

“From Where I Sit ...”

A Wise Decision for the CME Retirement Plan



During this Presidential primary season highlighted with candidates who are being vetted by both the voting populace and the media and who themselves offer intense critiques of each other, it is comforting to know that when we vet or examine our 42-year old CME Retirement Plan regarding its fundamental structure, our Plan fares well!

There are three foundational aspects upon which the CME Church Retirement Plan is established: 1) a money fund contribution structure, 2) an employer contribution of 100% and 3) a “defined contribution” payment form. The money fund contribution aspect distinguishes the structure in which retirement contributions are received by the Trustee as opposed to the structures of annuities, 403B’s, 401K’s, IRA’s, or other traditional retirement plans. Each of these structures has its unique set of governing rules specifying the limits, means and management of the respective investment configuration. Time has proven that the choice of the money fund contribution structure has proven to have been a wise choice for the CME Church.



Utilizing a 100% employer contribution structure eliminates the necessity of internally tracking pre-tax contributions by churches along with after-tax contributions by participants. Time has also shown that recent tax requirements and governmental regulations have had much less of an impact on the administration of the CME Retirement Plan because of its status as 100% employer contributed.

The last foundational aspect is the payment method. In general, with a traditional retirement plan, there are two basic options by which payments are made at retirement to participants and they are determined at the inception or establishment of the plan. These two basic options are “defined benefit” and “defined contribution” plans. The difference in these two options is quite simple; however, the eventual impact to the recipient or participant can be quite significant. Defined benefit plans commit the employer to pay to the participant, usually on a monthly basis, a predetermined amount. The employer’s ability to deliver on these payments is determined by several factors including the profitability of the employer’s business, the manner in which retirement allocations are invested, and the strength of the investment markets at the time when participants retire.

In the corporate world, additional pitfalls of the defined benefit option include the effects of bankruptcy and potential insolvency from corporate takeovers. However, although these latter impacts are less likely to occur among religious non-profits, there have been cases where divisions within a denomination placed the retirement plan’s ability to make payments at risk. In any case, the profitability of the employer, investment strategies and economic conditions have impacted the capacity of other denominations to fulfill the pre-determined “defined benefit” promised to retiring employees or participants.



The CME Retirement Plan falls in the category of the “defined contribution” meaning, instead of the employer committing to a pre-determined benefit to the retiree, the employer commits to make available the accumulated value of the contributions paid for a participant at retirement adjusted by annual earnings and expenses of the participants account. This choice removes from the plan the dependency on the profitability of the employer’s business and instead relies on the annual contribution to the participant’s account. With diversified investment strategies coupled with multiple investment managers, the CME Retirement Plan remains solid and secure. Of course, this is confirmed annually through the audit of a certified public accountant.

As we look back at the past, there are always some decisions about which we would like to have a “do over” but this does not appear to be one of them. One of the major strengths of our 42-year old Retirement Plan is attributed to the wise leadership and shrewd planning of Bishop W. H. Amos, Dr. D. S. Cunningham and the members of Board of Pensions, who through the General Board of 1969 and the General Conference of 1970 planted, watered and tended a young twig that would grown into the Plan we

have today. This was a good decision and a decision that would ultimately serve each of us well as participants in the CME Retirement Plan ... or at least that is the way it looks to me ...

"From Where I Sit"

Tyrone T. Davis, D.Min

General Secretary of the Board of Personnel Services

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