

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 wish to thank Larry Davis and Clare Wilson for the daily work they provide in the Treasurer's Office.

With the transition of forming the new Tennessee-Western Kentucky Conference, some of our work has been in conversation with the new conference benefits task team as a way for us to begin aligning benefits between the Memphis and Tennessee Conferences.

The board currently holds reserves with Wespath to be used for pension and benefit purposes only, and we are pleased that 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. Through incorporation and the creation of trusts, the board has made steps to protect our assets, helping the plans remain financially stable.

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.

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.
Joe Beal
Robert Utley

Only pastors granted Comprehensive Protection Plan (CPP) incapacity leave by Wespeth 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, 2021 through December 31, 2021, 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 Clergy person 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 Clergy person'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 Clergy person'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 Clergy person'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 Clergy person 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 clergy person or former clergy person 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 2021 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 2021 Past Service Rate (PSR) is \$646, which represents a 1.5% 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.

Wespath'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 9% of plan compensation to their UMPIP accounts.

Part H

Active Clergy Health Insurance

In 2021, Wespath, through Healthflex Exchange, is opening six medical insurance plan options for clergy and their families, billing the annual conference a blended rate. For churches with clergy on the conference plan, premiums billed to the churches will reflect that blended rate in the form of a fixed premium credit. Each church will be billed the same amount of no more than \$15,100 annually.

The clergy then choose the insurance plan that best fits their needs and pay the premium appropriate to their selection through a pre-tax salary reduction.

Dental and Vision coverages remain optional, and those premiums may also be paid in full or in part through a pre-tax salary reduction. Through Healthflex Exchange, there are three dental and two vision plan options from which the clergy may choose.

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.

The Board of Pension and Health Benefits will continue to pay 100% of premiums for those who are on CPP approved disability.

Part I
Active Clergy 2021 Insurance Premiums

| Medical Insurance Plan / Tier | Participant Share per Month (medical only) |
|--------------------------------------|---|
| B1000 | |
| Employee Only | \$237 |
| Employee and One Dependent | \$450 |
| Family | \$615 |
| C2000 w/ HRA | |
| Employee Only | \$201 |
| Employee and One Dependent | \$381 |
| Family | \$521 |
| C3000 w/ HRA | |
| Employee Only | \$89 |
| Employee and One Dependent | \$168 |
| Family | \$230 |
| H1500 w/ HSA | |
| Employee Only | \$178 |
| Employee and One Dependent | \$338 |
| Family | \$463 |
| H2000 w/ HSA | |
| Employee Only | \$99 |
| Employee and One Dependent | \$187 |
| Family | \$256 |
| H3000 w/ HSA | |
| Employee Only | \$0 |
| Employee and One Dependent | \$0 |
| Family | \$0 |

| Dental Insurance Plan / Tier | 2021 Monthly Rate |
|-------------------------------------|--------------------------|
| Passive PPO 2000 | |
| Employee Only | \$47 |
| Employee and One Dependent | \$94 |
| Family | \$141 |
| Dental PPO | |
| Employee Only | \$39 |
| Employee and One Dependent | \$77 |
| Family | \$116 |
| Dental HMO | |
| Employee Only | \$14 |
| Employee and One Dependent | \$26 |
| Family | \$45 |

| Vision Insurance Plan / Tier | 2021 Monthly Rate |
|-------------------------------------|--------------------------|
| Full Service | |
| Employee Only | \$8.08 |
| Employee and One Dependent | \$13.06 |
| Family | \$20.64 |
| Premier | |
| Employee Only | \$14.16 |
| Employee and One Dependent | \$22.94 |
| Family | \$36.38 |