

Defined Benefit Pension Contributions

How is the Defined Benefit Plan funded?

Effective January 1, 2018 each participating church or organization contributes 13.5% of the annual compensation of each participating employee to the fund. Compensation is based on salary, social security reimbursement, housing, plus any tax-deferred TDAs or IRAs the church might be paying. If the pastor's salary includes funding for medical insurance, that is included as pension compensation. Please see the Pastors Compensation Calculator for more details on how "compensation" is defined for pension purposes.

Effective January 1, 2018 there is no specific minimum annual contribution. Each church or other eligible employer will pay a contribution based on 13.5% of compensation.

Invoices for contribution monthly amounts are emailed to the local church or other eligible employer on the 5th of each month. The invoice lists the pastor's name and salary amount and the amount due for the month's pension contribution, based on 13.5%. On the 15th of each month, the funds are withdrawn electronically from the church's bank account. If the invoice date or withdrawal date falls on a weekend or holiday, the transaction will fall on the next business day.

It is important an electronic Change of Status form <https://hr.fmcusa.org/pension-change-of-status-form/> is completed each time there is a salary compensation change. If the electronic form is done, it automatically goes to the Human Resources office and the conference office of the local church. This enables the Human Resources office to keep salary information updated and contributions correctly invoiced.

The church or other employer pays into the plan on behalf of the employee – neither the employer nor the employee are allowed to make additional payments into the plan over and above the set contribution amount. Those who wish to invest funds in some additional way are encouraged to seek out a personal investment opportunity such as an IRA or 403(b) account. (For information about such investment vehicles, contact Human Resources, the Free Methodist Foundation or a personal financial advisor.)

Please contact Human Resources with any questions about this process, at 317-244-3660 or hrdept@fmcusa.org.