

CONFERENCE BOARD OF PENSIONS AND HEALTH BENEFITS

The Board of Pensions and Health Benefits continues to pursue its goal of enabling clergy and lay staff to accomplish their ministries without concern for their long-term financial or medical protection. We continue to position ourselves to face the challenges that lie ahead and to assist clergy and staff in their mission.

Pensions:

- **Pre-82 Service Funding:** The 2018 Past Service Rate (PSR) is confirmed at \$692. We recommend that the PSR for 2018 be set at \$720. ¶1506.7 (2016 Discipline) confers authority upon the annual conference to review the annuity rate for Pre-82 service and to adjust the PSR rate as appropriate taking into consideration the changes in the economy. Such annuity rate may remain the same or be increased without restriction. Wespath Benefits and Investments actuarial valuation for Pre-82 Annuities as of January 1, 2017, showed a more than fully funded plan, requiring no monies to be paid by BWC. The pre-82 plan surplus results from increases in valuation of the securities in the account. Wespath has authorized a mechanism by which we have been able to employ some of the excess Pre-82 funds to indirectly fund our Retiree Medical Plan reserve. Pre-82 is the pension plan in place prior to 1982.
- **Ministerial Pension Plan (MPP) Funding:** Wespath Benefits and Investments' actuarial valuation for MPP Annuities as of January 1, 2017, showed that it is also a fully funded plan, requiring no monies to be paid by BWC. Monies previously contributed to MPP will continue to be held in individual participant accounts. MPP is the pension plan in place from 1982 through 2006
- **Clergy Retirement Security Program (CRSP) Funding:** The Baltimore-Washington Conference funds the program as follows:
 - CRSP Defined Contribution (DC) - BWC continues to collect 3% of participant's plan compensation (Salary plus housing) to fund the Defined Contribution (DC). 2% goes directly to the participant's DC account. The participant is now required to enroll in the United Methodist Personal Investment Plan (UMPIP) with a contribution of at least 1% of plan compensation in order to receive a match of up to 1%.
 - CRSP Defined Benefit (DB) – BWC continues to collect 12% of the participant's plan compensation, limited by the DAC (Denominational Average Compensation) to fund the Defined Benefit portion of CRSP.

Comprehensive Protection Plan (CPP):

- BWC continues to collect 3% of a clergy participant's plan compensation (salary plus housing) for the Comprehensive Protection Plan (CPP). The CPP provides death and disability benefits for all eligible participants. As of the last General Conference, Wespath Benefits and Investments revised their policies to treat clergy mental illness in the same fashion as any other illness for CPP purposes. The Conference Board of Pensions and Health Benefits has voted to provide the necessary funds to eliminate anti-mental illness discrimination for lay employees as well.

UMLifeOptions:

- Eligibility changes were approved at the 2016 General Conference to eliminate the special arrangement coverage for ordained clergy appointed to ½ or ¼ time as of 12/31/2016. Conferences were given options to purchase life and disability insurance for these clergy through UMLifeOptions.
- Effective 1/1/2017, for active ordained clergy appointed to ½ or ¼ time are now enrolled in UMLifeOptions, BWC will collect 3% of clergy participant's plan compensation (salary plus housing) to cover the premiums.

Health:

- **HealthFlex:** Effective January 1, 2017, all eligible participants have been enrolled in the Wespath HealthFlex Exchange Plans. The HealthFlex Exchange brings more plan options; more flexibility for enrollees to select the HealthFlex plan that best fits each individual need. The HealthFlex Exchange is not a public exchange and is not associated with government agencies. It is a multiple-option group health plan designed for United Methodist Church clergy, lay employees and their families.
- **Retirees:** Retirees who are over age 65 will continue to work with OneExchange to choose policies better suited to their individual needs. Retirees are offered a stipend based on years of service. Retirees who are under age 65 or any future participants who retire before age 65 will remain on the HealthFlex Exchange plan until the month they turn 65.

Social Security: Your Board strongly recommends that all clergy of the Conference participate in Social Security, and not exercise any conscience clauses to opt out of Social Security. Eligibility for Medical benefits through OneExchange in retirement and Disability benefits through the CPP program, are both dependent on participation in Social Security and Medicare. Thus, one's irrevocable decision to opt out of Social Security is a decision to be excluded from these Conference programs as well.

Arrearage: In order to assure that nothing interferes with clergy continued medical and pension coverage, BWC first makes the necessary payments to Wespath when due and then collects the premiums from individual churches. There is a continuing problem with a small number of churches which fall behind in this pastoral compensation commitment. The Bishop's Task Force on Arrearages, comprised of two District Superintendents, the Chair of the Board of Pensions, and Conference staff, has developed approaches to more intensive management of churches which are in arrears, for medical and pension arrearages often are symptomatic of other challenges to ministry and finances the church is facing. A Church in arrears may be offered a forbearance program where collection of the arrearage is forborne for three years while the church focuses its efforts on greater effectiveness in ministry. Churches successfully completing this program may have the arrearage converted to a contingent liability, effective only in the event that the church property is sold.

During 2017, the initial forbearance churches completed their three years. 7 churches satisfied the forbearance agreement and received a contingent liability status, and 5 had their forbearance period extended for an additional 12 months. 4 new church forbearances are pending.

The objective is to make every effort to help churches return to health both in their ministry and their finances. The total arrearage at the end of 2017 for non-participating churches was \$356,511. Arrearages for forbearance churches totaled \$275,096, not including the forbearance amount of \$328,220.

2019 General Conference : In response to concerns regarding proposals which may or may not be made in connection with the 2019 General Conference, the CBOPHB has reviewed its areas of responsibility to identify any possibilities that might affect the pensions and medical insurance of those for whom the CBOPHB is responsible, and is confident these obligations can be met regardless of events in 2019.

Final Comments: The CBOPHB thanks Frances Tagoe, Director, Human Resources and Benefits for her enthusiastic and professional work on behalf of our participants and the Board. She effectively communicates and administers the benefits based on Plan rules and regulations, the Book of Discipline, the Conference's policies and procedures, and all applicable state and federal laws so that there is an understanding of the benefits for our clergy and lay employees. It is her goal and the Board's goal to continue to provide the best possible benefits package for our plan participants, while maintaining the utmost care for and fiduciary responsibility to you, the Plan participants, and those in the Baltimore-Washington Conference for whom we owe the same. We wish to also give thanks to Karen Conroy, HR & Benefits Associate, Pier McPayten, Controller, and the District Superintendents who all support the work we do.

Jackson H. Day, Chair

Paul J. Eichelberger, Treasurer