

Voluntary Transition Program

Frequently Asked Questions

Eligibility

Q: What is the effective date of the Voluntary Transition Program?

A: January 1, 2013 (The Voluntary Transition Program will cease **December 31, 2020.**)

Q: Who is eligible for the Voluntary Transition Program?

A: Clergy who meet the following criteria may be eligible for the Voluntary Transition Program:

- Clergy person must be in good standing.
- At least five years of service in full connection (i.e., elders or deacons).
- Active participant in the Comprehensive Protection Plan (CPP) for five years immediately preceding separation from service.
 - Appointment *immediately preceding separation* from service must be generally:
 - 1) an active appointment (full-time or part-time),
 - 2) transitional leave, or
 - 3) receiving a long-term disability benefit from CPP.
- Not being within two years of eligibility to retire under *The Book of Discipline* ¶358.2(b) (30 years of service or age 62).
- Conference approval from the district superintendent, bishop and committee on conference relations of the conference board of ordained ministry.
- Withdrawal and surrender credentials.

Q: How is service calculated?

A: Service is calculated by complete years of *continuous* service (regardless of appointment status and CPP participation) in an annual conference or annual conferences (with partial years not counted).

Note: Service does not need to be credited service in terms of defined benefit component of the Clergy Retirement Security Program (CRSP).

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General Board

Pension and Health Benefits

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Severance Benefits

Q: How is the severance benefit calculated and paid?

A: The severance benefit is calculated based on the following formula:

- Two weeks of participant's Plan Compensation (using bi-weekly pay frequency) for each full year of continuous service in the annual conference(s), limited to a maximum of 26 weeks.

The severance benefit will be paid out by direct deposit in a single lump sum payment through CPP. The benefit payment is taxable; the General Board of Pension and Health Benefits (General Board) will distribute a *1099-Misc* tax form, generally after year-end.

Note: Please reference the Severance Benefit Calculation Examples handout included in this toolkit to see examples of a severance benefit payment.

Q: What is the Transition Period and how is it calculated?

A: The Transition Period is a defined period of time that is used in determining the clergy person's severance benefit payment and how long the participant may be eligible for continued death benefit coverage and health benefits continuation. The Transition Period is calculated by taking each full year of continuous appointed service in the annual conference(s) and multiplying that number of years by two weeks. The maximum Transition Period for any participant is 26 weeks.

Other Benefits (Health, Active Death Benefit, Retirement/Pension, Moving Expenses and Outplacement Services)

Health Benefit

Q: Is the clergy person eligible to continue health coverage in the conference health plan? Who is responsible for paying the premium or contribution?

A: If the clergy person was covered under the conference's health plan immediately preceding separation from service, he or she is eligible to remain on the conference health plan during the Transition Period. During the Transition Period, the conference is responsible for paying the "employer portion" of the health insurance premium or health plan contribution (the same as the conference would pay for actively serving clergy, which is the same share it was paying before the clergy person terminated service). If the conference plan rules prevent this, the conference will make available a stipend in an equivalent amount for the clergy person to purchase individual health insurance. This provision only lasts for the Transition Period. After the Transition Period, regular continuation coverage rules under the conference plan will apply (meaning the clergy person may have to pay more for the coverage), and the stipend may cease.

If the clergy person was not covered under the conference-sponsored health plan immediately preceding separation from service, the clergy person is not eligible for health benefits through the conference under the Voluntary Transition Program.

Q: What if we billed the local church for the employer portion of the premiums? Is the conference now responsible for the premium payments?

A: If desired, the conference can continue to bill the local church for the employer portion of the premiums/contributions during the Transition Period, in accordance with conference policies.

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Q: What happens to the clergy person's health benefits after the Transition Period ends?

A: If continuation coverage is available and the clergy person opts to continue, typically the clergy person is responsible for paying 100% of the premium cost (meaning the conference stops paying a share of the cost) for any remaining time on the continuation coverage.

Q: What if our conference-sponsored health plan does not offer continuation coverage?

A: If the conference does not offer continuation coverage, the conference will provide a stipend to the clergy person to obtain health coverage elsewhere for the Transition Period only.

Active Death Benefit

Q: Are the clergy person and his or her dependents still eligible for the active death benefit under CPP?

A: If the clergy person dies, the beneficiaries will be eligible for the active participant death benefit (i.e., \$50,000) *during the Transition Period only*. During the Transition Period, however, the clergy person is not eligible for death benefits for the death of his or her spouse or dependents. These dependent benefits cease on the first day of the month following the date the clergy person separates from service. After the Transition Period, the program and CPP cease providing any death or life insurance benefits.

Retirement/Pension Benefits

Q: What happens to the retirement/pension benefits?

A: The clergy person is eligible to convert his or her CRSP defined benefit accrual into an equivalent cash balance (using actuarial calculations) and transfer this sum into the CRSP defined contribution component. This option may benefit some clergy who terminate long before retirement, but could be detrimental to those nearer retirement age. Please contact the General Board for more information about this process.

Q: Doesn't the clergy person lose the retirement/pension benefit if he or she surrenders credentials?

A: No. The clergy person is always 100% vested in his or her retirement benefits. A clergy person's balance does not diminish if he or she surrenders credentials, nor do any accrued benefits cease. Depending on clergy person's age, he or she may be eligible for a distribution at the time of separation from service.

Moving Expenses

Q: Are moving expenses covered?

A: Moving expenses may be paid for by the conference, where applicable and subject to the rules and policy of the conference. If the conference does not have a policy stating it will reimburse the clergy person for moving in these circumstances, then the moving expenses, if any, are paid by the clergy person.

Outplacement Services

Q: How does the clergy person access outplacement services?

A: Impact Group, the outplacement vendor that the General Board has engaged for the Voluntary Transition Program, will contact the clergy person within two business days of the effective date (first of the month following date of separation from service).

Q: Who pays for use of the outplacement services?

A: CPP pays for any fees associated with use of the outplacement services covered by the Voluntary Transition Program.

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Process/Procedures/Application

Q: How does a clergyperson apply for the Voluntary Transition Program?

A: The participant must first ask his or her district superintendent (DS) about his or her suitability for the Voluntary Transition Program. The DS, the bishop and conference relations committee of the conference board of ordained ministry must approve participation in the program. If all parties are in agreement, the conference benefits officer facilitates completion of the *Participation Agreement Form* and submits it to the General Board for eligibility validation and processing.

Q: Can the conference leadership deny a clergyperson participation in the program?

A: Yes. The conference leadership can deny participation in the program for any reason not prohibited by law or *The Discipline*.

Q: Is there an appeal process?

A: Clergy can appeal through the conference for matters relating to conference policies, conference approvals and number of service years used for the benefit calculations. The General Board will hear appeals for matters directly related to CPP plan provisions (i.e., eligibility under CPP and calculation of the severance benefits, etc.)

Q: Can the clergyperson return to ministry? Does it matter if the return to ministry is inside or outside the denomination?

A: If a clergyperson returns to ordained ministry *within* the denomination, he or she will be required to repay in full any and all severance benefits and possibly other benefits paid under the program. The General Board will work with the clergyperson regarding repayment options. If the clergyperson returns to ordained ministry outside The United Methodist Church, he or she is not required to repay the severance benefit.