



“From Where I Sit ...”

Vesting ... A Five Year Requirement!

Andy Rachleff said, “Most people don’t realize it, but [the] vesting schedule has an enormous impact on the potential value of your equity package.” And even though most people who are called into the ministry, enter it as a long term commitment, there are some short term challenges that should be addressed. The Retirement Plan of the CME Church which has been established for all clergy and lay employees of the Church (i.e. pastors, secretaries, musicians, custodians, drivers, Bishops, General Officers, College Presidents, etc.) also includes a vesting schedule or vesting period.

For those unfamiliar with this term, vesting can be defined as *“The process by which an employee accrues non-forfeitable rights over ... employer contributions made to the employee’s qualified retirement plan account or pension plan. Vesting gives an employee rights to employer-provided assets over time, which gives the employee an incentive to perform well and remain with the company. The vesting schedule set up by the company determines when the employee acquires full ownership of the asset. Generally, non-forfeitable rights accrue based on how long the employee has worked there.”*

The exact requirements for vesting along with other applicable regulations are specified in the plan document (or Summary Plan Description referred to in last month’s article). The vesting requirement of the CME Retirement Plan is five (5) years as specified on page 10 of the Summary Plan Description. Also ¶S of the Plan Description further defines the following as Years of Services for Vesting Purposes: *“For vesting purposes, you will receive a year of service for each plan year in which you have 1,000 hours of service after the date you apply for participation in the Plan. Hours of service are basically hours for which you are paid or entitled to payment from the employer.”*



In general vesting is not determined by when you began work, entered the ministry, or were admitted into full connection, but by the period that begins after you have completed all of the requirements of application into the Plan. There are only three exceptions to the 5-year requirement: The account of an enrolled participant will become 100% vested when 1) the participant attains the age of 65 (while still employed), or the participants terminates either due to 2) death or 3) long-term or permanent disability.

Vesting is an important reason why every minister or lay person eligible to participate in the CME Retirement Plan should complete the enrollment process as soon as possible so that she or he may complete the accrual of their *“non-forfeitable rights over ... employer contributions made to the [church’s] qualified retirement plan account or pension plan”*. No one should take a chance on losing the benefit of contributions contributed for them due to the vesting schedule. Or at least that’s the way it looks to me ...

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