



COMPASS RETIREMENT PLAN

Plan Sponsor Q&A

Participant Resources

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Automatic Features

1. How does Automatic Enrollment work?

Eligible clergy members who are not currently contributing personal contributions or who do not make an election within 30 days of receiving an automatic notification will be automatically enrolled at a minimum of 4% or a rate elected by the plan sponsor, as before-tax contributions.

2. How does Automatic Contribution Escalation work?

Participant contributions will be increased based on elections made by the plan sponsor (unless the participant has opted out by providing notification to Wespath). If participant contributions are categorized as Roth or after-tax, they are not eligible for auto contribution escalation.

3. What reporting is available about Automatic Features, specifically regarding those who opt out?

Wespath anticipates providing a Pre-Escalation report 1 month before the escalation is scheduled to take place.

4. Does an “opt out” continue into future years or does clergy have to “opt out” each year?

If a clergy opts out of the automatic features or waives plan participation in full (i.e., for those included at the Conference discretion at 50% or 75%): this decision is not indefinite. We expect clergy to evaluate those decisions periodically (to be defined).

5. When will the Initial Automatic Enrollment Notice and Contribution Election form be available?

Under federal regulations, there is a standard notice that is used. Wespath will customize this notice based on the choices that each Annual Conference elects regarding the automatic features. Compass Adoption Agreements are due to Wespath by June 30, 2025, so we anticipate that the customized enrollment notices would be available late summer/early autumn 2025. The required timing for the notice is between 30 and 90 days prior to the effective date of the plan year. (For January 1, 2026, implementation, the required timing would be between October 1 and December 1, 2025.)

6. Do deferral elections (clergy contributions) have to be expressed as percent of plan compensation?

From a plan design perspective, it is recommended to make deferral elections as a **percentage of pay**. This approach allows the automatic escalation feature to increase the contribution rate each year seamlessly and incorporate compensation increases. It is important to note that entering a dollar amount can cause the initial amount to become outdated when the next pay increase occurs, even if the dollar amount originally reflected a percentage of pay. To prevent this situation and ensure that clergy do not miss out on matching contributions or personal contributions, it is preferable to enter the percentage of pay. This method also saves time, as plan sponsors do not need to perform calculations and enter additional data annually.

Billing of Local Churches

7. How much flexibility do Annual Conferences have in what they bill local churches?

Annual conferences have flexibility. It is not necessary to bill the actual amount of UMC contributions that will be credited to clergy accounts. However, Annual Conferences must reflect the exact contributions collected from each clergy.

Annual Conferences could, for example, charge all churches a fixed percentage of plan compensation to pay for plan sponsor contributions, regardless of the true cost of the three plan sponsor contribution amounts.

8. What should Annual Conferences consider when determining what billing approach to take?

While this is an Annual Conference decision, Wespath suggests they consider the billing simplicity, the potential for arrearages, the potential for appointment issues and the implications of retroactive matching contributions.

- **Simplicity** is important—complexity takes time, costs money and requires more communication. For example, the Annual Conference might use a percent of the clergy’s plan compensation or some other readily available data point when determining their billing approach.
- **Arrearages** happen when local churches don’t make the necessary payments to the Annual Conference. Since the Annual Conference is required to remit the plan sponsor contributions to the plan, Annual Conferences want to consider charging local churches slightly more than what is strictly required to make the precise amount of plan sponsor contributions.
- Annual Conferences might also want to consider the cost to local churches on the **appointment process**. In particular, Annual Conferences might want to charge the maximum possible 4% matching contributions regardless of the clergy’s actual contributions, thereby avoiding incentives for local churches to suggest that the clergy does not contribute to the plan.
- Lastly, Annual Conferences should consider **retro matching contributions** (i.e., the fact that matching contributions aren’t necessarily earned consistently throughout the year but can instead be “trued up” later in the year). For example, a clergy might not make any contributions in the first six months of the year but contribute at a rate of 8% of plan compensation in the second half of the year. Since the average personal contribution across the entire year is 4%, the clergy would earn the full Compass matching contributions for the year. In an extreme case, a clergy can earn the full Compass match for a given year by certifying to student loan payments in that year amounting to 4% of plan compensation, and such certification can happen up to 90 days after the end of the year.

9. Does Wespath have a recommendation for what billing approach an Annual Conference should use?

Wespath does not have a specific recommendation because every Annual Conference has its own context. However, we urge Annual Conferences to consider the items previously mentioned. Wespath is available to discuss the implications of various alternative approaches.

10. Will Annual Conferences be responsible for collecting contributions from lay organizations such as church staff or daycare centers?

No. Annual Conferences are only responsible to collect contributions for plans that they sponsor. This is likely only the Compass plan (for clergy) and UMPIP (for Annual Conference staff).

11. Who handles billing and remittance for UMPIP plans for clergy who are not eligible for Compass?

Nothing changes for UMPIP plans. To the extent that local churches sponsor UMPIP plans – regardless of whether they are for lay employees or for clergy who aren’t eligible for Compass, or even for supplemental UMPIP plans in addition to Compass – billing and remittance remain the responsibility of the local church as plan sponsor. Also, Wespath will continue to handle all billing for such plans directly with the local church.

Clergy Eligible for CPP Disability Benefits

12. If a Conference chooses to include a health care stipend in lieu of a health plan in the definition of plan compensation, does that also change the definition of compensation used for the CPP program?

Yes, the CPP program uses the definition of compensation in the Compass plan document.

13. If participant goes out on CPP disability or Medical leave, how is their compensation determined for Compass plan purposes?

Compensation is reported as of the month immediately prior to participant's medical leave or first CPP disability benefit payment.

14. If a participant is on CPP disability or Medical leave, are they required to contribute to receive the 4% match? If so, how are those funds collected?

No. CPP disabled participants will receive the maximum amount of matching contributions, regardless of whether any participant contributions are made. If CPP-disabled participants wish to contribute, they should contact Wespath's Customer Service. Participants on unpaid medical leave are not eligible to receive matching contributions during their leave period.

15. If the Annual Conference does not cover clergy on Medical Leave, can they continue to contribute to a UMPIP account?

No. Clergy who are on unpaid medical leave may not make contributions to their UMPIP account.

Contributions

16. What contributions do plan sponsors make to clergy Compass accounts?

Plan sponsors make three types of contributions to each eligible clergyperson's Compass account:

- \$150 per month flat-dollar contribution (increasing 2% per year rounded down to the nearest \$5 increment)
- 3% of clergy's compensation
- \$1 for \$1 match on up to 4% of the clergy's compensation, based on how much the clergy contributes to Compass

Compass leverages these three distinct types of UMC contributions working together. The plan design was based on carefully calibrating these contributions to achieve an income replacement ratio within the target range (75% or more, with Social Security) for the majority of full-time clergy who serve a full career in the UMC. Wespath's Board of Directors convened a committee of retirement plan industry experts, UMC representatives, financial experts and Wespath staff to design the Compass plan. The plan design was approved by General Conference in 2024.

17. How do clergy contributions impact their Compass account?

With Compass, the UMC and the clergy share the responsibility for building their retirement savings during active ministry. Personal contributions (the clergyperson's contributions to the plan) throughout their ministry help clergy take full advantage of long-term growth and tax benefits (when applicable).

By making personal contributions of at least 4% of compensation, clergy receive the full matching contribution from the UMC of 4%. So, by making a 4% contribution, clergy will see 8% of their compensation added to their account (clergy contribution 4% + matching UMC contribution of 4% = 8%) This matching contribution is in addition to the flat dollar monthly amount and the 3% of compensation clergy receive from the UMC.

Definition of Compensation

18. Is it required that the Housing Allowance be used in the Total Compensation calculation for Compass? In cases where the housing allowance is below 35% of Gross Compensation, can the 35% be used as if they have a parsonage?

Yes, any Housing Allowance is included in the total compensation calculation for Compass. If a parsonage is provided, 35% will be added.

19. If a Conference chooses to include a health care stipend in lieu of a health plan in the definition of plan compensation, how should that stipend be reported to Wespath?

Conferences that elect to include additional wages or salary paid in lieu of Plan Sponsor -provided group health plan coverage should include the stipend amount in the cash salary reported to Wespath. The portion of the cash salary paid in lieu of health plan coverage should also be reflected in the Health Care Compensation field. This field is a memo field and does not increase the total plan compensation used to calculate contributions.

Extension Ministries

20. Will clergy serving in extension ministries be eligible for Compass?

Only clergy serving in extension ministries that are conference-responsible (§344.1a)(1) appointments or conference-elective entities are eligible for Compass with the conference as the plan sponsor. Other extension ministries wanting to sponsor a retirement plan for its clergy or lay employees have UMPIP available.

21. Are deacons under an extension ministry covered under Compass?

Deacons are covered under Compass if they are appointed to a conference responsible unit or conference-elective entity as described above and the appointment percentage is covered by the conference if not full-time.

22. Do “Conference Responsible Unit and Conference-Elective Entity” apply under Compass?

Conference Responsible Units – Under Compass, there is no change in eligibility for conference responsible units (extension ministry appointments under §344.1a)(1) of *The Book of Discipline*). This type of appointment continues to be eligible under Compass, provided the conference continues to cover the appointment percentage if not full-time.

Conference-Elective Entities – Because Compass is the successor plan to CRSP and there is no change in eligibility for conference-elective entities (extension ministry appointments the conference has added to its list agreeing to make contributions to Compass and CPP for clergy appointed to that entity by its bishop), these entities will continue to be conference-elective entities under Compass. Wespath encourages conferences to review their list of conference-elective entities and make changes as needed (add or remove entities) *prior to Compass becoming effective*.

23. How do I notify Wespath if a clergy in a full or partial extension ministry is covered under Compass?

Extension ministry appointments can be covered under Compass in two ways as described above (as a conference responsible unit or conference-elective entity).

Extension Ministry Change of Appointment Form – Extension ministry appointments can be reported to Wespath using [this form](#), which contains sections to report §344.1a)(1) and other conference-responsible appointments.

Benefits Access for Plan Sponsors (BAP) – Appointments to a **conference responsible** extension ministry can be entered directly into BAP the same way church appointments are currently processed. For §344.1a)(1) appointments, the appropriate conference must be listed under the Affiliated Conference section. Your Wespath Client Service Manager can help with the process.

Miscellaneous

24. Can an Annual Conference provide additional retirement benefits beyond what is provided by Compass?

Wespath's priority is to get Compass up and running by January 1, 2026. At a future date, we will have time to look at supplemental benefits, and that would be best done over a series of meetings to fully understand what the Annual Conference retirement committee is looking to accomplish and that should be a series of conversations rather than trying to address in a single meeting.

Yes, an Annual Conference can provide additional retirement benefits beyond what Compass provides. First, it is important to understand that any employee deferral money regardless of the amount will go into the Compass plan. Any Employer money that falls under the Compass parameters (\$150 flat-dollar contribution, 3% of Compensation and up to 4% Match) also must go into Compass. Any Employer contributions above these parameters would be placed into the UMPIP plan. These Discretionary contributions must be a contribution:

- (a) in any Decimal Percentage of the Participant's Compensation;
- (b) in any flat dollar amount; or
- (c) determined in accordance with such other formula as the Plan Administrator may permit from time to time.

In addition, the contribution must be administratively feasible as determined by Wespath.

25. Are there any restrictions in terms of plan design for supplemental retirement benefits offered by Annual Conferences?

Yes, the Discretionary UMPIP Contributions must be a contribution:

- in any Decimal Percentage of the Participant's Compensation;
- in any flat dollar amount; or
- determined in accordance with such other formula as the Plan Administrator may permit from time to time.

In addition, UMPIP and Compass are two separate retirement plans with two different adoption agreements. As a result, participation in one plan cannot be made contingent on participation in the other plan. For example, an Annual Conference or local church cannot make a Contribution for a participant into UMPIP contingent on if they defer compensation into Compass.

You can also not "combine" benefits. For example, you cannot give a blanket 4% contribution into UMPIP and have that take the place of the 4% match on deferrals. In this situation, if you provide a 4% contribution for all eligible participants into UMPIP, those participants who do defer compensation would still be eligible for up to 4% match into Compass.

The discretionary UMPIP contribution must be administratively feasible as determined by Wespath.

26. What does an Annual Conference have to do if it intends to sponsor supplemental retirement benefits?

Please reach out to your Wespath Client Relationship Manager to discuss the proposal. Once the initial proposal is discussed, next steps will be presented on how or if to move forward. We encourage all to first focus on Compass implementation.

27. What about lower-paid clergy not receiving the Compass full match because they are unable to make the required minimum 4% personal contributions? What options are available to conferences or local churches to address this?

Wespath is aware of and has partnered with many Annual Conferences on this issue. We are aware that participants at all different compensation levels have found a way to contribute 4% or more of their compensation. We encourage Annual Conferences to think creatively about how to resolve this issue. To remove this barrier, Annual Conferences could consider supplementing compensation for the local church.

Student Loan Provision

28. How does the Student Loan Provision in Compass work?

This feature is designed to give clergy the chance to earn matching contributions into their Compass plan—even if they aren't able to make personal contributions due to the financial burden of student loan payments. Student loan payments are regarded **as if they are** the clergy's personal contributions to Compass. Administratively, clergy will receive a matching contribution in Compass equal to their qualified educational loan payment, up to 4% of their plan compensation.

For example, Rev. Smith with a plan compensation of \$100,000 might make \$2,000 in personal contributions to Compass. He might also make \$3,000 in qualifying student loan payments. Taken together, the \$5,000 in payments exceeds 4% of plan compensation—by certifying his student loan repayment, Rev. Smith therefore will earn the full **4%** match (in this example: \$4,000).

Important: *Under no circumstances can clergy earn more than the full 4% matching contribution.* When a clergyperson already makes contributions to Compass equal to or above 4%, student loan payments do not earn additional matching contributions.

29. What loans qualify for this feature?

Student loans in the name of the clergy (for purposes of their education or their spouse's or dependent's education) for the purpose of paying for higher education qualify for this feature. For more information, refer to the qualified education loans as defined by the IRS in [Notice 2024-63](#).

30. Who will be responsible for collecting the clergy's loan payment information?

Clergy will certify their student loan payment information directly in Benefits Access.

31. What information will clergy have to provide?

In order to make this process as easy as possible for clergy, the process will require minimal information and will rely on the "self-certification" requirements as outlined by the [SECURE 2.0](#) legislation enabling the student loan matching feature. The information required to be provided includes, at a minimum, the following:

- the amount of the loan payment
- the date of the loan payment
- that the employee (clergyperson) made the payment
- that the loan being repaid is a qualified education loan and was used to pay for qualified higher education expenses of the employee, the employee's spouse, or the employee's dependent
- that the employee incurred the loan, and not a family member's loan.

If the clergy pays loans to multiple institutions, BA will allow entries for multiple institutions.

32. Is the student loan a total of principal + interest and the match is on this total? Or just principal?

The match is on the total amount paid by clergy during the calendar year toward a qualified educational loan.

33. Is there a potential for fraud? If so, how do we avoid or minimize it?

The potential for fraud exists in that the process relies on self-certification on the part of the clergy. Neither Wespeth, as administrator, nor the Annual Conference, as plan sponsor, are required to verify the accuracy of the information provided by the clergy. This means that incorrect self-certification could result in fraudulently obtained Compass matching contributions. [SECURE 2.0](#) indicates that self-certification is sufficient.

To avoid fraudulent use of this feature, Wespeth may ask for information on the loan such as the loan issuer and loan number.

34. How often do clergy have to submit information about payments they have made?

Clergy can provide information on qualified educational loan payments they have made at any point throughout the year or up until 90 days into the following year. However, they cannot provide future-dated payments.

35. How will an Annual Conference as plan sponsor learn about loan payments that the clergy has made?

Information on self-certification of loan payments will be included on the monthly billing file that Annual Conferences receives to facilitate the remittance of contributions.

36. Will a confirmation letter be provided to the participant after self-certifying their student loan information?

Clergy will be able to view their self-certified qualified educational loan payments once they enter them in Benefits Access.

37. When will the certified qualified educational loan payments be matched in the clergy's Compass account?

According to the plan document, the match will occur on an annual basis. More information on timing will be available at a later date.