

## 1 PENSION AND INSURANCE

2  
3 In 2008, the South Indiana Conference and North Indiana Conference Boards of Pension and  
4 Insurance selected members to be part of a Joint Board of Pension and Insurance. This group  
5 received the report of the Imagine Indiana Team, adopted by both Annual Conferences in June  
6 of 2008 and affirmed by the Uniting Indiana Annual Conference meeting in October. Their task  
7 was to finalize recommendations for benefits for the Indiana Conference for 2010 and submit  
8 their recommendations to the first meeting of the Indiana Conference in June of 2009.

9  
10 This group held several meetings in the spring of 2009 and has adopted the following  
11 recommendations for the Indiana Conference.

### 12 Recommendations

#### 13 A. Funding Policy

- 14
- 15
- 16
- 17 1) That three pension-related benefit programs of the UMC (Clergy Retirement  
18 Security Program, Comprehensive Protection Plan and Basic Protection Plan or  
19 similar plan) be provided to clergy members of the Annual Conference and funded  
20 as follows.
- 21 2) That the following benefits be funded directly at the level of the church or  
22 compensation-paying unit:
  - 23 a) Clergy Retirement Security Program (CRSP)
  - 24 b) Comprehensive Protection Plan (CPP)
- 25 3) That amounts needed yearly to reduce any unfunded liability for prior pension  
26 plans be paid first from available reserves. Thereafter, the costs will be paid by the  
27 annual conference budget.
- 28 4) That the costs of the Basic Protection Plan (BPP) for active clergy and similar  
29 insurance plan for retirees be paid first by the reserves set aside for that purpose.  
30 At the point at which reserves are no longer sufficient to provide the benefit the  
31 Board will make an appropriate recommendation to the Annual Conference for  
32 either termination or alternative funding of the benefit.
- 33 5) That the Indiana Conference Board of Pension and Insurance be authorized, at its  
34 discretion, to arrange with the General Board of Pensions for active participation in  
35 CRSP, CPP and/or BPP by persons who are eligible under special rules but not  
36 automatically included as active participants.

#### 37 B. Clergy Retirement Security Program (CRSP)

- 38
- 39
- 40
- 41 1) Direct Billing: That the annual conference pay to the General Board of Pension  
42 monthly the amounts due for CRSP for the clergy for whom the annual conference  
43 is the plan sponsor on the last business day of each month. That the conference  
44 director of financial services collect from each church the determined amounts due  
45 for CRSP by direct debit (ACH) to the church's bank account on the 25th of each  
46 month, or the next earliest business day if the 25th falls on a non-business day.
- 47 2) That the Compensation Base for funding of the CRSP Defined Benefit be the Plan  
48 Compensation of the participant limited to 150% of the Denominational Average  
49 Compensation (DAC).
- 50 3) That the rate of funding of the CRSP Defined Benefit be determined each year by  
51 the Conference Board of Pension and Insurance, in conjunction with the General  
52 Board of Pension and Health Benefits, and recommended to the annual  
53 conference. For 2009, this amount is 10% of Plan Compensation.

- 1           4) That the Compensation Base for funding of the CRSP Defined Contribution be the  
2           Participant's Plan Compensation.
- 3           5) That the rate of funding of the CRSP Defined Contribution be 3% of Plan  
4           Compensation.
- 5           6) United Methodist Personal Investment Plan (a voluntary plan): That the  
6           Conference Board recommends that each participant take advantage of this  
7           investment opportunity with the GBOPHB at a minimum of 2% or more. Such  
8           amounts should be withheld from salary and paid to the GBOPHB in the manner  
9           that they prescribe.
- 10          7) That the funding of the Clergy Retirement Security Program for the following  
11          special categories of pastors be:  
12          Maternity/Paternity Leave: Funding of CRSP to be continued by the  
13          compensation-paying unit according to the Plan Compensation existing prior to the  
14          pastor being placed on such leave.
- 15          8) The Board of Pension, with the Board of Ordained Ministry and cabinet,  
16          recommend that the normal effective date for retirement be July 1.

17  
18  
19       **C. Funding pre-1982 Service Years**

20  
21       That the Past Service Rate for years of pre-1982 service for 2009 will be \$608.

22  
23       That the pension benefit paid to the surviving spouse of a deceased pastor having pre-1982  
24       years of service be 75% of the amount paid to the pastor for pre-1982 years of service.

25  
26       That the following resolution be adopted by the Indiana Conference:

27  
28                       **Resolution Relating to Rental/Housing Allowances for**  
29                       **Retired or Disabled Pastors of this Conference**

30  
31       WHEREAS, the religious denomination known as The United Methodist Church has and  
32       functions through Ministers of the Gospel who are duly ordained or licensed; and

33  
34       WHEREAS, the practice of The United Methodist Church is to provide a parsonage or a  
35       rental allowance as part of the gross compensation for each of its active ordained or  
36       licensed pastors; and

37  
38       WHEREAS, pensions paid to retired and disabled ordained or licensed pastors of The  
39       United Methodist Church are considered as deferred compensation and are paid to said  
40       retired and disabled ordained or licensed ministers in consideration of previous, active  
41       service, and

42  
43       WHEREAS, the Internal Revenue Service has recognized that the Indiana Annual  
44       Conference is the appropriate organization to designate a housing/rental allowance for  
45       retired and disabled ordained or licensed ministers who are members of this conference;  
46       and

47

1 NOW THEREFORE BE IT RESOLVED:

- 2
- 3 1. An amount equal to 100% of the pension payments received during the year of 2009
- 4 be and is hereby designated as a rental/housing allowance for each retired and
- 5 disabled ordained or licensed minister of the United Methodist Church who is or was a
- 6 member of the Indiana Annual Conference at the time of his or her retirement or
- 7 disability,
- 8
- 9 2. This rental/housing allowance shall apply to each retired and disabled ordained or
- 10 licensed minister who has been granted the retired relation or placed on disability leave
- 11 by the Indiana Annual Conference and whose name and relationship to the conference
- 12 is recorded in the Journal of the Indiana Annual Conference and in other appropriate
- 13 records maintained by the conference.
- 14
- 15 3. The pension payment to which this rental/housing allowance applies shall be the
- 16 pension payment resulting from all service of such retired and disabled ordained or
- 17 licensed pastor from all employment by any local church, Annual Conference, or
- 18 institution of The United Methodist Church or any former denomination that is now a
- 19 part of The United Methodist Church, or from any other employer who employed the
- 20 pastor to perform services related to the ministry and who elected to make
- 21 contributions to the pension funds of The United Methodist Church for such retired
- 22 ministers pension.
- 23

24 NOTE:

25 The rental/housing allowance which may be excluded from a pastor's gross income is

26 limited to the lesser of (1) the amount of the rental/housing allowance designated by the

27 minister's employer or other appropriate body, (2) the amount actually expended by the

28 minister to provide his or her housing, or (3) the legally-determined fair rental value of the

29 parsonage or other housing provided. As specified in Rev. Rul. 71-290, C.B. 92, "the only

30 amount that will qualify for exclusion under section 107(2) of the Code as a 'rental

31 allowance' is an amount equal to the fair rental value of the home, including furnishings and

32 appurtenances such as a garage, plus the cost of utilities."

33

34 **D. Comprehensive Protection Plan (CPP)**

35

36 In 2010, the death benefit payable to all active clergy on CPP will be \$50,000. The

37 disability benefit from CPP is 70% of Plan Compensation up to a maximum of 200% of the

38 Denomination Average Compensation, less Social Security benefits. Minimum incapacity

39 benefit will be \$40,000. The cost for the benefit will be 3% of Plan Compensation, limited to

40 200% of DAC, for all participants.

41

- 42 1) That the 2010 costs of the Comprehensive Protection Plan of eligible pastors be
- 43 collected from the churches by Direct Debit to the churches' bank account on the 25th
- 44 of each month. The respective amount will be paid directly to the General Board of
- 45 Pension by the annual conference on the last business day of the month.
- 46 2) That the Plan Compensation in 2010 for funding of the Comprehensive Protection Plan
- 47 be the Plan Compensation of the Participant limited to 200% of the Denominational
- 48 Average Compensation (DAC).
- 49 3) That the Comprehensive Protection Plan (CPP) coverage and special categories of
- 50 pastors without a compensation-paying unit be:
- 51 a) Maternity/Paternity Leave: Funding for CPP coverage to be continued by the
- 52 compensation paying unit responsible prior to being placed on leave, based on
- 53 Plan Compensation then existing.

- 1           b) In situations where clergy members are serving less than full-time or below  
2           60% of the Denominational Average Compensation or Conference Average  
3           Compensation, the compensation-paying unit shall fund these clergy members  
4           for coverage under the Comprehensive Protection Plan at 3.4% of the  
5           denominational Average Compensation.
- 6           c) Clergy members appointed to Leave of Absence for any reason may continue  
7           in the Comprehensive Protection Plan as long as they make monthly  
8           reimbursement to the Indiana Conference for the billed charges.
- 9           d) Full Member Elders and Associate Members (or equivalent) appointed to Attend  
10          School after having served under active appointment for six consecutive years,  
11          other than to Attend School shall continue to participate in the Comprehensive  
12          Protection Plan with payments made by the Board of Ordained Ministry.
- 13          e) Probationary Member Elders appointed to Attend School shall participate in the  
14          Comprehensive Protection Plan with payments made by the Board of Ordained  
15          Ministry.
- 16          f) Clergy members appointed to Renewal Leave shall continue to participate in the  
17          Comprehensive Protection Plan with payments made by church.
- 18
- 19          g) Clergy members appointed to Sabbatical Leave may continue in the  
20          Comprehensive Protection Plan as long as they make monthly reimbursement  
21          to the Indiana Conference for the billed charges.
- 22

#### 23   **E. Basic Protection Plan (BPP)**

24

- 25          1) That the Indiana Conference will enroll all full-time or three-quarter time clergy  
26          serving an annual conference appointment, including Full Member Elders,  
27          Associate Members, Probationary Member Elders, Full Time Local Pastors,  
28          Special Appointments serving as annual conference employees and those retired  
29          directly from any of the above statuses will be enrolled in BPP or a similar plan  
30          offering the same benefit. Those retired must have participated in the Plan for at  
31          least five of the last 10 years immediately prior to being eligible as a Retired  
32          Participant. Only participants who are enrolled in CPP are qualified for this benefit.
- 33

34                 This does not include Special Appointment to non-conference or area agencies,  
35                 Honorable Location, Appointment Beyond the Church, Student Pastors, or Leave  
36                 of Absence, or persons retiring under PP359.2a (20 year rule).

37

- 38          2) That future Refund Credits accruing from experience within the Plan of BPP be  
39          applied, as they are available, to underwrite the annual cost of the BPP or similar  
40          plans. The current balance in the BPP account at the General Board of Pension  
41          and Health Benefits is \$296,888 and is sufficient to fund this benefit under current  
42          cost methods.
- 43

## F. Group Health Insurance Program

### Administering the Program

- 1) That the Board of Pension and Insurance will select the policy coverage, carrier (if any), network, benefit structure and/or Third Party Administrator (TPA) for the policy year January 1, 2010 - December 31, 2010.
- 2) That the pastor's personal share of the Indiana Conference group insurance cost, as determined by the Board of Pension and Insurance, be based on family configuration. The treasurer of the compensation-paying unit will withhold this amount monthly from the compensation of the insured. Amounts so withheld and costs for direct bill and other conference provided life insurances or benefits, if any, will be paid to the conference by direct debit/(ACH) from the church's bank account on the 20th of each month.
- 3) That the conference share of group insurance for active participants, with the exception of student subsidies, be allocated based on the number of participants and a fixed charge per participant, regardless of family configuration, shall be assessed monthly to the church or appropriate conference agency.
- 4) That a charge or church taking on a full time pastor for the first time, would be as follows: first billing year, 50%; second billing year, 75%; third billing year, 100% of the then Direct Bill. Charges creating a new associate position shall also be eligible for the direct bill phase-in as stated previously, if approved by the Conference Board of Pension and the cabinet.
- 5) That premiums for all participants (lay or clergy) be paid by direct debit/ACH from the church's/employer's designated bank account. The payment of premium by direct deposit/ACH is a requirement for participation in the program. For mandatory participants, premiums that go unpaid for 120 days due to rejected ACH transactions or non-sufficient funds will result in the termination of the participant. The district superintendent will be informed after 60 days of arrearage and a grace period will be extended to resolve the situation. Premiums that go unpaid for optional participants will result in termination after 60 days of arrearage.
- 6) That eligibility for health insurance is 30 hours or more per week for conference lay employees.
- 7) That any situation not covered herein shall be determined by the Board of Pension and Insurance, which group shall also manage appeals for assistance from the emergency fund of this board.
- 8) That general polices concerning group membership participation and funding for clergy and laity are included in the Appendix to this report.

### Additional Eligibility Rules for Other Groups

Lay Employees	Employed	Eligibility	Cost
Conference Agency	Full (30 hrs)	Eligible	Same as Conference Clergy
Conference Agency	Part	Not Eligible	
District Asst.	Full (30 hrs)	Eligible	Same as Conference Clergy
District Asst.	Part	Not Eligible	
Churches	Full (30 hrs)	Eligible*	Bill Church 100%
Churches	Part	Not Eligible	
Separated Spouses		Eligible for 36 mo	Person=103%

\*75% of Eligible employees in church must enroll.

### Surviving Spouse of Active Participant (Conference Responsible Clergy/Lay Employee)

1  
2 The surviving spouse and dependents of a conference responsible clergy person or lay  
3 employees are eligible for continued coverage in the Health Plan, if they were enrolled in  
4 the plan at the time of the clergy person's/lay employee's death.

5  
6 The cost for Surviving Spouse/Dependents is 105% of the premium charged by HealthFlex.  
7 For Surviving Spouse/Dependents, there will be a grace period of 12 months following the  
8 death of the clergy or conference lay employee, during which the conference will pay the  
9 full cost of the premium.

10  
11 For persons over the age of 65, an amount of \$250 will be paid monthly to the Surviving  
12 Spouse for their self-purchase of a Medicare Supplement Plan (see Medicare Supplement  
13 Plan below)

14  
15 **Retired Clergy/Conference Lay Employee and Surviving Spouse Medicare**  
16 **Supplement and Medicare Part D for persons over age 65**

17  
18 Beginning January 1, 2010, the Indiana Conference will make a significant change in the  
19 way it provides for Health Insurance for its Retirees, retiree spouses and Surviving  
20 Spouses. Prior to 2010, both former conferences provided a health insurance program,  
21 selected by the Conferences, for their retirees. In addition to selecting the program and  
22 coverage, both Conferences provided some subsidy for many of its Retirees and Surviving  
23 Spouses who chose to remain in the Conferences' selected Health Programs.

24  
25 Beginning in 2010, Indiana Conference Retirees, spouses and Surviving Spouses, over the  
26 age of 65, will purchase a Medicare Supplement program of their own choosing. The  
27 Board of Pension and Insurance will provide information to Retirees and Surviving Spouses  
28 that will assist them in that selection. A participant may choose any program that will meet  
29 their unique needs, whether recommended by the Conference or other advisor.

30  
31 The Indiana Conference will provide funding to the Retiree, spouse and Surviving Spouse  
32 for the purchase of health insurance as follows:

33  
34 Retirees and spouses enrolled in one of the current Conference health programs, who are  
35 also over the age of 65, will each receive a Monthly cash amount of up to \$150, which may  
36 be used to help fund the purchase of Health Insurance. The cash amount received is  
37 based upon \$5 per year of service up to a maximum of \$150. (The 2010 estimated cost of  
38 a Medicare Supplement F and Medicare Part D is \$250/month. Five dollars (\$5) is  
39 equivalent to a 2% subsidy; \$150 is equivalent to a 60% subsidy.) A year of service is  
40 defined as a year of service with pension credit in the Indiana or predecessor Conferences  
41 as determined by the General Board of Pension and Health Benefits.

42  
43 Surviving Spouses over the age of 65 will receive \$250 monthly towards the purchase of  
44 their Health Insurance.

45  
46 To be eligible for the subsidy the Clergy/Conference lay employee/spouse must be in the  
47 Indiana Conference health plan at the time of retirement or death of the clergy/lay  
48 employee.

49 The methodology of how this monthly amount will be received by the Retiree or Surviving  
50 Spouse has not yet been determined. The Board is considering either a monthly Direct  
51 Deposit into the participant's personal checking account or using the Board of Pension's  
52 Direct Deposit process.  
53

1 Retirees, spouses and Surviving Spouses under the age of 65 may remain on the active  
2 health plan and must pay to the Conference their actual health premium in an amount and  
3 method determined by the Board of Pension and Insurance.  
4

5 Surviving Spouse/Dependents under the age of 65 will receive 12 months of health  
6 insurance at no cost during the 12 months immediately subsequent to the death of her/his  
7 clergy spouse.  
8

9 To be eligible for the subsidy the Clergy/Conference lay employee/spouse must be in the  
10 Indiana Conference health plan at the time of retirement or death of the clergy/lay  
11 employee.  
12

### 13 **G. Adoption Benefit**

#### 14 1) Eligibility for the benefit

15 At least one adoptive parent is in the Health Plan of the Conference. Only  
16 expenses incurred while a covered participant under the Conference Health Plan  
17 are eligible for payment under this benefit.

#### 18 2) Source of Funding

19 The source of funding will be the Conference Health Insurance Fund.  
20

#### 21 3) Benefit

22 Up to \$5,000 per child, \$10,000 per family over a 5 year period, towards actual,  
23 unreimbursed expenses related to adoption, including agency fees, attorney fees,  
24 court costs, and travel for prospective parents for out-of-state or international  
25 adoptions. This amount should be reviewed every two years for adjusting for  
26 inflation. Payment will be made once the adoption is final, as evidenced by a court  
27 document and/or birth certificate, upon submission of receipts by the conference  
28 director of finance and administration/treasurer.

29 Adoption expenses must be submitted within 12 months of finalization.  
30

### 31 **H. Other Benefits**

#### 32 **Accidental Death and Dismemberment and Basic Life Insurance**

33 The Indiana Conference will provide such coverage for the member as part of its health  
34 insurance program. Each year the Board of Pension will determine the benefit. Costs will  
35 be included in the health insurance rates  
36

#### 37 **Optional Term Life Insurance and Dependent Life Insurance**

38 The Indiana Conference will provide this option in conjunction with its health insurance  
39 program. An open enrollment period each fall will allow persons to opt for this coverage or  
40 change coverage choices.

#### 41 **Section 125 Cafeteria Plan**

42 The Indiana Conference will assist churches that wish to adopt their own Section 125 plans  
43 and offer a conference wide plan in conjunction with the General Board of Pension and  
44 Health Benefits and/or use another vendor to offer such a plan at the Conference Board of  
45 Pension's discretion.  
46

1

Appendix Eligibility – 2010								
			PENSION	PENSION	PENSION	HEALTH	MOVING	MOVING
CLERGY STATUS	TIME		CRSP	CPP	BPP	INS (FT)	WITHIN	INTO
<u>APPOINTED TO CHURCH</u>								
FULL MEM ELDER/346.1	FULL		M	M	M	M	YES	YES**
FULL MEM ELDER/346.1	PART		E*	M/ 3.4% DAC	3/4 Only	NO	YES	YES**
FULL MEM DEACON/346.1	FULL		M	M	Ch	Ch	NO	NO
FULL MEM DEACON/346.1	PART		E*	M/ 3.4% DAC	Ch	NO	NO	NO
PROB MEM ELDER/346.1	FULL		M	M	M	M	YES	YES**
PROB MEM ELDER/346.1	PART		E*	M/ 3.4% DAC	3/4 Only	NO	YES	YES**
PROB MEM DEACON/346.1	FULL		M	M	Ch	Ch	NO	NO
PROB MEM DEACON/346.1	PART		E*	M/ 3.4% DAC	Ch	NO	NO	NO
ASSOC MEM/346.1	FULL		M	M	M	M	YES	YES**
ASSOC MEM/346.1	PART		E*	M/ 3.4% DAC	3/4 Only	NO	YES	YES**
OTHER DEN. 346.2/3	FULL		M	M	M	M	YES	YES
OTHER DEN. 346.2/3	PART		E*	NO	NO	NO	YES	YES
LOCAL PASTOR	FULL		M	M	M	M	YES	YES***
LOCAL PASTOR	PART		E*	NO	NO	NO	YES	YES***
LOCAL PSTR STUDENT	PART		E*	NO	NO	M	YES	YES***
SUPPLY/INTERIM/LAY	FULL/PART		NO	NO	NO	NO	NO	NO
<u>LEAVES</u>								
FE/PE/AM		SABB	NO	E/Part 4.4%	NO	E 1year	NO	NO
FE/PE/AM		INCAP	CO	NA	NO	E FT Co	FIRST	
FE/PE/AM		MAT/PAT	NO	NO	YES	E if Full	NO	NO
FE/PE/AM		FAMILY	NO	E/Part 4.4%	NO	E if Full	NO	NO
FE/PE/AM		LOA	NO	E/Part 4.4%	NO	E 1year	NO	
FE/PE/AM		H LOC	NO	NO	NO	NO	NO	
<u>EXTENSION MINISTRIES</u>								
FE/AM		ATA	NO	CO3.4% DAC	NO	E	NO	NO
PE		ATA	NO	CO3.4% DAC	NO	E	NO	NO
CONF/AREA OFFICE			M	M	M	E	YES	YES**
WESLEY FOUNDATIONS			UMPIP	Inst	NO	E	YES	NO
UMC. UNIV. CHAPLAINS			UMPIP	Inst	NO	NO	YES	NO
GENERAL BOARDS			UMPIP	Inst	NO	NO	NO	NO
NON-PROFIT W/GBOP CONTRACT			UMPIP	Inst	NO	NO	NO	NO
NON-PROFIT NO GBOP CONTRACT			NO	NO	NO	NO	NO	NO
	M	Mandatory Participation						
	E*	Eligible for Participation - Must Waiver for Non-Participation						
	CO	Conference Pays for Benefit						
	CH	Church Selects and Provides Similar Benefit at their option						
	DEACON	Deacons whose primary location of service is the church are mandated participants in CRSP/ CPP						
	YES**	APPLICABLE TO TRANSFERS AND 346.1						
	YES***	BY SPECIAL REQUEST FROM CABINET AND APPROVAL BY BOARD						
		FOR THE HEALTH SUBSIDY AND FIVE OF LAST TEN YEARS FOR BPP BENEFIT.						

2