

Pensions and Insurance

I. Introduction

The Christian Reformed Church in North America maintains employee benefit programs that provide retirement, health, life, and disability benefits for employees of the denomination in its ministries, agencies, local churches, and other CRC organizations.

II. Board matters

The ministers' pension plans, special-assistance funds, and the employees' retirement plans are governed by the U.S. Board of Pensions and the Canadian Pension Trustees. These boards meet several times per year, usually in joint session. Separate meetings of the boards are held as needed.

Alan Van Dyke is completing his first term on the U.S. Pension Trustees board in 2022 and is eligible and recommended for a second three-year term. Thomas Dykhouse (after serving an additional year) and Rev. Joel Sheeres will be concluding service on the U.S. Pension Trustees board. (*Note:* John Bolt was previously elected to serve on the U.S. Pension Trustees board, but his first term was delayed to begin on July 1, 2022.) The board recommends the following single nominee for election to a three-year term beginning July 1, 2022:

Rev. Drew Sweetman is the pastor of First CRC in Fremont, Michigan, and he previously served Spring Lake (Mich.) CRC. Rev. Sweetman has served the denomination in a number of ways, including as a delegate to Synods 2011, 2013, 2016, and 2019 (three times as an advisory committee reporter). He also served on the Task Force on Financial Sustainability and currently is a member of the Council of Delegates (CRCNA). He is the stated clerk of Classis Muskegon and serves on its classical interim committee. Prior to entering ordained ministry, Rev. Sweetman worked for a consulting firm and financial institution in Chicago as an administrator and consultant with defined contribution and defined benefit (pension) plans.

Dick Vreugdenhil is completing his first term on the Canadian Pension Trustees board in 2022 and is eligible and recommended for a second three-year term. Kathy Wassink is completing her second term on the Canadian Pension Trustees board and is eligible and recommended for a third three-year term.

III. Benefit-program activities

A. Ministers' pension plans

The ministers' pension plans are defined-benefit plans. Benefits paid by the plans are defined by formula, and the required funding of the plans is determined by actuarial calculations. The primary purpose of the plans is to provide retirement benefits to plan participants. The plans also provide benefits to the surviving spouses of participants as well as to any dependent children who are orphaned. In addition, long-term disability benefits are provided through an insurance product to all full-time, active participants in

the plans who have furnished the information concerning compensation and housing as required by the insurance carrier.

The following is a summary of participant counts as of December 31, 2021, for each plan and in total. Participants having an interest in both plans (generally the result of having served churches in both the United States and Canada) appear in the column where they have residence.

	United States	Canada	Total
Active ministers	661	268	929
Ministers receiving benefit payments	619	154	773
Spouses and dependents	194	45	239
Withdrawn participants with vested benefits	<u>102</u>	<u>24</u>	<u>126</u>
Total	1,576	491	2,067

Independent actuarial firms are employed to prepare valuations of the plans. These actuarial valuations furnish the information needed to determine church and participant assessment amounts. Both plans are required to have a valuation every three years. Information regarding church and participant assessment amounts will be presented later in this report.

1. Portfolio balances and performance

Plan assets are invested in diversified portfolios under the management of professional investment-management firms. These firms are required to adhere to the denomination’s investment guidelines, and their performance is measured against established benchmarks and regularly reviewed by the trustees.

The plans’ actuaries have informed us that as of the date of the plans’ last valuation, the actuarial liability totaled approximately \$134.7 million for the U.S. plan (as of December 31, 2019) and approximately \$48.2 million for the Canadian plan (as of December 31, 2019). These amounts reflect the present value of the plans’ future obligations to all participants including active, disabled, and retired pastors, widows, and dependents.

Market value of the portfolios is summarized as follows:

	December 31, 2021	December 31, 2020
United States (U.S. \$)	\$141,110,000	\$124,890,000
Canada (Can. \$)	86,654,000	74,657,000

Dividends, interest, and appreciation in the value of the plans’ holdings along with contributions to the plans provide a significant portion of the resources needed to meet the plans’ obligations to the active participants and to fund payments to retirees and beneficiaries.

2. Plan review

The pension plan has undergone several changes since separate plans for the United States and Canada were established in 1983. While the basic defined benefit form of the plan was not altered, changes were made to benefits provided by the plan, to clarify how the plan is administered, and to improve the protocols used to obtain funds needed to pay costs.

3. Funding

All organized churches are plan sponsors and thus are expected to pay church assessments determined by an amount per active professing member age 18 and older or, if greater, the direct costs of their first or only pastor's participation in the plan. The amount of the assessment for 2022 is \$37.20 per member in both Canada and the United States, and direct costs have been set at \$7,704 for both countries as well. These amounts are collected by means of monthly billings to each organized church, based on reported membership statistics.

All emerging churches and other denominational ministries that employ a minister as a missionary, professor, teacher, or in any other capacity, including organizations that employ endorsed chaplains (with the exception of chaplains serving in the military who are not yet entitled to receive any military pension benefits) are required to pay the annual cost of participation in the plan. All pension assessments, however determined, are billed monthly, and the grant of credited service for pastors is contingent on timely payment of amounts billed.

B. Employees' retirement plans

The employees' retirement plans are defined-contribution plans covering most employees of participating denominational agencies and ministries who are not ordained as ministers of the Word. Beginning January 1, 2020, the denomination introduced an additional defined-contribution plan for commissioned pastors and staff at U.S. churches. The plan is a 403(b)(9) plan that offers a housing allowance tax benefit for pastors upon retirement. Commissioned pastors in the denominational agencies and ministries have become participants in this new plan. In the United States, contributions are paid to the plans by participating denominational agencies and ministries in an amount up to 6 percent of compensation. An additional employer contribution of up to 4 percent of compensation is made to match employee contributions of a similar amount. U.S. churches with staff participating in the 403(b)(9) plan set the contribution rates independently. In Canada, contributions of up to 9 percent are paid to the plan by participating employers. In Canada, there are no contributions made to the plan relative to matching employee contributions. In both plans, participants may make additional contributions up to the limits determined by federal or provincial regulation. Participants receive periodic statements indicating the dollar amount credited to their accounts, the value of their accounts, and the vested percentage.

Individual participants direct the investment of their account balances among several investment alternatives, including fixed-income and equity funds. The investment alternatives are currently managed for U.S. participants by Empower Retirement and Envoy Financial, while Great-West Trust serves as custodian of the plan's assets. For Canadian participants, Sun Life Financial Group manages and serves as custodian of the plan's assets.

As of December 31, 2021, the balances in these plans totaled approximately \$47,625,000 in the United States and \$6,769,000 in Canada. As of that date, there were 356 participants in the U.S. plans and 89 in the Canadian plan, categorized as follows:

	United States	Canada
Active	229	87
Inactive	127	2

C. Nonretirement employee benefit programs

Oversight of the denomination’s nonretirement employee benefit programs is provided by the Council of Delegates.

Consolidated Group Insurance is a denominational plan that offers health, dental, and life coverage in Canada to ministers and employees of local congregations and denominational agencies and ministries. Currently there are 339 participants in the program. The most significant categories of participants include 232 pastors and employees of local churches, 106 employees of denominational ministries and agencies, and one retiree. The plan in Canada is a fully insured plan with coverage purchased through a major health-insurance provider and is supplemental to health benefits available through government health programs.

In the United States, the denomination offers health, dental, and life coverage to ministers and employees of local congregations and denominational agencies and ministries. Currently there are 471 participants in the program. The most significant categories of participants include 157 pastors and employees of local churches, 199 employees of denominational ministries and agencies, and 115 retirees. The plans are provided by the Reformed Benefits Association (RBA) through a trust established to fund benefits and expenses of the plan. RBA was established in July 2013 by the Board of Trustees of the CRCNA and the Board of Benefit Services of the Reformed Church in America to provide nonretirement benefit programs for both denominations.

Premiums charged by the plan in Canada are set by the insurance carrier. The premiums for the U.S. plan are set by RBA based on overall expectations of claims and administrative expenses for the coming year.

D. Financial disclosures

Audited or reviewed financial statements of the retirement plans and of all of the agencies and institutions are made available each year to the treasurer of each classis with the request that they be made available to any interested party. In addition, summary financial statements are included in the *Acts of Synod*. Individualized statements are furnished to active members of the ministers’ pension plans and the employees’ retirement plans.

IV. Recommendations

A. That synod grant the privilege of the floor to members of the Canadian Pension Trustees and the U.S. Pension Trustees and to John H. Bolt when insurance matters and matters pertaining to insurance and retirement plans for ministers and employees are discussed.

B. That synod designate up to 100 percent of a minister’s early or normal retirement pension or disability pension for 2022 as housing allowance for United States income-tax purposes (IRS Ruling 1.107-1) but only to the extent that the pension is used to rent or provide a home.

C. That synod designate up to 100 percent of an ordained pastor’s distributions from their CRC 403(b)(9) Retirement Income Plan in 2022 as housing

allowance for United States income-tax purposes (IRS Ruling 1.107-1) but only to the extent that those funds are used to rent or provide a home.

D. That synod by way of the ballot reappoint one member to a second three-year term on the U.S. Pension Trustees and elect one nominee to a first term beginning July 1, 2022.

E. That synod reappoint one member to a second three-year term and one member to a third three-year term on the Canadian Pension Trustees beginning July 1, 2022.

Pensions and Insurance

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