

## Curriculum Guide for Presentations on:

### ***Retirement: Issues and Policies***

**Goal:** To understand the critical matters identified with retirement and retirement plans for a Division or Union where the retirement plan is operated.

This curriculum guide contains a number of questions that are intended to assist a presenter in identifying the key items that should be included in a presentation/discussion on retirement matters. It is recognized that the answers to the questions will differ depending on the legal environment and the Division's policies that cover retirement for church employees in various countries around the world. The questions are intended to be instructive; not all questions will fit every situation, and in some situations, additional items should be considered.

1. Legal Compliance:
  - a. What are the national laws regarding a Retirement Plan?
  - b. "Sole benefit" rules—most countries will say that Retirement Assets are NOT church funds. Once they have gone into the Plan, they are to be handled for the Sole Benefit of current and future retirees
  - c. May be limited exclusions for churches
  - d. Error Corrections. Governments may have specific rules regarding corrections of honest (or dishonest) mistakes
  - e. Fiduciary responsibilities. Who carries these responsibilities for the organization? The Board?
  - f. Legal Plan Document:
    - i. Fully approved and updated Legal Plan Document, or
    - ii. Local interpretation of and use of GCWP:Z
2. Governance:
  - a. Who runs the plan? What are the levels of authority? The governing body? The administrative body?
  - b. Who can amend the legal plan document?
3. Eligibility:
  - a. Service records: their accuracy and their security
  - b. Dependents eligibility for benefits?
  - c. Vesting schedules
  - d. Consistency of requirement application
  - e. How are missionaries dealt with? Interdivision? Intradivision?
  - f. How are independent transfers dealt with?

4. Funding of the Plan:
  - a. Who pays for the plan?
  - b. How are remittances transmitted? Who enforces such transmittal?
  - c. Is funding by tithe or payroll or a combination?
  - d. What metrics are used to determine adequate funding?
    - i. Common: 3 years of reserves
    - ii. Better: Actuarial funding
    - iii. Alternate: Long-term actuarial cash flow analysis (i.e., When do we go broke?)
    - iv. Reporting to the governing body
  
5. Investments:
  - a. Does the organization have an updated Investment Policy Statement?
  - b. Who manages the investments? Do they have any conflicts of interest?
  - c. Does the organization have an Investment Committee that monitors the performance of the managers?
  
6. Benefits:
  - a. Regular pension benefits
  - b. Spousal benefits
  - c. Healthcare assistance
  - d. Funeral allowance
  - e. Disability, including how the Plan deals with pre-retirement disability
  - f. When a benefit is added, how does the Plan determine funding for the additional costs?
  
7. Alternative Models:
  - a. Defined Contribution Plans
    - i. Legal Plan Document: Is it current and in compliance with legal requirements?
    - ii. Contributions made on a timely basis and in accordance with policy—no exceptions?
    - iii. What is the distribution method? How does the organization protect the participants from their own errors of judgment?
    - iv. Security—both for financial and general information
    - v. Is investment advice to participants provided by a disinterested 3<sup>rd</sup> party?
  - b. Government mandated plans in lieu of a church plan
  - c. Offsets and enhancements
    - i. Missionary enhancements
    - ii. Military pension offsets or reductions
  - d. Lump sum payouts and how to calculate them
  
8. Transparency
  - a. Benefits notification. Benefits should NOT be hidden from the Retiree
  - b. Decisions the retiree must make must be clearly explained (e.g., Single Life vs. Joint and Survivor)
  - c. Healthcare options:

- i. Government plan
  - ii. Church plan
  - iii. No plan
- d. Error Correction
  - i. Transparency is essential
  - ii. Notification to the participant is essential