United Reformed Churches of North America
Compensation and Retirement Study Committee
(AD-Hoc)
Synod Wyoming, 2016

<u>Introduction</u>

The committee commenced its work by reviewing its mandate of Synod 2014. Because regulations concerning pension and retirement are governed by federal law in both the USA and Canada we proceeded with determining various sources of expert advice in the respective countries and assigning portions of the mandate to various members.

The committee conducted its work via regular telephonic conference calls and through exchanging various proposals via email. Although we expected to incur budgeted expenses to obtain advice from retirement experts, we are pleased to report that the committee was able to obtain this expert advice without incurring any expense.

We believe our report fulfills the mandate given and will put to rest for the foreseeable future the concerns of the federation.

<u>Mandate (Acts of Synod Visalia 2014, Art 55. Pg. 48-49)</u>

That the ad-hoc committee investigate and evaluate the advantages and disadvantages of a federation-wide retirement plan for pastors in Canada and the United States.

That the committee explore what options are available and recommend to the next synod the feasibility and potential implementation of such a plan.

That consideration should include but not be limited to:

- "Projecting the future needs of URCNA ministers relative to their retirement needs (25-40 years)"
- "Any other financial issue relative to compensation and retirement concerns deemed appropriate by Synod so as to put this question to rest and establish a workable framework for many years into the future"

The committee is to consider factors such as:

✓ Voluntary or mandatory participation
✓ Feasibility

- ✓ Cost effectiveness
- ✓ Portability and Vesting
- ✓ Tax deferability
- ✓ Accessibility

Due to the complexity of these matters, we recommend that Synod reappoint the present ad-hoc committee (Regulations for Synodical Procedure 5.3.1.a) to:

1. Engage several professional consultants who can advise the ad-hoc committee on these matters,
2. Oversee the fulfillment of this mandate, and
3. Recommend a course of action regarding the implementation of this mandate.

<u>Committee Research on Retirement Plan Options</u>

A. Pension plan considerations (USA):

<u>403(b) Plans</u>

A 403(b) plan is an employer-sponsored retirement plan for certain employees of public schools, tax-exempt (501(c)(3)) organizations, and churches. The employer can purchase annuity contracts for eligible employees, or establish custodial accounts to be invested in mutual funds or other investments. In the case of annuity contracts, a 403(b) plan is sometimes referred to as a tax-sheltered annuity (TSA) plan. <u>It is the only plan that would apply to a church sponsored retirement plan in contrast to an individually controlled plan.</u>

How does a 403(b) plan work?

Depending on the specific type of 403(b) plan, contributions may be made by the employee, the employer, or both the employee and employer. Many 403(b) plans are similar to 401(k) plans: you elect either to receive cash payments (wages) from your employer immediately, or to defer receipt of all or part of that income to your 403(b) account. The amount you defer (called an "elective deferral") can be either pre-tax or, if your plan permits, after-tax Roth contributions.

Employer contributions, if made, may be a fixed percentage of your compensation, or may match a specified percentage of your contribution, or may be discretionary on the part of the employer. One unique characteristic of 403(b) plans is that your employer is allowed to make contributions to your account for up to five years after you terminate employment.

Who can participate?

In general, if any employee is eligible to make elective deferrals, then all employees must be allowed to do so. This is called the "universal availability rule." However, your employer can exclude certain groups of employees from participation (for example, employees who normally work less than 20 hours per week, or who are eligible under another deferral plan--for example, a 401(k) plan--of the employer).

Your employer may also require that you attain age 21 and/or complete up to two years of service before you're eligible for employer contributions. Some 403(b) plans provide for automatic enrollment once you've satisfied the plan's eligibility requirements. For example, the plan might provide that you'll be automatically enrolled at a 3% pre-tax contribution rate (or some other percentage) unless you elect a different deferral percentage, or choose not to participate at all. If you've been automatically enrolled in your 403(b) plan, make sure that your assigned contribution rate and investments are appropriate for your circumstances.

What are the contribution limits?

You can defer up to $18,000 of your pay to a 403(b) plan in 2016. If your plan allows Roth contributions, you can split your contribution between pre-tax and Roth contributions any way you wish. Unlike 401(k) plans, employee elective deferrals to 403(b) plans aren't subject to discrimination testing (which in 401(k) plans can often significantly limit the amount higher-paid employees can defer). If your plan permits, you may also be able to make "catch-up" contributions to your account. You can contribute up to an additional $6,000 in 2016 if you'll be age 50 or older by the end of the year. If you have 15 years of service with your employer (even if you haven't attained age 50) a special Section 403(b) rule may also allow you to make annual catch-up contributions of $3,000, up to $15,000 lifetime. If you're eligible for both rules, then any catch-up contributions you make count first against your 15-year $15,000 lifetime limit. If you also contribute to a 401(k), 403(b), SIMPLE, or SARSEP plan maintained by the same or a different employer, then your total elective deferrals to all of these plans--both pre-tax and Roth--can't exceed $18,000 in 2016, plus catch-up contributions. It's up to you to make sure you don't exceed the limits if you contribute to plans of more than one employer.

Traditional IRA / Roth IRA

The committee recognizes that an IRA is not strictly a church controlled plan, but given that it is often used in combination with other available individual retirement planning options including a 403 (b) plan, we provide a general overview for information.

A *traditional IRA* is an individual retirement arrangement (IRA). The IRA is held at a custodian institution such as a bank or brokerage, and may be invested in anything that the custodian allows (for instance, a bank may allow certificates of deposit, and a brokerage may allow stocks and mutual funds). Unlike the Roth IRA, the only criterion for being eligible to contribute to a Traditional IRA is sufficient income to make the contribution. However, the best provision of a Traditional IRA — the tax-deductibility of contributions — has strict eligibility requirements based on income, filing status, and availability of other retirement plans. Transactions in the account, including interest, dividends, and capital gains, are not subject to tax while still in the account, but upon withdrawal from the account, withdrawals are subject to federal income tax. This is in contrast to a Roth IRA, in which contributions are never tax-deductible, but qualified withdrawals are tax free. The traditional IRA also has more restrictions on withdrawals than a Roth IRA. With both types of IRA, transactions inside the account (including capital gains, dividends, and interest) incur no tax liability.

Traditional IRAs (originally called Regular IRAs) were created in 1975 and made available for tax reporting that year as well. The original contribution amount in 1975 was limited to $1,500 or 15% of the wages/salaries/tips reported on line 8 of the Federal form 1040 (1975).

Traditional IRA contributions are limited as follows:

Year	**Age 49 and Below**	**Age 50 and Above**
2005	$4,000	$4,500
2006–2007	$4,000	$5,000
2008–2012*	$5,000	$6,000
2013–2016	$5,500	$6,500

Roth IRA (Individual Retirement Arrangement) is a retirement plan under US law that is generally not taxed, provided certain conditions are met. The tax law of the United States allows a tax reduction on a limited amount of saving for retirement. The Roth IRA's principal difference from most other tax advantaged retirement plans is that, rather than granting a tax break for money placed into the plan, the tax break is granted on the money withdrawn from the plan during retirement.

A Roth IRA can be an individual retirement *account* containing investments in securities, usually common stocks and bonds, often through mutual funds (although other investments, including derivatives, notes, certificates of deposit, and real estate are possible). A Roth IRA can also be an individual retirement annuity, which is an annuity contract or an endowment contract purchased from a life insurance company. As with all IRAs, the Internal Revenue Service mandates specific eligibility and filing status requirements. A Roth IRA's main advantages are its tax structure and the additional flexibility that this tax structure provides.

Also, there are fewer restrictions on the investments that can be made in the plan than many other tax advantaged plans, and this adds somewhat to the popularity, though the investment options available depend on the trustee (or the place where the plan is established).

The total contributions allowed per year to all IRAs is the lesser of one's taxable compensation (which is not the same as adjusted gross income) and the limit amounts as seen below (this total may be split up between any number of traditional and Roth IRAs. In the case of a married couple, each spouse may contribute the amount listed):

	Age 49 and Below	**Age 50 and Above**
1998–2001	$2,000	$2,000
2002–2004	$3,000	$3,500
2005	$4,000	$4,500
2006–2007	$4,000	$5,000
2008–2012	$5,000	$6,000
2013–2016	$5,500	$6,500

B. Pension plan considerations (Canada*):*

Registered retirement Savings Plan (RRSP)

A Registered Retirement Savings Plan (RRSP) is a type of Canadian account for holding savings and investment assets. RRSPs have various tax advantages compared to investing outside of tax-preferred accounts. They were introduced in 1957 to promote savings for retirement by employees and self-employed people. They must comply with a variety of restrictions stipulated in the Canadian *Income Tax Act*. Approved assets include savings accounts, guaranteed investment certificates (GICs), bonds, mortgage loans, mutual funds, income trusts, corporate shares, foreign currency and labour-sponsored funds. Rules determine the maximum contributions, the timing of contributions, the assets allowed, and the eventual conversion to a Registered Retirement Income Fund (RRIF) at age 71.

At present, ministers are urged to use the funds earmarked as retirement from their churches to invest them in a growth fund of their choice. Given the present rates of return, the cumulative total may be well below the amount required to retire comfortably, even after decades of investment.

Example: Deposit $8000.00 per year / 25 years / @ 3% = approx. $300,000.00. While this may be a substantial sum, the payout is taxable. Withdrawing $3000.00 per month will deplete the fund in less than 10 years. Of course, over 25 years many variables may come into play, such as higher / lower rates, and / or other income.

Disadvantages of a self controlled registered retirement savings plan (RRSP):

1. Monies can be withdrawn at any time, for any reason by the owner at which time they are taxable in his hands.
2. Owner makes the choices of investment, possibly without professional assistance or advice and may result in poor returns. On the other hand, depending on his expertise these could also be considerably higher.
3. If there is no matching investment from the owner, he can develop the mindset that it is of little or no perceived value.

Alternative RRSP options:

RPP: Defined Contribution Plan

Contributions are put into a locked-in RSP account. Contributions can be matching by the employee, or not. It depends on how the employer decides to set it up.

Benefit: It guarantees a pension for the employee as they cannot withdraw the funds (since they're locked in), until they actually retire. At retirement, there is a minimum and maximum withdrawal amounts. This means that the pensioner cannot withdraw the entire account in the first couple of years in retirement. This provides a lasting cash flow through retirement.

Although they can't withdraw or move it during employment, the accumulating pension account is theirs and they can take it with them if they leave the employment, i.e. at that point they're able to transfer it to another institution, but it will always remain locked-in.

Negative: Employees cannot withdraw from a locked in plan until retirement. No exceptions – not even for Home Buyers Plan, Life Long Learning Plan, or emergency income.

At retirement, locked-in accounts have a minimum and maximum withdrawal rate to "guarantee" a lasting pension. This is good in theory, but it's restrictive in practice. For example, a 76yr old man with $215,000 in their locked in retirement income fund (what it becomes when it starts paying), can only withdraw $12,600-$19,500 this year. The amount changes every year, but not significantly. If his living expenses are $3000 a month, he cannot get that much out.

Fees are also typically more than a regular RRSP plan. There are also the investment management fees from whatever firm manages the investments. However, although the fees are more, they're not typically prohibitive. Many companies justify them in order to lock-in the employee's retirement benefit.

Employees do not have much flexibility in how the contributions are invested. Typically, it's through the investment manager chosen by the employer and that manager gives a few options on different investment strategies, such as low, med, high risk traditional mutual fund options.

This is still only a defined CONTRIBUTION plan, not a defined BENEFIT plan. The difference is that the pension will only be as much as the contributions contributed by the employer and employee. It may not provide a full pension amount at the end of the day and this is really important to communicate to employees.

Group RRSP option:

In order to avoid the actuarial costs a group RRSP plan can also be an option.

These are less expensive to administer but it requires the CDN federation to be on the same page with respect to how it wants to provide the benefit. Companies such as Manulife, Sunlife, Great West Life are some of the more popular group RRSP providers.

Under a group RRSP structure, the employee has more flexibility since this is only a regular RRSP plan (i.e. They can withdraw the money if they wanted – such as for First Time Home Buyers Plan, or Life Long Learning Plan, or simply for income).

However, the investment options are still limited to the company you go with. These are typically segregated funds (more expensive), and the options are relatively limited.

The RRSP cannot typically be transferred to another institution until you leave the employer or retire.

The Canadian Council of Christian Charity Pension option:

The Retirement Committee contacted the Canadian Council of Christian Charities (CCCC) to provide information as to the issues / concerns with establishing a pension plan with the United Reformed Churches. The following is the information that we received from them.

"We are providing this information as a CCCC Member service, therefore it does not constitute legal advice nor a legal opinion. Also, this commentary is provided at a high, general level to aid you in understanding the basics.

To start, it might be helpful by recapping the salient parts of our discussion as to the highest level discernment issue that first needs to be addressed, namely:

Do your churches or federation wish to set up a pension plan arrangement, or not?

If an organization provides absolutely no explicit or implicit guarantee to assist their workers in their retirement needs, beyond a general desire to help them at that point in their lives "as the Lord provides" (i.e. if money is available), there is an argument that there is no contract being entered into. Accordingly, legislation – such as a provincial Pension Benefits Act (PBA) – would not come into play.

However, as soon as any retirement payout arrangement is formally committed to by an employer, in any shape or form (e.g. a set amount, percentage of earnings, etc.), in writing or not, the government takes an interest in ensuring the employee's right to that promised money is protected. This invokes provincial authority under the applicable provincial PBA and federal authority under the Income Tax Act (ITA).

This government authority requires a pension plan be registered under both a provincial PBA and the ITA. Contributions into those plans then become subject to provincial regulatory bodies (e.g. The Financial Services Commission of Ontario - FSCO) and Canada Revenue Agency (CRA) oversight. This includes reporting requirements to each of these government bodies.

The benefits are tax deductible contributions and tax-deferred earnings while the funds are held in the pension accumulation account, with pension payouts in retirement at a (hopefully) lower tax rate.

Though you had noted the desire for a "federation-wide retirement plan" for pastors in both Canada and the United States, pension plans are country specific. In Canada's case, the pension authority rests at the provincial level with the tax issues at the federal level.

Accordingly, there will need to be two separate pension plans for each country's employees, though you may choose to administer them from one office, for the sake of efficiency.

We can now address the specific matters raised in your e-mail, not covered in the above background comments above.

Pension Plan Types

The most common are, in no particular order:

<u>Registered Pension Plan (RPP)</u>, in the form of either:

a) Defined Contribution RPP ("DC Plans") – where the contribution from the employer and employee are defined, creating an accumulation account for the employee which is converted to a pension payout mechanism at retirement to provide a retirement income stream.

b) Defined Benefit RPP ("DB Plans") - where the benefit is defined and fixed at retirement. This requires sufficient employer and employee contributions and earnings to provide a pool of assets from which a set retirement payment. To ensure this, a periodic actuarial assessment is required to determine if the plan is sound and can meet its commitments.

Registered Retirement Savings Plan (RRSP), in the form of individual accounts or a group RRSP. Employer and employee contributions are placed in the RRSP account for the employee to accumulate, along with earnings. Similar to the Defined Contribution RPP, it's the balance in the account at retirement that will determine what level of retirement benefit will be paid out.

Pros, Cons and Other Comments on Pension Plan Types

RPP - These are the more traditional types of pension plans. The contributions are usually immediately vested and are locked in until a minimum age of 55. Payouts do not start until the employee retires. Early access to the money is only allowed under specific circumstances (e.g. small account rules; hardship due to impending death).

An RPP is given special status in the Income Tax Act where the Employer contribution is listed as one of the very limited payments an employer can make on an employee's behalf that is not subject to statutory deductions (i.e. Canada Pension Plan contributions, Employment Insurance premiums, and tax withholdings). This makes it commonly referred to as a "fringe benefit", as its not a taxable benefit.

An employee's RPP contributions are made from income after statutory deductions have been applied, though CRA administratively allows an exemption from tax withholdings without the employee needing to file a form T1213 to request relief.

RPPs are governed by a Plan Text. It sets out the administrative rules for the running of the RPP, any special rules, and to ensure compliance with the law. To answer a few of your specific points, some rules would be:

> Enrollment eligibility - the concept is that those defined as eligible to be enrolled must enroll, unless they sign a waiver.

> Contributions - normally a mandatory Employer contribution is required. Whether Employee contributions are to be mandatory will be plan-specific. Voluntary Employee contributions are also normally allowed. The total of all contributions cannot exceed 18% of earnings, up to an absolute dollar limit set by law each year.

Virtually all RPP accounts are portable nowadays, but must be transferred to a "locked-in" account (e.g. transferred to another RPP or Locked-In RRSP) to retain the rule the funds can't be accessed ahead of age 55. Some plans, like ours, the Canadian Council of Christian Charities Employees Pension Plan (the CCCC Plan for short), allow employees who leave employment with a Participating Employer to stay in our CCCC Plan if they have not account to transfer to (note: new contributions are not allowed, but they are not forced out, like some plans require).

DB Plans are becoming less popular outside of large companies or the government. The administration costs can be higher, as actuarial assessments are legally required and there's more in-depth government reporting. The risks to the employer are higher when a guaranteed payout is promised. However, that surety of payment is also a strength, in comparison to concerns that the payouts a Defined Contribution RPP account has no guarantees and an RRSP account can run out of money if the pensioner outlives its principal.

DC Plans are becoming more common for employers who want a more traditional pension plan, but without the risk that an underfunded DB Plan can bring. However, these plans usually allow the employee to determine where the money in their account is invested. However, the employer can retain that responsibility as well. In either case, there's still a risk that if any "foolish" investment is made, there is no "safe haven" clause in Canadian law that would prevent the employee from taking legal action against the employer if the account doesn't perform as expected.
The positives are that these accounts are easier to administer and should, in the normal course, provide a good pension payout and more flexibility (i.e. though the yearly payout ranges are set by law, the account holder can arrange for withdrawals at the low, high, or in between part of the range to create cash flow to fit their needs).

RRSP - These are fully accessible by the employee anytime. The contributions are immediately vested for the employee's benefit.

The popularity of these types of accounts is that they require minimal employer administration. However, in light of the fact they are "porous" (i.e. can be accessed by the employee with no encumbrances), some have argued they are retirement savings in name only, as the account could be empty at retirement.

Employer contributions to RRSPs do not have the special privilege in the ITA that Employer RPP contributions have. Both employer and employee contributions to an RRSP are made after statutory deductions have been applied (i.e. an employer's contribution is added to the employee's gross pay as a taxable benefit). CRA administratively allows an exemption from tax withholdings at source without the employee needing to file a T1213 to request relief.

RRSPs can be accessed and paid back without tax penalty for specific programs set out in the ITA (e.g. first time home buyers; life-time learning). These rules do not apply to RPPs.

There is the opinion that RRSPs are less "paternalistic" in that they allow the employee to be fully in charge of their retirement account. This can be both a good or bad thing, depending on the individual employee's skill with money.

The mains decisions to go with an RPP or RRSP often come down to:

- RPP, if there is a desire for funds to be insured as being there at retirement.
- RRSP, if the desire to have flexible access to retirement funds, either ahead of retirement or at retirement, is an important issue that trumps the higher level of certainty an RPP provides that a pension account will exist and be distributed more evenly over an employee's retirement years.

<u>Special Issue:</u>
If a US citizen pastor serves here in Canada, it may be appropriate for that pastor to sign a waiver and not contribute to a Canadian RPP. The reason is that he and his spouse would be tied down to filing a Canadian tax return until their passing, as the pension payout must come from a Canadian financial institution as Canadian-sourced income (i.e. they will get a Canadian "T-slip" that is reported by the financial institution to CRA). In this case, an equivalent to the Employer pension contribution amount might be paid so the US pastor as additional salary so he can personally contribute to a private pension plan or account in the US.

The information above was echoed by an portfolio investment manager and certified financial planner that was also contacted by the committee. The following are the comments that we received:

RPP: Defined Contribution Plan

You basically decide how much the contributions will be per employee and they're put into a <u>locked-in</u> RPP account. Contributions can be matched by the employee, or not. It depends on how the employer decides to set it up.

Benefit:

- It guarantees a pension for the employee as they cannot withdraw the funds (since they're locked in), until they actually retire. Also, a good point to note is that at retirement, there is a minimum and maximum withdrawal amounts. This means that the pensioner cannot withdraw the entire account in the first couple of years in retirement. This truly provides a lasting cash flow through retirement.
- Although they can't withdraw or move it during employment, the accumulating pension account is theirs and they can take it with them if they leave the employment. (i.e. At that point they're able to transfer it to another institution, but it will always remain locked-in).

Negative:

- Employees cannot withdraw from a locked in plan until retirement. No exceptions – not even for Home Buyers Plan, Life Long Learning Plan, or emergency income.
- At retirement, locked-in accounts have a minimum and maximum withdrawal rate to "guarantee" a lasting pension. This is good in theory, but it's restrictive in practice. For example, a 76yr old man with $215,000 in their locked in retirement income fund (what it becomes when it starts paying), can only withdraw $12,600-$19,500 this year. The # changes a bit every year, but not significantly. If his living expenses are $3,000 a month, he cannot get that much out).
- Fees would be similar to the US option you sent. They are also typically more than a regular RRSP plan (usually you pay a start-up fee and then an actuarial administrative fee per the US structure you provided. There are also the investment management fees from whatever firm manages the investments). However, although the fees are more, they're not typically prohibitive. Many companies justify them in order to lock-in the employee's retirement benefit.
- Employees do not have much flexibility in how the contributions are invested. Typically, it's through the investment manager chosen by the employer and that manager gives a few options on different investment strategies (i.e. Low, medium, high risk traditional mutual fund options).
- This is still only a defined CONTRIBUTION plan, not a defined BENEFIT plan. The difference is that the pension will only be as much as the contributions contributed by the employer and employee. It may not provide a full pension amount at the end of the day and this is really important to communicate to employees.

Group RRSP option:

If you wanted to avoid the actuarial costs and were comfortable with a non-locked in structure, a group RRSP plan can also be an option.

- These are less expensive to administer but it requires the Canadian federation to be on the same page with respect to how it wants to provide the benefit. Companies such as Manulife, Sunlife, Great West Life are some of the more popular group RRSP providers.
- Under a group RRSP structure, the employee has more flexibility since this is only a regular RRSP plan (i.e. They can withdraw the money if they wanted – such as for First Time Home Buyers Plan, or Life Long Learning Plan, or simply for income).
- However, the investment options are still limited to the company you go with (i.e. Sunlife's mutual funds). These are typically segregated funds (more expensive), and the options are relatively limited.
- The RRSP cannot typically be transferred to another institution until you leave the employer or retire (although I have seen some exceptions in the past which allow the employee to transfer at the end of the year to the institution of their choice. Thus permitting them to invest the way they want. This is good and bad, depending on the employee's level of fiscal responsibility)."

After reviewing the different types of pension plans and pension options, the Committee has determined that establishing a registered pension plan (RPP) is not feasible for the following reasons:

1. It is too costly and time consuming for the URCNA to administer on its own: An annual information return would need to filed yearly, an actuary would need to be hired (defined benefit plan), plus potential audit fees (as the fund grows) and yearly administration fees;
2. It does not meet the accessibility requirement (it would not be accessible to the future retiree until he reaches 55 years of age);
3. American ministers, working in Canada would need to file a tax return in Canada until they pass away (extra cost to the future retiree); and
4. Investing options are limited.

One option presented to the committee which would offset the cost and time issue was that of establishing an umbrella group under the CCCC defined contribution plan. The following is a brief overview of this option as sent to us:
If your Canadian member organizations of your federation are interested in making use of a DC RPP without going through the set up of such a plan themselves, the CCCC Plan is a viable option that is well worth considering. Full details can be found here:

https://www.cccc.org/pension

and in the sub-sections providing CCCC Plan details, information (including helpful FAQs) for both Employers and Employees. All but the administrative forms are accessible without passwords.

We also have a unique option that would allow the federation to join as an "umbrella group". Here your main office would gather pension contributions from all member organizations for their employees and remit them as group to the CCCC Plan. This could be a creative way for you to meet one of the goals you said you may have, namely: providing a more consistent pension contribution for all pastors in the federation, independent of whether the employing church is small or large. This would allow the sharing of the financial burden by the federation office taking in the funds and the allocating the contributions evenly among the pastors. The only stipulation would be that the amount so allocated would always need to represent the minimum 5% Employer contribution required by the Plan Text. If you wish to pursue this option, we can offer more specifics.

Also, as an umbrella group, the underlying churches would not need to individually be CCCC Members (though its beneficial for other reasons to have membership with us).

The alternative would be for each church or ministry to individually decide to join or not. Those that wish to join would need to sign a Participation Agreement with their own unique contribution rates (the umbrella group is required by CRA to have Sub-Participation Agreements sign that would all have the same contribution rates).

The Committee sees the CCCC defined contribution plan as a viable option <u>for Canadian churches</u> if the body determines that having the money locked in and inaccessible until the retiree reaches 55 is a desirable feature.

Conclusion and Recommendations:

Based on our study of the factors Synod mandated us to consider, we do not recommend that the URCNA adopt a federation wide pension plan for the following reasons:

1. Differences in pension/retirement laws in Canada & the U.S. make a singular federation wide plan infeasible._

2. Costs of administering a federation wide plan (one for Canada, one for the U.S) are no different than if a church initiates its own plan.

3. A U.S. church retirement plan (403b) can be initiated by any individual church or group of churches if they so desire. It does not require a URNCA U.S.- wide 403 b plan, nor is there any advantage to making it a U.S.-wide plan. There are churches in the federation that have already established their own 403 b plan and have found it feasible and beneficial.

4. All the advantages of planning, administering, and choosing options for a plan can be tailored by an individual church plan without a federation wide plan.

5. The cost burden on smaller churches is not lessened by a federation wide plan. The targets for a church's % contributions to the plan would be the same, and added to it are the increased yearly administrative costs. A feasible alternative for helping smaller churches meet their budget in providing for their pastor's retirement needs is found in "Church Assistance / Needy Church Fund" functioning well within some classes in the federation, e.g. Classis PNW and Classis Western Canada.

6. Both countries already provide for multiple options for retirement plans which do not necessitate a URCNA Canada -wide federation plan.

Recommendation #1. That Synod refer the Compensation and Retirement Study Committee Report to the churches for study.

Grounds:

a. The report provides information that can assist the churches in assessing how they may honorably provide for the retirement needs of their ministers.
b. Referring a Study Committee Report to the churches for study is in accord with the Regulations for Synodical Procedure, Appendix D, 3.2.

Recommendation #2. That Synod dismiss the Compensation and Retirement Study Committee and thank them for their work.

Humbly submitted,
Huibert den Boer, Sr.
Pam Hessels
Robert Huisjen
Mark Van Der Molen
Rev. Hank Van der Woerd, Chairman