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STAND

66TH BIENNIAL CONVENTION OF THE WISCONSIN EVANGELICAL LUTHERAN SYNOD

Cost Savings News from WELS VEBA and Shepherd Plans



Participant savings

- WELS VEBA health plan rates will not increase for 2022.
 - VEBA rates have increased by only 4% in four years since 2019.
 - Eligible workers at participating organizations can enroll in medical benefits or change elections this fall for 2022 coverage.
- WELS Shepherd Plan participant fees decreased by 12% effective July 1, 2021.
 - Fourth decrease since 2017.
 - Participant fees are now 41% lower than in 2017.

WELS Retirement Program: Overview of Proposed Changes



Background

- Retirement Benefit Strategy Committee formed by the Synodical Council in 2017.
 - Mission was to research and recommend the future retirement plan that best serves our workers, sponsoring organizations, and synod.
- Conference of Presidents and Synodical Council endorse the recommended plan.
- Recommended plan proposed to the 2021 synod convention for consideration and voting.

Proposed changes summary

- Pension Plan will be frozen on December 31, 2021.
- Defined contribution plan will be effective January 1, 2022.
- WELS Shepherd Plan platform will support the defined contribution plan.

Why are changes proposed?

- A defined contribution plan will better support our workers and our ministry efforts.
- The defined contribution plan will provide meaningful contributions for workers' retirement benefits at costs that are more stable over time for sponsoring organizations.

Worker benefits in new plan

- All called workers serving at least half time at WELS sponsoring organizations¹ will participate.
- Workers will receive contributions to their accounts for each quarter of eligible service performed beginning in 2022.
 - Base: \$500 per quarter for all workers, regardless of age.
 - Additional: \$25-\$600 per quarter² for workers at least age 44 on January 1, 2022.
 - Contributions prorated at 75% and 50% for workers serving three-quarter-time and half-time calls, respectively.

1. Excluding WELS Canada.

2. Additional contribution determined by schedule that provides greater amounts for workers who have attained higher ages.

Pension Plan coordination

- All Pension benefits earned for service performed through December 31, 2021, will be paid.
- Workers who retire before January 1, 2022, will not be affected by the transition.
- Workers who earned Pension benefits before January 1, 2022, will receive Pension benefits in the future.
- No Pension benefits will be lost in the transition.

Worker benefit examples (A)

Service Performed	Years of Service	Benefits Earned	Benefits in Retirement
Before Transition on January 1, 2022	30	Pension	Pension earned from first 30 years of service
After Transition on January 1, 2022	10	Defined contributions	+ Defined contribution account balance from last 10 years of service
Total WELS retirement benefits:			= Monthly pension for life and defined contribution account balance

Worker benefit examples (B)

Service Performed	Years of Service	Benefits Earned	Benefits in Retirement
Before Transition on January 1, 2022	40	Pension	Pension earned from 40 years of service
After Transition on January 1, 2022	0	None	+
			None
			=
Total WELS retirement benefits:			Monthly pension for life

Worker benefit examples (C)

Service Performed	Years of Service	Benefits Earned	Benefits in Retirement
Before Transition on January 1, 2022	0	None	None
After Transition on January 1, 2022	40	Defined contributions	+
			Defined contribution account balance from 40 years of service
			=
		Total WELS retirement benefits:	Defined contribution account balance

Sponsoring organizations

- Sponsoring organizations will remit \$4,528 per full-time worker in 2022.
 - Same as 2020-21 Pension rates.
 - Payments will fund three retirement benefit purposes:
 - Defined contributions to workers for 2022 service,
 - Pension benefits earned by workers for service before 2022, and
 - Certain administrative expenses of the defined contribution and Pension plans.
- All sponsoring organizations will need to join the Shepherd Plan as of January 1, 2022.

Value of new plan

- Committee worked with actuaries to design the defined contribution plan.
- Defined contribution plan is projected to be at least as valuable* as the Pension Plan benefit for each worker.
- For many workers, the projected defined contribution plan account balance at retirement is significantly greater* than the projected Pension Plan benefit.

*Note that the projected defined contribution account balances are estimated based on actuarial assumptions and are not guaranteed.

Worker flexibility

- Defined contributions will vest immediately.
- Invest account balance within the plan.
- Save and invest own income in addition to defined contributions.
- Distribution options.
 - Distributions can be used as housing allowance.
- Beneficiary options.

Worker investing & resources

- Like most investment accounts, defined contribution account balances will change over time.
- Shepherd Plan offers diversified investment options for workers to manage risk and meet retirement income needs.
- Financial planning and advice available through Hahn Financial Group.
- WELS and Hahn Financial developing resources to assist workers during the transition and beyond.

Next steps

- Implementation.
- Communications and resources.