunately, market data was unavailable to complete a comparative analysis; therefore, meaningful findings could not be made. In addition, active clergy in Cuba are not currently participating in the ICPP. As a result, the information and data collected on clergy in Cuba are not included in our findings. We are pleased that we were able to share the data with the Task Force on the Episcopal Church in Cuba to assist with understanding pension issues should the Episcopal Church in Cuba become a diocese of the Episcopal Church.
- CPG administers companion plans sponsored by The Anglican Church of Mexico and the Episcopal Church in Liberia (Plan Sponsors). The Plan Sponsors fund and control the decision making as to the benefits provided under the companion plans.

As requested in the resolution, CPG shared study results with diocesan leaders and the CPF Board, including guidance on alternative programs and strategies. These conversations were educational for the dioceses and for CPG. We look forward to continuing them.

### Sources of Data

The following data sources were used to conduct our research:

- Compensation data for active clergy
- Diocesan surveys and interviews
- Beneficiary data for current retirees
- Compensation reference points provided by our third-party expert, Willis Towers Watson
- Employee benefit benchmarks provided by Willis Towers Watson
- Exchange rate and inflation data provided by our actuarial consultants, Conduent
- Government data provided by Willis Towers Watson

For the reasons noted earlier, the research findings focus primarily on clergy. Limited data was available for lay employees.

The following category of private sector employment was used as the market reference point to compare clergy compensation and benefits. This point of reference for compensation was selected from a range of generic job-market reference points developed by Willis Towers Watson and validated by the relevant bishops:

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#### Business Support Career Band

- Performs clerical/administrative or specialized support tasks in an office or field setting
  - May require vocational training or the equivalent experience but does not require a university degree
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## Research Findings

Our findings show that several clergy benefits are above market for most of the dioceses in this study, while compensation and active medical benefits generally fall below market. An overview of each is provided on the following pages.

Above Market	Below Market
<ul style="list-style-type: none"><li>• Retirement benefit</li><li>• Life Insurance and Accidental Death and Dismemberment (AD&amp;D)</li><li>• Short- and Long-Term Disability</li><li>• Post-retirement medical subsidy</li></ul>	<ul style="list-style-type: none"><li>• Compensation</li><li>• Active medical benefits</li></ul>

There are several challenges facing international dioceses of the Episcopal Church and Covenant Partners, namely:

- Limited financial resources to:
  - Increase compensation to market levels and provide additional employee benefits beyond those included in the ICPP
  - Provide benefits and compensation for lay employees
- Lower compensation levels that result in lower future pension benefits, which may be compounded by local inflation and exchange rates
- Local government and economic conditions (for example, local inflation) that have a negative impact on many countries in the study
- Limited economies of scale due to the smaller number of clergy in these areas

Following are high-level clergy findings for each area of study. Information about each diocese can be found in the Appendix.

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### Compensation

Compensation is determined by each diocese based on many factors, including local market practices and economic environment, as well as the financial resources of the diocese. Compensation data for lay employees was generally unavailable.

Compensation for international clergy is below the private sector market for most dioceses compared to local markets for similar jobs and responsibilities. Overall:

- 26% of clergy are paid above the private sector market
- 20% of clergy are paid consistent with the private sector market
- 52% of clergy are paid below the private sector market

Clergy compensation directly affects the retirement benefits they receive because it is used to calculate pension benefits.

Private sector information was not available from Willis Towers Watson for the U.S. and British Virgin Islands, Haiti, and Liberia. Instead, country poverty levels were used as a benchmark for the Virgin Islands, and the World Bank poverty line was used as a benchmark for Haiti and Liberia. Nearly all clergy in these dioceses fall above the poverty line.

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## Retirement

The ICPP formula provides income replacement of 100% or greater for full-career clergy (25 or more years of credited service) earning less than \$10,000. As of the date of this study, 75% of active clergy have the opportunity to receive a retirement benefit equal to or greater than the compensation they received while they were working.

Across the international dioceses included in this study, 112 clergy are retired and receiving a benefit from the ICPP. Of those, 89% are receiving a benefit above the two-person poverty line in their respective country (compared to 69% in the U.S.). This figure does not include Puerto Rico clergy whose plan mirrors the U.S. Clergy Pension Plan.

Government-provided retirement benefits, where available, generate additional income replacement ranging from 5% to 75% (depending on position and country) for those who enroll. However, discussions with diocesan leaders and administrators as part of this study revealed that clergy in several dioceses are not enrolled in these programs. Actual enrollment data was not available to help us understand the full impact.

According to a Willis Towers Watson 2016 report, in nearly all markets, most employees rely on government-provided retirement programs. Only a small percentage of secular employers provide a supplemental retirement program to their employees.

Retirement benefits for all international clergy are paid in U.S. dollars. Factors that affect the value of these retirement benefits include the following:

- Clergy compensation (as noted in the Compensation section above),
- Local inflation and exchange rates, and
- Cost-of-living adjustments (COLAs)
  - Participants in the ICPP receive a COLA that is determined with reference to cost-of-living increases approved by the U.S. Social Security Administration. This practice may allow clergy in the international dioceses to realize a higher or lower portion of their actual cost-of-living increases, depending on the cleric's country of residence. In contrast, the COLA for companion plans offered by the Anglican Churches in Mexico and Liberia is determined by their governing bodies.

Local inflation, exchange rates, and COLAs have had the following impact for retirees receiving benefits between January 2007 and December 2016:

Lost Purchasing Power	Gained Purchasing Power	Maintained (+ or -0.5%)
Guatemala	Dominican Republic	El Salvador
Costa Rica	Venezuela	Panama
Honduras	U.S. Virgin Islands	Nicaragua
Ecuador (both dioceses)	Mexico	Colombia
British Virgin Islands		Puerto Rico
Liberia		Haiti

With the exception of Puerto Rico, international dioceses typically do not offer retirement benefits to lay employees.

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## Healthcare

Health and welfare benefits coverage varies widely, particularly in regard to eligibility criteria and cost-sharing. All of the countries studied offer a national health insurance program. Only a few international dioceses offer supplemental healthcare coverage to lay employees.

Of the dioceses included in this study:

- Six provide clergy with supplemental healthcare coverage that enhances the coverage provided by the local government, consistent with typical employer practices in their respective countries.
- Three provide supplemental healthcare coverage to clergy that falls below employer practices in their respective countries.
- Eight do not offer supplemental healthcare coverage to clergy, falling below employer practices in their respective countries.

Illustrative cost data for supplemental healthcare coverage can be found in the Appendix (not available for all dioceses).

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## Life Insurance and Disability

Life insurance and long-term disability benefits provided to eligible clergy participating in the ICPP exceed the benefits available to similar professionals in local markets.

According to Willis Towers Watson's 2016 report, most surveyed employers provide life insurance. By providing life insurance equal to six times the cleric's annual compensation as measured for the plan (up to \$150,000 for active clergy and \$50,000 for retirees), the ICPP far exceeds market practice.

Long-term disability provided through the ICPP is above market practice in all international dioceses that offer the ICPP.

The short-term disability benefit offered to eligible ICPP participants, while limited to childbirth, is above market practice because few employers in these markets offer short-term disability benefits.

Illustrative costs for clergy life insurance can be found in the Appendix.

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## Considerations

Effective January 1, 2018, many of the U.S. Clergy Pension Plan revisions were applied to the ICPP, with a positive overall impact. Due to the unique needs of the international dioceses participating in the ICPP, we have identified four areas for further evaluation:

- COLA methodology
- Currency exchange rates and fees
- Medical benefits
- Short- and Long-Term Disability

Following are areas that would require additional research for further clarity and identification of opportunities:

- **Benefits for lay employees** – Little information was available for lay employees. Further research would help to determine the most appropriate and viable options.
- **Supplemental retirement savings plans** – A feasibility study would be required to assess supplemental retirement savings opportunities for clergy and also retirement savings opportunities for lay employees, the majority of whom are not currently offered a retirement plan.
- **Enhancing healthcare benefits** – Because healthcare benefits are below market for most dioceses included in this study, further analysis would be needed to identify opportunities to enhance healthcare benefits, such as supplemental medical coverage for lay employees and enhanced funds for medical assistance.
- **Government social security participation rates** – Additional information is needed to understand how many employees are enrolled in local government programs. These programs provide additional benefits for those who enroll.

## In Summary




CPG conducted a thorough study of compensation and benefits in response to GC Resolution 2015-A181. After our data collection, analysis, and conversations with diocesan leaders, CPG is confident in the findings of this study, especially that the retirement, life, post-retirement medical subsidy, and disability benefits provided to the international clergy of dioceses included in this study are highly competitive and exceed local market practices. The study also highlights areas, as noted in Considerations above, where additional research is needed for further clarity and to identify opportunities where gaps currently exist.

This study, along with others conducted on behalf of the CPF Board and the General Convention, supports the Church and CPG's vision to provide its clients with the highest possible level of financial security in retirement that is consistent with exemplary financial stewardship on CPG's part and with the evolving needs of the Church. We are committed to providing quality employee benefits wherever the Episcopal Church operates, and we use our internal research and external data to make sure we are keeping our commitments. We look forward to continued collaboration with the leadership of the international dioceses of the Episcopal Church and its Covenant Partners.

# APPENDIX













































## Individual Diocese Results

Detailed findings were presented in person to leaders of each of the dioceses included in this study. Following is an overview of how compensation and benefits compare to local benchmarks. The information shown refers to clergy, unless otherwise noted. Due to lack of data, Cuba was excluded from this chart.

Above market  Below market  In line with market 

*Some categories have two indicators, meaning there are some aspects of that category that are above or in line with market and others that are below market.*

### The Episcopal Church Dioceses

	Compensation	Retirement	Life and AD&D	Disability	Healthcare (Pre-65 / Post-65)			
<b>Honduras</b>							<ul style="list-style-type: none"> <li>• Compensation below market reference points for majority of full-time clergy</li> <li>• Part-time clergy are not compensated</li> <li>• Government benefits can generate additional 9%–18% income replacement at retirement</li> <li>• Supplemental healthcare benefits provided to bishop, clergy and dependents; requires employee contributions</li> </ul>	
<b>Colombia</b>							<ul style="list-style-type: none"> <li>• Compensation below market reference points for all full-time clergy</li> <li>• Government benefits can generate additional 16%–61% income replacement at retirement</li> <li>• Does not provide supplemental healthcare benefits to active clergy</li> </ul>	
<b>Dominican Republic</b>							<ul style="list-style-type: none"> <li>• Above market reference points for most full-time clergy</li> <li>• Government benefits can generate additional 20%–27% income replacement at retirement</li> <li>• Does not provide supplemental healthcare benefits to active clergy</li> </ul>	
<b>Ecuador Central</b>							<ul style="list-style-type: none"> <li>• Compensation below market reference points for all full-time clergy</li> <li>• Government benefits can generate additional 16%–77% income replacement at retirement</li> <li>• Supplemental healthcare benefits provided to active clergy</li> </ul>	
<b>Ecuador Litoral</b>							<ul style="list-style-type: none"> <li>• Compensation below market reference points for all full-time clergy</li> <li>• Government benefits can generate additional 16%–77% income replacement at retirement</li> <li>• Does not provide supplemental healthcare benefits to active clergy</li> </ul>	
<b>Venezuela</b>								<ul style="list-style-type: none"> <li>• Compensation well above market reference points for all full-time clergy</li> <li>• Government benefits can generate additional 14%–27% income replacement at retirement</li> <li>• Life and AD&amp;D benefits provided to clergy are above market</li> <li>• Provides supplemental healthcare benefits to employees and dependents               <ul style="list-style-type: none"> <li>– Above market maximum insured amount</li> <li>– Pays 100% healthcare coverage cost</li> <li>– Does not provide dental and vision benefits</li> </ul> </li> <li>• Provides allowance to retirees for medical coverage</li> </ul>
<b>Puerto Rico</b>	 						<ul style="list-style-type: none"> <li>• Compensation falls within or above market reference points for 78% of full-time clergy; others are below market</li> <li>• Government benefits can generate additional 47%–70% income replacement at retirement</li> <li>• Only diocese in the study that provides a lay pension benefit</li> <li>• Supplemental healthcare benefits provided to active clergy and dependents</li> </ul>	



## The Episcopal Church Dioceses

	Compensation	Retirement	Life and AD&D	Disability	Healthcare (Pre-65 / Post-65)	
<b>Virgin Islands</b>	⚖️	↑	↑	↑	↑ ↓	↑
	<ul style="list-style-type: none"> <li>Limited compensation benchmark data</li> <li>Only diocese that has two separate clergy pension plans: <ul style="list-style-type: none"> <li>ICPP for British Virgin Island (BVI)</li> <li>Clergy Pension Plan for U.S. Virgin Island (USVI)</li> </ul> </li> <li>Government benefits can generate additional 47%–70% income replacement at retirement</li> <li>USVI clergy and lay employees are offered supplemental healthcare coverage</li> <li>BVI clergy and lay employees are not offered supplemental healthcare coverage</li> </ul>					
<b>Haiti</b>	↑	↑	↑	↑	⚖️	↑
	<ul style="list-style-type: none"> <li>Compensation for all clergy is significantly above the World Bank two-person poverty level</li> <li>Government benefits can generate additional 30% income replacement at retirement</li> <li>Supplemental healthcare benefits provided to active clergy and dependents</li> </ul>					

## Iglesia Anglicana de la Región Central de América (IARCA)

	Compensation	Retirement	Life and AD&D	Disability	Healthcare (Pre-65 / Post-65)	
<b>El Salvador</b>	↓	↑	↑	↑	↓	↑
	<ul style="list-style-type: none"> <li>Compensation below market reference points for all full-time clergy</li> <li>Government benefits can generate additional 44% income replacement at retirement</li> <li>Supplemental healthcare benefits provided to active clergy (not dependents)</li> </ul>					
<b>Panama</b>	↓	↑	↑	↑	↓	↑
	<ul style="list-style-type: none"> <li>Compensation below market reference points for all full-time clergy</li> <li>Government benefits can generate additional 34% income replacement at retirement</li> <li>Supplemental healthcare benefits provided to active clergy and lay employees (not dependents)</li> </ul>					
<b>Guatemala</b>	↓	↑	↑	↑	⚖️	↑
	<ul style="list-style-type: none"> <li>Compensation below market reference points for all full-time clergy</li> <li>Government benefits can generate additional 65% income replacement at retirement</li> <li>Supplemental healthcare benefits provided to active clergy and dependents</li> </ul>					
<b>Costa Rica</b>	↓	↑	↑	↑	↓	↑
	<ul style="list-style-type: none"> <li>Compensation below market reference points for majority</li> <li>Government benefits can generate additional 41% income replacement at retirement</li> <li>Does not provide supplemental healthcare benefits to active clergy</li> </ul>					
<b>Nicaragua</b>	↓	↑	↑	↑	↓	↑
	<ul style="list-style-type: none"> <li>Compensation below market reference points for majority</li> <li>Government benefits can generate additional 80% income replacement at retirement</li> <li>Supplemental healthcare benefits are limited to prescription drugs and vision</li> </ul>					

## Companion Plans

	Compensation	Retirement	Life and AD&D	Disability	Healthcare (Pre-65 / Post-65)	
<b>Liberia</b>	↓	↑	↑	↑	↓	↓
	<ul style="list-style-type: none"> <li>Limited compensation benchmark data               <ul style="list-style-type: none"> <li>Majority of active clergy receive compensation above the World Bank poverty line; however, only 17% of clergy exceed poverty line threshold by more than 30%</li> </ul> </li> <li>Government benefits can generate additional 30% income replacement at retirement</li> <li>Does not provide supplemental healthcare benefits to bishop, clergy and dependents</li> <li>Liberia Pension Plan does not provide post-retirement medical subsidy</li> </ul>					
<b>Mexico</b>	↓	↑	↑	↑	↓	↑
	<ul style="list-style-type: none"> <li>Compensation falls within market reference points for majority of full-time active clergy; others are below market</li> <li>Part-time clergy are not compensated</li> <li>Government benefits can generate additional 21% income replacement at retirement</li> <li>Does not provide supplemental healthcare benefits to active bishop, clergy and dependents</li> </ul>					

## Illustrative Costs for Healthcare and Life Insurance

The charts below provide indications of the approximate cost of providing healthcare benefits for clergy and lay employees in these dioceses.

### Healthcare

The following chart shows 2016 median annual healthcare premiums by coverage tier for each market.

Please note:

- All costs shown are in U.S. dollars, with the exception of Venezuela.
- Premiums have not been adjusted for differences in plan design.

Dioceses	Employee Only	Employee + 1 Dependent	Employee + 2 or More Dependents
Colombia	\$771	\$1,397	\$1,786
Costa Rica	\$527	\$1,150	\$1,533
Cuba	Not Available	Not Available	Not Available
Dominican Republic	\$117	\$233	\$402
Ecuador Central	\$798	\$1,536	\$2,076
Ecuador Litoral	\$798	\$1,536	\$2,076
Guatemala	\$525	\$1,119	\$1,548
Haiti	Not Available	Not Available	Not Available
Honduras	\$65	\$119	\$360
Liberia	Not Available	Not Available	Not Available
Mexico	\$407	\$810	\$1,164
Nicaragua	Not Available	Not Available	Not Available
Panama	\$674	\$1,442	\$2,460
Puerto Rico	Not Available	Not Available	Not Available
El Salvador	\$466	\$1,050	\$1,516
Venezuela	VEF 34,665	VEF 40,000	VEF 80,300
Virgin Islands	Not Available	Not Available	Not Available

### Life Insurance

The following shows the 2016 market benchmark for additional group life insurance costs (annual and in U.S. dollars) per employee across all the dioceses included in this study:

Employee Age	\$5,000 Coverage	\$10,000 Coverage
40	\$4 – \$5	\$8 – \$10
50	\$9 – \$12	\$18 – \$24
60	\$17 – \$25	\$34 – \$50

## Pension Plan Comparison

The following is an overview of how the U.S. Clergy Pension Plan and its related plans (collectively, the “CPP”) compare with the International Clergy Pension Plan (“ICPP”) and its related plans. As noted below, many of the material provisions of the two plans are substantially identical. For a more detailed description of the CPP provisions, please see *A Guide to Clergy Benefits* at <https://www.cpg.org/active-clergy/retirement/clergy-pension-benefits>.

### Substantially Identical Plan Provisions

- Credited Service\*
- 18% Assessments
- Eligibility
- Participant Status
- Vesting
- Total Assessable Compensation
- Highest Average Compensation
- Early Retirement†
- Joint and Survivor Options
- Life Insurance
- Child Benefit
- Christmas Benefit
- Resettlement Benefit‡
- Late Marriage
- Billing and Assessment of Interest
- Qualified Domestic Relations Orders§
- Extension of Ministry
- Pre-Retirement Survivor Benefit\*\*
- Discretionary COLA

### Plan Provisions that Differ

Provision	U.S. Clergy Pension Plan and Related Plans	ICPP and Related Plans
<b>Population Served</b>	<ul style="list-style-type: none"> <li>• Domestic clergy</li> <li>• Puerto Rico clergy (funded through the ICPP)</li> <li>• Virgin Islands (U.S.)</li> <li>• Episcopal Church in Micronesia</li> <li>• Convocation of Episcopal Churches in Europe</li> </ul>	<ul style="list-style-type: none"> <li>• Province IX dioceses of TEC</li> <li>• Haiti</li> <li>• Virgin Islands (British)</li> <li>• Taiwan</li> </ul>

\* Each international diocese has its own Hypothetical Minimum Compensation (“HMC”) based upon the clergy in that particular diocese. Clergy in such dioceses will earn Credited Service towards all benefits (pension, life insurance, and the post-retirement medical subsidy) as long as full assessments are paid on their compensation regardless of whether their compensation is below the applicable HMC for that international diocese.

† There is no bridge benefit for ICPP participants who retire with 30 or more years of Credited Service.

‡ Due to the differences in the international tax laws, participants in the ICPP are unable to roll over their resettlement benefit into a qualified pension plan.

§ Although a qualified domestic relations order may not be a legal option in the international dioceses, an alternative option that generally accomplishes the same objectives will be available to ICPP participants.

\*\* The formula used to calculate the benefit will be consistent with the ICPP pension formula. Participants in the ICPP will continue to have the ability to name any person as a beneficiary. However, neither a person’s estate nor a trust (except a special needs trust for a disabled person) will be eligible beneficiaries.

<b>Annual Pension Formula</b>	<ul style="list-style-type: none"> <li>• 1.6% of Highest Average Compensation x Credited Service</li> <li>• 1.15% of Highest Average Compensation up to \$10,000 x Credited Service</li> </ul>	<ul style="list-style-type: none"> <li>• 4% of Highest Average Compensation up to \$10,000 x Credited Service up to 25 years</li> <li>• 1.5% of Highest Average Compensation in excess of \$10,000 multiplied by Credited Service</li> </ul>
<b>Annual Minimum Pension</b>	<ul style="list-style-type: none"> <li>• Linked to the two-person Federal Poverty Line</li> <li>• Benefit cannot exceed cleric's Highest Average Compensation</li> </ul>	<ul style="list-style-type: none"> <li>• \$120 x Credited Service (minimum of \$2,400 and maximum of \$4,800)</li> <li>• Benefit may exceed cleric's Highest Average Compensation</li> </ul>
<b>Disability</b>	<ul style="list-style-type: none"> <li>• Short-term: 70% of Total Assessable Compensation up to \$1,000 per week; up to 26 weeks; cleric must be active</li> <li>• Long-term: Total and continuing disability; cleric must be active <ul style="list-style-type: none"> <li>— 70% of Highest Average Compensation</li> <li>— Projected Credited Service</li> <li>— Subsidized medical coverage, if eligible</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Short-term: Limited to disability due to childbirth (12 weeks); cleric must be active</li> <li>• Disability Retirement: Total and continuing disability; cleric can be active or inactive (and vested) <ul style="list-style-type: none"> <li>— 70% of Total Assessable Compensation, if active (accrued pension, if inactive)</li> <li>— Projected Credited Service, if active</li> </ul> </li> </ul>
<b>Post-Retirement Medical Subsidy</b>	<ul style="list-style-type: none"> <li>• \$355 monthly subsidy per person if cleric earned at least 20 years of Credited Service</li> <li>• Paid to eligible clergy and eligible spouses/eligible surviving spouses <ul style="list-style-type: none"> <li>— Offsets the premium cost of CPG's Medicare Supplement Health Plans and/or dental plans</li> </ul> </li> <li>• Benefit forfeited if not enrolled in a CPG plan</li> </ul>	<ul style="list-style-type: none"> <li>• \$160 monthly subsidy per person if cleric earned at least 20 years of Credited Service</li> <li>• Paid directly to eligible clergy and eligible spouses/surviving spouses</li> </ul>
<b>Lump Sum Payments</b>	<ul style="list-style-type: none"> <li>• Small pension amounts (i.e., with an actuarial present value of \$20,000 or less) are paid in a single lump sum payment</li> </ul>	<ul style="list-style-type: none"> <li>• No lump sum payment provisions under the ICPP</li> </ul>

## **Important Disclosures**

This information is provided for general informational purposes only and is not intended to be and should not be viewed as financial, investment, legal, tax, or other professional advice. In the event of a conflict between the information contained in this presentation and the official plan documents or policies, the official plan documents or policies 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 presentation at any time, without notice, and for any reason.

The Church Pension Fund plans to continue to provide the Medicare Supplement subsidy. However, The Church Pension Fund must maintain sufficient liquidity and assets to pay its pension and other benefit plan obligations. Given uncertain financial markets and their impact on assets, The Church Pension Fund has reserved the right, in its discretion, to change or discontinue providing a Medicare Supplement subsidy.

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