

BOARD OF PENSION and HEALTH BENEFITS

Rev. Dr. Scott Alford, Chairperson

Part A

The Board of Pension and Health Benefits continues its ministry of serving the clergy and clergy families of the Memphis Conference, and we are grateful for the chance to share together in this work. We are especially delighted to work alongside Larry Davis, our Conference Treasurer, and Clare Wilson, our Assistant Treasurer. They carry a large workload on behalf of the board and conference, and we appreciate their ministry.

The board holds reserves with Wespath and the United Methodist Foundation for the Memphis and Tennessee Conferences for pension and benefit purposes only, and we are pleased that the funding status for all pension plans are funded in full. The board monitors our reserves and strives to maintain them at an acceptable level. As with all investments, our reserves are subject to market fluctuations and other variables. Remaining observant and making smart decisions will be key in sustaining proper funding levels, and the board will do all it can to ensure that our pension and benefit plans are financially stable.

We are pleased that our first year of directly billing the pension and insurance obligations has been a success. We received more than 99% of the required payments, and we thank the congregations for their faithfulness. Moving into 2020, as the Comprehensive Protection Plan premium holiday will be over, the direct billing for full-time clergy pension obligations will be 14% of plan compensation (salary and housing), up from the current rate of 11%.

In October, we held a Clergy Benefits Seminar to educate our clergy on available benefits through Wespath as well as other items related to retirement and taxes. There was good attendance, and we anticipate another event in the future.

Lastly, the work of incorporation has been completed, better protecting our assets.

Part B

Allowances to Retirees

Regarding allowances for the benefit of retired ministers, the Conference Board of Pension and Health Benefits recommends the following:

That ministers retired prior to the opening session of a regular annual conference shall receive an allowance at the rate of up to \$75.00 per day effective June 3, 2012 for each day in attendance at the conference. Reimbursement shall be authorized by the Board of Pension and Health Benefits upon receipt of a voucher showing the actual expense incurred. This benefit shall be available also to surviving spouses, subject to the same conditions.

That upon retirement, full-time active ministers in regular appointment will receive a one-time retirement stipend in the amount of \$1,500 effective January 1, 2011.

That upon retirement, part-time active ministers in regular appointment will receive a one-time retirement stipend proportional to their appointment percentage at retirement in the amount of \$1,125 (75%), \$750 (50%), and \$375 (25%) effective July 1, 2014.

Those full-time, active members in regular appointment may receive the retirement one-time stipend at the time of taking disability leave in lieu of receiving it at the time of retirement.

Beginning January 1, 2017, retirees and spouses on their plan receive a defined contribution of \$250 per month (\$3000 annually) through a Health Reimbursement Account (HRA) and are allowed to participate in the Medicare Supplement program called ViaBenefits. The ViaBenefits program is available through Wespath, though it is operated by Towers-Watson. Retirees/Spouses may use their HRA accounts to pay premiums or help with deductibles or copays. To qualify for the retiree subsidy, the retiree must have served a minimum of 20 years in a full-time appointment (local church, campus ministries, or under appointment to an entity accruing pension benefits) in the Memphis Conference or other conference in the case of one who has transferred from another conference. The retiree subsidy program has been terminated for future retirees. To allow future retirees adequate time to plan for retiree medical expenses the cut-off age is 60. Everyone who was 60 years of age or older as of July 1, 2016, with 20 years of service as defined above would remain eligible for the retiree medical subsidy.

Amended per Annual Conference: The Memphis Conference Board of Pensions and Health Benefits, within ninety days of the close of the 2019 session of the Conference will place the balance of the designated Post-Retirement Healthcare account at close of AC 2019 into a irrevocable trust for the benefit of the retired clergy of the Memphis Annual Conference who are covered under the provisions of the retiree health care plan as passed by AC 2016 (above).

Part C Incapacity Leave

In accordance with ¶356.1 of *The Book of Discipline*, 2016, the Conference Board of Pension and Health Benefits recommends the following conference members to be approved for disability benefits:

Harold Q. Evans, Sr.
John Jeffery Irwin
Joe Beal
Robert Utley

Only pastors granted Comprehensive Protection Plan (CPP) incapacity leave by Wespath qualify for Conference Board of Pension and Health Benefits incapacity leave benefits in the Memphis Conference.

Part D Resolutions Relating to Rental/Housing Allowances for Retired, Disabled, or Former Clergypersons of The Memphis Conference

(Revision effective January 1, 2014)

The Memphis Conference (the "Conference") adopts the following resolutions relating to rental/housing allowances for active, retired, terminated, or disabled clergypersons of the Conference:

WHEREAS, the religious denomination known as The United Methodist Church (the "Church"), of which this Conference is a part, has in the past functioned and continues to function through ministers of the gospel (within the meaning of Internal Revenue Code section 107) who were or are duly ordained, commissioned, or licensed ministers of the Church ("Clergypersons");

WHEREAS, the practice of the Church and of this Conference was and is to provide active Clergypersons with a parsonage or a rental/housing allowance as part of their gross compensation;

WHEREAS, pensions or other amounts paid to active, retired, terminated, and disabled Clergypersons are considered to be deferred compensation and are paid to active, retired, terminated, and disabled Clergypersons in consideration of previous active service; and

WHEREAS, the Internal Revenue Service has recognized the Conference (or its predecessors) as an appropriate organization to designate a rental/housing allowance for Clergypersons who are or were members of this Conference and are eligible to receive such deferred compensation;

NOW, THEREFORE, BE IT RESOLVED:

THAT an amount equal to 100% of the pension, severance, or disability payments received from plans authorized under *The Book of Discipline of The United Methodist Church* (the "Discipline"), which includes all such payments from Wespeth during the period January 1, 2020 through December 31, 2020, by each active, retired, terminated, or disabled Clergyperson who is or was a member of the Conference, or its predecessors, be and hereby is designated as a rental/housing allowance for each such Clergyperson; and

THAT the pension, severance, or disability payments to which this rental/housing allowance designation applies will be any pension, severance, or disability payments from plans, annuities, or funds authorized under the Discipline, including such payments from Wespeth and from a commercial annuity company that provides an annuity arising from benefits accrued under a Wespeth plan, annuity, or fund authorized under the Discipline, that result from any service a Clergyperson rendered to this Conference or that an active, a retired, a terminated, or a disabled Clergyperson of this Conference rendered to any local church, annual conference of the Church, general agency of the Church, other institution of the Church, former denomination that is now a part of the Church, or any other employer that employed the Clergyperson to perform services related to the ministry of the Church, or its predecessors, and that elected to make contributions to, or accrue a benefit under, such a plan, annuity, or fund for such an active, a retired, a terminated, or a disabled Clergyperson's pension, severance, or disability plan benefit as part of his or her gross compensation.

NOTE: The rental/housing allowance that may be excluded from a Clergyperson's gross income in any year for federal (and, in most cases, state) income tax purposes is limited under Internal Revenue Code section 107(2), and regulations thereunder, to the least of: (a) the amount of the rental/housing allowance designated by the Clergyperson's employer or other appropriate body of the Church (such as this Conference in the foregoing resolutions) for such year; (b) the amount actually expended by the Clergyperson to rent or provide a home in such year; or (c) the fair rental value of the home, including furnishings and appurtenances (such as a garage), plus the cost of utilities in such year. Each clergyperson or former clergyperson is urged to consult with his or her own tax advisor to determine what deferred compensation is eligible to be claimed as a housing allowance exclusion.

Part E

Current Program/Budget Projection/Funding Request

The Memphis Conference Board of Pension and Health Benefits 2020 budget request will be included in the Conference Finance and Administration Report.

Part F

Memphis Annual Conference Funding Plan for Supplement One to the Ministerial Pension Plan

The 2020 Past Service Rate (PSR) is \$636, which represents a 1.9% cost of living adjustment. The Board of Pension and Health Benefits has adopted the policy to update the PSR based on the rate of change in the Conference Average Compensation.

Wespeth's actuarial valuation of the Pre-82 plan for the Memphis Conference shows more assets than benefit obligations. We anticipate no additional deposits into this account in the near future.

Part G

CRSP Eligibility and UMPIP Contributions for Part-Time Clergy

The Clergy Retirement Security Plan (CRSP) is for full time clergy under Episcopal appointment within the bounds of The Memphis Annual Conference. The United Methodist Personal Investment Plan (UMPIP) is for all clergy, including those serving less than full time, under Episcopal appointment within the bounds of The Memphis Conference.

Effective January 1, 2014, the Memphis Conference has elected to cover only clergy serving full time under the Clergy Retirement Security Program (CRSP). The Memphis Conference will contribute to the United Methodist Personal Investment Plan (UMPIP) on behalf of clergy who are no longer covered under CRSP. Clergy who are serving three-quarter, half-time or one-quarter time will receive a contribution in the amount of 6% of plan compensation to their UMPIP accounts.

Part H Active Clergy Health Insurance

The Memphis Conference offers two medical plans...the B1000 Gold plan, which is a PPO plan, and the High Deductible Plan (HDHP) H1500. The main difference is the choice between having a lower premium and higher deductibles and paying a little more premium for lower upfront costs. The HDHP allows the participant an opportunity to set up a Health Savings Account which can provide significant tax and retirement benefits. Dental and vision coverage are also available from Health Flex, and these coverages are optional. Each year, the participant must select in which plan they wish to be enrolled. Should no plan be selected, the participant will automatically be enrolled in the HDHP.

Health Flex requires mandatory participation for all full-time clergy appointed to local churches and conference entities (DS, campus ministries, new churches, etc.). Part-time clergy (75% and below) are no longer eligible for conference health insurance. Mandatory requirement simply means that all appointed clergy will be included, and their church will receive a bill for the premium unless the clergyperson chooses to opt-out of the coverage. The individual clergyperson may opt-out for one of the following reasons:

- a. Coverage from a previous employer
- b. Covered by spouse's plan
- c. Covered under Tricare
- d. Covered by Medicaid
- e. Insurance is deemed unaffordable under ACA rules. That is, if the annual cost of the single rate exceeds 9.56% of the Adjusted Gross Income the coverage is deemed unaffordable. Our insurance is affordable for those making at least minimum compensation.

The cost of the health insurance premiums will be billed to the local church. Churches are billed for 100% of the premiums and are expected pay 80% of those premiums from church budget and collect the 20% balance by withholding from the clergyperson's salary on a pre-tax basis. Since dental and vision are optional coverages, they may be withheld from the clergyperson's salary in full or paid at the same rate as the medical premiums on a pre-tax basis.

The due date for submitting premium payments is the 25th of each month, and a 2% late fee will be added for payments received after the due date. Insurance may be subject to cancellation after 90 days of nonpayment.

Medical insurance premiums for next year will increase only 2.1%. There will be no change to vision or dental premiums. The tables below list 2020 premiums.

Tier	B1000/P1 PPO	HDH 1500 Gold
	Monthly/Annually	Monthly/Annually

Single	\$939.32 / \$11,271.84	\$868.87 / \$10,426.45
Single + One	\$1785.73 / \$21,428.75	\$1650.96 / \$19,811.48
Family	\$2256.41 / \$27,076.92	\$2085.90 / \$25,030.84

Dental		
Tier	Annually	Monthly
Single	\$432	\$36
Single + One	\$852	\$71
Family	\$1200	\$100

Vision		
Tier	Annually	Monthly
Single	\$67.44	\$5.62
Single + One	\$108.72	\$9.06
Family	\$171.84	\$14.32

The Board of Pension and Health Benefits will continue to pay 100% of premiums for those who are on CPP approved disability, and we recommend the following premium schedule for new church starts and missional churches.

Year	New Church	Church	Pastor
1	80%		20%
2	60%	20%	20%
3	40%	40%	20%
4	20%	60%	20%