



"From Where I Sit ..."

"Why Pre-Enrollees Must Enroll in The CME Church Retirement Plan

Let me set the foundation. To participate in the CME Retirement Plan several conditions are required according to our Retirement Plan Document and the Discipline of the CME Church.

- A participant (either clergy or lay) must be at least 18 years of age to enroll and have completed one year of service [Discipline of the CME Church 2010 ¶1044.1 (p. 233)].
- The employer of the participant (i.e. the Church) must contribute an amount **equal to** 12% of the participant's annual salary to the CME Retirement Plan [Discipline of the CME Church 2010 ¶1040 §15 (pp. 230-231)].
- The participant must conclude the enrollment process by completing an enrollment form no less than 3 years following the initial contribution [Discipline of the CME Church 2010 ¶1039.2 (p. 229) and ¶1044.3 §15 (p. 233)].

Who is a Pre-Enrollee? A Pre-Enrollee is primarily a person for whom their Church has contributed 12% of their salary to the CME Retirement Plan but for whom the CME Retirement Plan has not received a completed enrollment form. In a few instances a Pre-Enrollee is also a person for whom the CME Retirement Plan has received a completed enrollment form but has not received a contribution. It is only when the CME Retirement Plan has received **both** the 12% contribution payment **and** the completed enrollment form that the actual enrollment can take place. According to the Plan and based on completed documents and payments, enrollments are finalized as of January 1st and July 1st [Discipline of the CME Church 2010 ¶1044.2 (p. 233)].



What do Pre-Enrollees lose by not enrolling?

- They lose the opportunity for the contributions received on their behalf for their retirement to be invested in the markets for long-term growth.
- They lose their ownership of the funds contributed should they retire without enrolling or their families lose access to the funds in the event of their death.
- They lose the opportunity to have life insurance on themselves and their spouse.
- They lose the opportunity to have short term disability insurance.
- They lose the opportunity to have accidental death and dismemberment insurance.

Consider this ... A church (or several churches) pay 12% of their pastor's salary through the annual conference into the CME Retirement Plan for a period of 10 years but the pastor never enrolls. Let's suppose the amount is \$2,400 per year based on an annual salary of \$20,000. Each year a letter indicating the amount of the payment received and an enrollment form is sent to the pastor from the Plan, but an enrollment form is never received by the Plan. These are the possible outcomes:

- Suppose in the 11th year the pastor retires. Because the pastor has not enrolled in the Plan as required, there are no retirement benefits available to be paid out to her or him because he or she never enrolled.
- Suppose in the 11th year the pastor dies. Because the pastor has not enrolled in the Plan as required, there are no retirement or insurance benefits available to be paid out to the pastor's family because he or she never enrolled.

- Suppose in the 11th year a completed enrollment form is received for the pastor. Due to the stipulations of the Plan, even though \$24,000 has been contributed over a 10 year period (not including potential earnings), only \$7,200, plus earnings, are eligible to be credited to the account of the pastor. Although the pastor is now enrolled and eligible for all future benefits, the prior 7 years of contributions (and potential growth) have been lost or forfeited.

One might ask, “What happened to the forfeited amounts?” As would be the case in each of these three outcomes, the ineligible amounts were forfeited to the general fund of the Plan and subsequently allocated to the accounts of the remaining active participants.

Unfortunately, these outcomes do happen in spite of my efforts to make this process clear or the specifics found in the CME Discipline. It is, and has always been, my intent and my goal to insure that all of our employees are fully eligible for all payments made on their behalf. I have traveled the church giving presentations and workshops in an effort to help our pastors understand the importance of enrollment. I have written repeated articles in *The Christian Index* on this subject. I have even reminded our pastors when they have moved that “it is just as important to provide us (the Plan) with their new address as it is to provide it to their post office or their banking institutions.”

Because our Plan is approved and governed by the Internal Revenue Service, we are required to operate within the approved guidelines and therefore we are limited in what we can do to help in situations as in the previous examples. As such, the opportunity for Pre-Enrollees to receive the full benefits of their contributions is very much like the gift of salvation ... Even though it is freely offered, we must each take the responsibility to accept the gift. The Plan may receive and hold contributions on behalf of the pastor, but we cannot force it into an “active” account until the Pre-Enrollee has completed the enrollment process. Therefore every person who has had contributions paid on their behalf should take the time and make the effort to complete or confirm their enrollment in the CME Retirement Plan. The only way the full benefits of the Plan can be received is through the opened door of enrollment ... Or at least that’s the way it looks to me ...

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(Copies of earlier articles may be found on the

Personnel Services Webpage of the CME Website at www.thecmechurch.org)