

Recommendations

A. Funding Policy

- 1) That three pension-related benefit programs of the UMC (Clergy Retirement Security Program, Comprehensive Protection Plan and Basic Protection Plan or similar plan) be provided to clergy members of the Annual Conference and funded as follows.
- 2) That the following benefits be funded directly at the level of the church or compensation-paying unit:
 - a) Clergy Retirement Security Program (CRSP)
 - b) Comprehensive Protection Plan (CPP)
- 3) That amounts needed yearly to reduce any unfunded liability for prior pension plans be paid first from available reserves. Thereafter, the costs will be paid by the annual conference budget.
- 4) That the costs of a \$25,000 Life Insurance benefit for active clergy and \$7,000 Life Insurance Plan for retirees be paid first by the reserves set aside for that purpose. At the point at which reserves are no longer sufficient to provide the benefit, the Board will make an appropriate recommendation to the Annual Conference for either termination or alternative funding of the benefit.
- 5) That the Indiana Conference Board of Pension and Insurance be authorized, at its discretion, to arrange with the General Board of Pensions for active participation in CRSP, CPP and/or a Conference Life Plan by persons who are eligible under special rules but not automatically included as active participants.

B. Clergy Retirement Security Program (CRSP)

- 1) Direct Billing: That the annual conference pay to the General Board of Pension monthly the amounts due for CRSP for the clergy for whom the annual conference is the plan sponsor on the last business day of each month. That the conference Director of Financial Services collect from each church the determined amounts due for CRSP by direct debit (ACH) to the church's bank account on the 25th of each month, or the next earliest business day if the 25th falls on a non-business day.
- 2) That the Compensation Base for funding of the CRSP Defined Benefit be the Plan Compensation of the participant limited to 150% of the Denominational Average Compensation (DAC).
- 3) That the rate of funding of the CRSP Defined Benefit be determined each year by the Conference Board of Pension and Insurance, in conjunction with the General Board of Pension and Health Benefits, and recommended to the annual conference. For 2011, this amount is 10% of Plan Compensation.
- 4) That the Compensation Base for funding of the CRSP Defined Contribution be the Participant's Plan Compensation.
- 5) That the rate of funding of the CRSP Defined Contribution be 3% of Plan Compensation.
- 6) United Methodist Personal Investment Plan (a voluntary plan): That the Conference Board recommends that each participant take advantage of this investment opportunity with the GBOPHB at a minimum of 2% or more. Such amounts should be withheld from salary and paid to the GBOPHB in the manner that they prescribe.
- 7) That the funding of the Clergy Retirement Security Program for the following special categories of pastors be:
 - a. Maternity/Paternity Leave: Funding of CRSP to be continued by the compensation-paying unit according to the Plan Compensation existing prior to the pastor being placed on such leave.

- 8) The Board of Pension, with the Board of Ordained Ministry and cabinet, recommend that the normal effective date for retirement be July 1.

C. Funding pre-1982 Service Years

That the Past Service Rate for years of pre-1982 service for 2011 will be \$620, which represents a 2% increase.

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

That the following resolution be adopted by the Indiana Conference:

Resolution Relating to Rental/Housing Allowances for Retired or Disabled Pastors of this Conference

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

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

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

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

NOW THEREFORE BE IT RESOLVED:

1. An amount equal to 100% of the pension payments received during the year of 2011 be and is hereby designated as a rental/housing allowance for each retired and disabled ordained or licensed minister of the United Methodist Church who is or was a member of the Indiana Annual Conference at the time of his or her retirement or disability,
2. This rental/housing allowance shall apply to each retired and disabled ordained or licensed minister who has been granted the retired relation or placed on disability leave by the Indiana Annual Conference, and whose name and relationship to the conference is recorded in the Journal of the Indiana Annual Conference and in other appropriate records maintained by the conference.
3. The pension payment to which this rental/housing allowance applies shall be the pension payment resulting from all service of such retired and disabled ordained or licensed pastor from all employment by any local church, Annual Conference, or institution of The United Methodist Church or any former denomination that is now a part of The United Methodist Church, or from any other employer who employed the pastor to perform services related to the ministry and who elected to make

contributions to the pension funds of The United Methodist Church for such retired ministers pension.

NOTE:

The rental/housing allowance which may be excluded from a pastor's gross income is limited to the lesser of (1) the amount of the rental/housing allowance designated by the minister's employer or other appropriate body, (2) the amount actually expended by the minister to provide his or her housing, or (3) the legally-determined fair rental value of the parsonage or other housing provided. As specified in Rev. Rul. 71-290, C.B. 92, "the only amount that will qualify for exclusion under section 107(2) of the Code as a 'rental allowance' is an amount equal to the fair rental value of the home, including furnishings and appurtenances such as a garage, plus the cost of utilities."

D. Comprehensive Protection Plan (CPP)

In 2011, the death benefit payable to all active clergy on CPP will be \$50,000. The disability benefit from CPP is 70% of Plan Compensation up to a maximum of 200% of the Denomination Average Compensation, less Social Security benefits. Minimum incapacity benefit will be \$40,000. The cost for the benefit will be 3% of Plan Compensation, limited to 200% of DAC, for all participants.

- 1) That the 2011 costs of the Comprehensive Protection Plan of eligible pastors be collected from the churches by direct debit (ACH) to the churches' bank account on the 25th of each month. The respective amount will be paid directly to the General Board of Pension by the annual conference on the last business day of the month.
- 2) That the Plan Compensation in 2011 for funding of the Comprehensive Protection Plan be the Plan Compensation of the Participant limited to 200% of the Denominational Average Compensation (DAC).
- 3) That the Comprehensive Protection Plan (CPP) coverage and special categories of pastors without a compensation-paying unit be:
 - a) Maternity/Paternity Leave: Funding for CPP coverage to be continued by the compensation paying unit responsible prior to being placed on leave, based on Plan Compensation then existing.
 - b) In situations where clergy members are serving less than full-time or below 60% of the Denominational Average Compensation or Conference Average Compensation, the compensation-paying unit shall fund these clergy members for coverage under the Comprehensive Protection Plan at 3.4% of the denominational Average Compensation.
 - c) Clergy members appointed to Leave of Absence for any reason may continue in the Comprehensive Protection Plan as long as they make monthly reimbursement to the Indiana Conference for the billed charges.
 - d) Clergy members appointed to Renewal Leave shall continue to participate in the Comprehensive Protection Plan with payments made by church.
 - e) Clergy members appointed to Sabbatical Leave may continue in the Comprehensive Protection Plan as long as they make monthly reimbursement to the Indiana Conference for the billed charges.

E. UNUM LIFE PLAN (Replaces the Basic Protection Plan (BPP))

- 1) That the Indiana Conference will enroll all full-time or three-quarter time clergy serving an annual conference appointment, including Full Member Elders, Associate Members, Probationary Member Elders, Full Time Local Pastors, Special Appointments serving as annual conference employees will be enrolled in the UNUM \$25,000 Life Plan or a similar plan offering the same benefit. Those retired directly from any of the above statuses must have participated in the Plan for at least 5 of the last 10 years immediately prior to being eligible as a Retired Participant. The Life amount for Retirees will be \$7,000. Only participants who are enrolled in CPP are qualified for this benefit.
This does not include Special Appointment to non-conference or area agencies, Honorable Location, Appointment Beyond the Church, Student Pastors, or Leave of Absence, or persons retiring under PP359.2a (20 year rule).
- 2) That future Refund Credits accruing from experience within the former Death Benefit Plans of the General Board be applied, as they are available, to underwrite the annual cost of this plan. The current balance in the Death Benefit account at the General Board of Pension and Health Benefits is \$296,888 and is sufficient to fund this benefit under current cost methods.

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, 2011 - December 31, 2011.
- 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, section 125 plans or other 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 have the following cost for their clergy: 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 this 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 35 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 policies 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 (35 hrs)	Eligible	Same as Conf Clergy
Conference Agency	Part	Not Eligible	
District Asst.	Full (35 hrs)	Eligible	Same as Conf Clergy
District Asst.	Part	Not Eligible	
Churches	Full (35 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)

The under-65 surviving spouse and dependents of a conference responsible clergy person or lay employees are eligible for continued coverage in the Health Plan, if they were enrolled in the plan at the time of the clergy person's/lay employee's death.

The premium for Surviving Spouse/Dependents is determined each year by the Board and a subsidy of \$250 per month will be credited against the premium prior to any collection.

For Surviving Spouse/Dependents, there will be a grace period of 12 months following the death of the clergy or conference lay employee, during which the conference will pay the full cost of the premium. The under 65-surviving spouse is required to sign up for direct deposit/ACH of their premium payment, once the initial 12 months has passed.

For Surviving Spouses over the age of 65, an amount of \$250 will be credited towards the premium charged by the Conference-sponsored, Medicare Supplement Plan (see below).

Premium credits are only granted for persons who remain on the Conference sponsored plans. Grants are not paid directly to Surviving Spouses for self purchase of health insurance.

Retired Clergy/Conference Lay Employee and Surviving Spouse Medicare Supplement.

Beginning January 1, 2010, the Indiana Conference began sponsoring a Medicare Supplement Plan for its Over 65 Retirees/Spouses and Surviving Spouses.

Retired clergy, spouses and surviving spouses over the age of 65 may **enroll in one of two plans** being offered by the Indiana Conference as follows:

Plan 1 – The cost for this plan for 2010 is \$434 per month and this plan includes a richer pharmacy benefit with Medco. The yearly costs for the plan are determined by the Plan Manager, NEBCO/AMWINS.

Plan 2 – a lesser plan with less pharmacy benefits, but one that still exceeds what conference retirees could purchase on their own. The cost of this plan for 2010 is \$313 per month.

The Annual Conference will assist with funding plan costs by providing a premium subsidy based upon years of service. The subsidy is set at \$5-per-service-year per-month, with a maximum of 30 years or \$150 for each retiree and spouse. A subsidy of \$250 per month will be provided for each surviving spouse.

Service years counted towards the subsidy may be in any UMC appointment with pension credit, however, the 5 years immediately preceding retirement must be in the Indiana Conferences with pension credit and the participant must be enrolled during that 5 years in the Conference health plan. All such funds will be in the form of credit towards the monthly premium of one of two plans being offered by the Conference, and will be paid directly to the vendor. Subsidy grants will not be paid directly to Retirees or Surviving Spouses for self purchase of health insurance.

Retirees, spouses and Surviving Spouses under the age of 65 may remain on the active health plan and must pay to the Conference via ACH their health premium as determined by the Board.

G. Adoption Benefit

- 1) Eligibility for the benefit
 - A. At least one adoptive parent is in the Health Plan of the Conference. Only expenses incurred while a covered participant under the Conference Health Plan are eligible for payment under this benefit.
- 2) Source of Funding
 - B. The source of funding will be the Conference Health Insurance Fund.
- 3) Benefit
 - C. Up to \$5,000 per child, \$10,000 per family over a 5 year period, towards actual, unreimbursed expenses related to adoption, including agency fees, attorney fees, court costs, and travel for prospective parents for out-of-state or international adoptions. This amount should be reviewed every two years for adjusting for inflation. Payment will be made once the adoption is final, as evidenced by a court document and/or birth certificate, upon submission of receipts to the conference director of administration.
 - D. Adoption expenses must be submitted within 12 months of finalization.

H. Other Benefits

Accidental Death and Dismemberment and Basic Life Insurance

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

Optional Term Life Insurance and Dependent Life Insurance

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

Section 125 Cafeteria Plan

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

Appendix Eligibility – 2010

<u>CLERGY STATUS</u>	<u>TIME</u>	PENSION <u>CRSP</u>	PENSION <u>CPP</u>	PENSION <u>BPP</u>	HEALTH <u>INS (FT)</u>	MOVING <u>WITHIN</u>	MOVING <u>INTO</u>
<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	OFF OF-TO APPT
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	OFF OF-TO APPT
FE/PE/AM	H LOC	NO	NO	NO	NO	NO	OFF OF-TO APPT
<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 and Conference Health Insurance unless health insurance is provided from another source. Paragraph 322.14

YES** APPLICABLE TO TRANSFERS AND 346.1

YES*** BY SPECIAL REQUEST FROM CABINET AND APPROVAL BY BOARD

1. RETIREES MUST BE ENROLLED FIVE FULL YEARS IMMEDIATELY PRECEDING RETIREMENT TO BE ELIGIBLE FOR THE HEALTH SUBSIDY AND FIVE OF LAST TEN YEARS FOR BPP BENEFIT.