APPENDIX J

Report on Clergy Couples and Pension Benefits

I. Instruction

Synod 2023 instructed the Office of General Secretary to "work with the pension boards, in consultation with clergy couples, to find a just and equitable solution that recognizes the ordination of both spouses who are ministers of the Word" (*Acts of Synod 2023*, p. 967).

II. Response

The context of this discussion at synod is bivocational ministry (*Acts of Synod 2023*, pp. 962-67). Although this specific request is made for ordained spouses serving in the same church, it applies to any ordained minister of the Word serving less than full-time.

The Ministers' Pension Plans (MPP) are defined-benefit plans. An underlying component of all defined-benefit plans is that they are based on actuarial data. The actuarial data is used to determine how a plan has to be funded to produce the benefit that is promised. Actuaries use multiple sets of data—the data on the participants in a specific plan, and huge data sets of people not in the plan but with characteristics similar to those in the plan. None of the data can be based on a partial participant. This means that a defined-benefit plan provides benefits to individuals, not couples, and this explains why providing a partial benefit is fraught with a substantial negative impact on the plan because doing so would render the actuarial tools essential to managing the plan useless. Without the application of proper actuarial methods, a plan is fundamentally vulnerable and unsustainable.

The plans may appear inflexible; however, the consequences of making these changes remain insurmountable due to the need to use sound actuarial methods.

The Board of Pension Trustees receives an in-depth actuarial report once every three years, which provides the basis for determining the required contribution from the churches. The trust fund maintained to make benefit payments is created from an accumulation of the contributions from the churches, less benefit payments made to participants and adjusted for the investment returns of the assets held. None of the assets are designated to the benefit of any specific participant.

The Ministers' Pension Plans (in Canada and the U.S.) provide for clergy couples (as well as part-time clergy and bivocational clergy) in three ways. First, each plan allows an eligible minister of the Word who works less than full-time but at least 20 hours per week to participate when their employer (usually the local church) contributes to the plan. Once eligibility is determined, the plan does not distinguish between part-time and full-time employment. It also does not allow for a prorated contribution due to the need to manage the plan responsibly using actuarial data. One individual designated as full-time for the plan plus one required contribution produces one retirement benefit.

Second, participation also includes a Long Term Disability (LTD) benefit. The LTD coverage provider requires that a minister work at least three-quarters of full-time to be eligible for this benefit. By not distinguishing between part-time and full-time employment, everyone in the plan also participates in this benefit.

Third, at retirement, a minister of the Word who has participated in the plan is given options related to the payout of that benefit. While a single life with the five-year certain feature is the normal benefit form, most participants choose from numerous alternative annuity structures, including spousal benefit streams. All alternatives are actuarial equivalents of the single-life five-year certain annuity. A participant's spouse must approve any annuity election made.

A church can provide two pension benefits to a clergy couple; however, this may be taxing on the church's finances. Still, if a second pension is important to a clergy couple, they can negotiate salaries or other benefits in exchange for a second pension. All ministers of the Word and their spouses are treated similarly and must decide what benefit they want to receive. Since all the forms are actuarial equivalents, the reduction in the initial benefit payment to the minister of the Word coincides with the incremental potential benefit to the surviving spouse.

The following table shows the relative benefits for different scenarios:

Scenario scenarios list hrs/wk--40 hrs/wk represents full-time; any scenario that is less than full-time requires a stated expectation from the church	Qualify for participation in MPP?	MPP assessment required from church (2024)	Long-term Disability coverage?	Monthly benefit received by participant at time of retirement*	Are spouse benefit options available at retirement?	Lifetime benefit cap?
Full-time pastor (40 hrs/wk)	Yes	$7,704	Yes	USD$2,678 or CND$2,878	Yes	No
Bivocational pastor (20 hrs/wk)	Yes	$7,704	Yes (if working over 30 hrs/wk)	USD$2,678 or CND$2,878	Yes	No
Bivocational pastor (less than 20 hrs/wk)	No	0	---	0	---	---

Co-pastoring couple (fill a single position and each work at least 20 hrs/wk, but less than 30 hrs/wk)	Yes-both qualify	$15,408 (if both are given a pension benefit)	No	**Each receives** USD$2,678 or CND$2,878	Yes, **each** can select a benefit for their spouse if both were in the plan	No
Co-pastoring couple (fill a single position and one works more than 20 hrs/wk, the other works less than 20 hrs/wk)	Yes, but only the one who works more than 20 hrs/wk	$7,704	Yes, but only if the person works over 30 hrs/wk	USD$2,678 or CND$2,878	Yes	No
*This estimate assumes the following: that in each scenario, all participants have 38.5 years of service credits accrued in the MPP system, that they all retire at the same age in July 2024, and they all select the same spouse benefit, etc., at the time of their retirement.						

The Ministers' Pension trustees have carefully considered this situation in the past. Synod 2013 took up this question in response to an overture and responded with the recommendation not to accede (*Acts of Synod 2013*, p. 566). After exploring several ways in which this might work, the trustees determined that the best way would be for both spouses to become participants, with their church contributing as required. To do otherwise would put the objectives and sustainability of the plan in jeopardy. The trustees have a fiduciary responsibility to ensure that the plan is sustainable.

The most beneficial solution remains to recognize all ministers of the Word who work at least 20 hours per week as being eligible for full participation in the plan upon the full contribution by their employing church.

As part of this review, ordained spouses serving in a single church were surveyed to help uncover the underlying cause(s) for the original overture. The survey revealed that most concerns centered on clarity regarding options. There are also concerns about the cost of housing and the ability to save enough for retirement. Those serving in bivocational positions would likely share the concerns identified in the survey. There are ways to help address these issues.

Primarily the concerns relate to compensation. The Ministers' Pension trustees brought similar concerns to the Council of Delegates in February 2024 about providing churches with better tools to determine appropriate compensation. The COD responded by creating a binational task force to produce a toolkit applicable to various contexts in which our churches operate. The task force anticipates completing this work no later than June 2025 to include the information/resources in the Church Administration and Finance Guide, which is updated annually in July.

In addition to providing churches with this toolkit, adjustments will be made to the presentation and information provided to seminary candidates every spring. That information will include additional information related to bivocational positions and positions shared by married couples, issues to consider, and questions to ask when considering the compensation provided by churches.

III. Recommendation

We recommend that this response be considered the completion of the task Synod 2023 assigned regarding the copastorates shared by clergy couples and the impact on their pension benefits (in the context of bivocational ministry).

Grounds:

1. Since defined-benefit plans require the sound use of actuarial tools, a change to the Ministers' Pension Plans to accommodate this request is not possible.
2. The underlying concern regarding compensation is part of a larger conversation being addressed.
3. All major tasks outlined in the synodical directive have been completed.