



COMPASS RETIREMENT PLAN

Frequently Asked Questions (FAQs)

In May 2024, General Conference voted to create a new mandatory account-based retirement plan for U.S. clergy called **Compass**, which begins January 1, 2026. Accordingly, effective December 31, 2025, the Clergy Retirement Security Program (CRSP) will become the predecessor plan. All benefits earned under CRSP are preserved, meaning clergy retain all their earned benefits.

1. Does Compass affect clergy no longer working (e.g., retired or no longer actively pastoring)?

No. Compass has no impact on the benefits of clergy who are already retired or terminated prior to its effective date of January 1, 2026.

2. What is an “account-based, defined contribution” retirement plan?

With an account-based, defined contribution (DC) retirement plan, each clergy has their own account—the money in that account belongs to that individual, to keep for the rest of their lives—and any remaining balance can be left to family members, or to a church, charity or other beneficiaries after the clergy dies. A DC account grows over time by investing in the financial markets.

While CRSP includes a pension (defined benefit) component *and* a DC component, as a DC-only plan, Compass will provide clergy with more flexibility and control over their own retirement account, and more investment options than they would have with a traditional pension plan.

3. Will Compass have different rules than CRSP regarding eligibility?

No. Compass retains the same eligibility rules of CRSP—bishops and full-time clergy are eligible for Compass in 2026.

Eligibility for part-time clergy appointed 50% or 75% is based on the decision/election of each annual conference. Assuming your annual conference chooses the same eligibility for Compass that it currently has for CRSP, then clergy who are eligible for CRSP today will be eligible for Compass.

4. What happens to CRSP?

CRSP will continue to be the clergy retirement plan **through December 31, 2025**, and then it will “freeze.” The CRSP defined benefit (DB) accrued benefit will continue to increase by 2% per year until the clergy participant retires. At that point, the clergy participant can choose the monthly annuity form of payment that best suits their needs during retirement.

Compass goes into effect **January 1, 2026**. Clergy participants in CRSP will automatically be enrolled in Compass (assuming their conference does not change its elections regarding eligibility). CRSP DC account balances will be transferred to Compass at a later point in time.

5. What happens to benefits earned through CRSP?

Clergy will retain the CRSP benefits they earned while eligible for the plan. Starting January 1, 2026, clergy will begin earning benefits through Compass instead of CRSP.

The accrued benefit earned under the CRSP DB plan will continue to increase 2% annually for clergy while they remain active.

6. What happens to benefits earned through older clergy plans, such as the Ministerial Pension Plan (MPP) for service 1982-2006, and Pre-82 Plans for service prior to 1982?

Compass will not change the benefits being received through these clergy plans. Clergy who earned pensions through MPP or Pre-82 will retain these benefits. The move to Compass does not impact any benefits that have already been earned.

Compass Contributions

7. Will clergy contributions still be made to the United Methodist Personal Investment Plan (UMPIP)?

No, for clergy who are eligible for Compass, clergy contributions will be made to Compass effective January 1, 2026.

8. How is clergy compensation calculated for the Compass contributions?

For purposes of the Compass retirement plan only, the clergy compensation is defined as:

- Base pay plus:
 - o Either the housing allowance, or
 - o 35% of base pay for the parsonage, and/or any health care stipend, if elected by the annual conference.

9. What contributions does the UMC make to clergy Compass accounts?

The UMC makes three types of contributions to each eligible clergyperson's Compass account:

- \$150 per month **flat-dollar contribution** (increasing 2% per year rounded down to the nearest \$5 increment)
- **3% of clergy's compensation**
- **\$1 for \$1 match on up to 4%** of the clergy's compensation, based on how much the clergy contributes to Compass

Compass leverages these three different types of UMC contributions working together. The plan design was based on carefully calibrating these contributions to achieve an income replacement ratio within the target range (75% or more, with Social Security) for the majority of full-time clergy who serve a full career in the UMC. If clergy are working less than full time, the flat dollar contribution will be prorated. Wespeth's Board of Directors convened a committee of retirement plan industry experts, UMC representatives, financial experts and Wespeth staff to design the Compass plan. The plan design was approved by General Conference in 2024.

10. How do clergy contributions impact their Compass account?

With Compass, the UMC and the clergy share the responsibility for building the clergy's retirement savings during active ministry. Personal contributions (the clergyperson's contributions to the plan) throughout a clergy's ministry help clergy take full advantage of long-term growth and tax benefits (when applicable).

By making personal contributions of at least 4% of compensation, clergy receive the full matching contribution from the UMC of 4%. So, by making a 4% contribution, clergy will see 8% of their compensation added to their account (clergy contribution 4% + matching UMC contribution of 4% = 8%). This matching contribution is in addition to the flat dollar monthly amount and the 3% of compensation clergy receive from the UMC.

11. What are the investment options for Compass?

- Investment of **UMC Compass contributions** are managed using LifeStage Investment Management, which uses industry best practices to automatically create and adjust your investment portfolio based on your risk tolerance and other personal information.
- Investment of **clergy Compass contributions** and/or transferred balances can be managed using LifeStage Investment Management or self-managed.

12. What are the retirement distribution options for Compass?

- **UMC Compass contributions** and earnings are distributed via monthly payments using Wespath's award-winning LifeStage Retirement Income, which is designed to optimize income in retirement.
- **Clergy Compass contributions** and earnings can be distributed through LifeStage Retirement Income. Other options include setting up cash installments or taking a lump-sum or partial distribution.

Compass Plan Design

13. Does Compass have features that support equity for lower-paid clergy?

The Bellwether Committee of Wespath's Board of Directors spent considerable time to ensure that lower-paid clergy would not be at a disadvantage in retirement. Beyond the \$150 flat-dollar UMC contribution, Compass includes additional features that generally address lower-paid clergy situations and help equalize retirement outcomes, including an increase in the deemed value of parsonages up to 35% of compensation.

These features help clergy attain a goal income replacement ratio of at least 75% of active service compensation in retirement received from Compass plus Social Security. However, retirement plan design alone cannot address the systemic issues surrounding clergy pay equity. This is an issue that is being further explored by Wespath together with other agencies and denominational partners.

14. What is the Compass student loan provision?

Many clergy carry student loan debt, which can make it difficult to pay back the loan and contribute to their retirement account. To address this, through Compass, the UMC provides matching contributions up to 4% of compensation based on qualified educational loan payments made by clergy. In other words, the plan matches student loan payments **as if** they were participant contributions into Compass.

It should be noted that clergy, if possible, should consider contributing the 4% of plan compensation to Compass because of the potential earnings trajectory for contributions made earlier in their career. In other words, the longer clergy contribute to Compass, the more time their contributions have the potential to grow.

15. Why does Compass increase the deemed value of parsonages to 35% of plan compensation?

When clergy are provided with a parsonage, the deemed value of the parsonage is considered a part of the clergy's total compensation package, upon which plan sponsor contributions are made.

During the design of Compass, a study was commissioned to determine if the 25% parsonage value used under CRSP remained appropriate in today's market. After the market analysis, it was determined that the value of the parsonage was much closer to 35%. As such, the Wespath Board's Bellwether Committee suggested changing the parsonage value to 35% of plan compensation. This impacts only the retirement plan. Other benefits the clergy may receive should be evaluated separately.

16. How can I be sure I don't outlive my Compass retirement savings?

While Compass doesn't provide a traditional pension, it has unique features designed to reflect the importance the UMC places on providing clergy with lifetime income. Notably, Compass fully integrates with Wespath's award-winning *LifeStage Retirement Income*—a professionally designed program that determines a safe amount for monthly withdrawals from the clergy's Compass directed account balance. In retirement, it helps protect clergy from taking out too much—or too little—so they can be comfortable in retirement and not worry about outliving their savings.

LifeStage Retirement Income uses an algorithm customized to the individual. It considers the clergy's risk tolerance, age, pension benefits, social security, account balance, inflation, and other factors to determine an optimal monthly withdrawal amount. [Learn more about LifeStage Retirement Income.](#)

Two *optional* features in LifeStage Retirement Income further help clergy optimize their income in retirement:

- *Social Security Bridge*—financial experts say it can be a good idea to delay claiming Social Security until age 70, particularly if you expect to live a long life. That is because Social Security benefits increase by 8% for every year after your full retirement age up to age 70. Wespath agrees delaying Social Security can help maximize your retirement income, but we also recognize you may need the income for living expenses. That's why we created an optional Social Security Bridge, which allows you to spend more of your retirement account earlier on, essentially "bridging" the financial gap that results from delaying the start date of your Social Security benefits.
- *Longevity Income Protection*—this provides monthly annuity payments from a commercial insurer starting at age 80 for the rest of the clergy's lifetime (and, if applicable, their spouse's lifetime). This provision also helps to reduce the Required Minimum Distributions.

17. Did Wespath consider diverse perspectives when brainstorming the plan design for Compass?

Yes: Before designing the Compass plan, Wespath gathered input from a broad range of perspectives, including clergy and lay leaders under age 40 through our Young Leaders Advisory Board (Y-LAB, which represents younger participants who will be most impacted by the new plan), as well as annual conferences (benefits officers and treasurers), bishops, clergy focus groups and other stakeholders, to better understand their concerns and priorities.

This collective input identified three main objectives for a new mandatory clergy retirement plan: long-term plan sustainability, affordability and income adequacy. Compass is designed to balance these three objectives. A committee of industry experts, UMC representatives, financial experts and Wespath staff was tasked with the design and spent several years developing its components.

General Questions

18. What will Compass look like in Benefits Access?

Clergy will have a Compass account in Benefits Access, Wespath's online account management system. The Compass account will be displayed in the *Summary and Retirement Plans* sections of Benefits Access.

The Compass account balance will be combined with other account balances clergy have with Wespath. Investment returns, asset allocations and transactions will appear the same as they currently do for the CRSP DC plan.

19. Where can I learn more about Compass?

Visit wespath.org/r/compass for videos and other resources.