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THE UNITED METHODIST CHURCH

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2016 VIRGINIA ANNUAL CONFERENCE

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Richmond Area
Southeastern Jurisdiction

POST-RETIREMENT MEDICAL BENEFIT PROGRAM (PRM)**Program Overview:**

The Virginia Conference post-retirement medical program includes a self funded health benefits plan for eligible retirees who are not yet enrolled in Medicare, and the choice between a fully insured group Medicare Advantage plan and individual market plans with Retiree Reimbursement Account funding for eligible retirees who are enrolled in Medicare.

Current funding plan information:

The funding obligation for 2017 is anticipated to be \$7,140,694, which will be funded by apportionments and participant contributions. Based on the most recent PRM valuation dated January 1, 2015, the following is the funded position of the post-retirement medical benefits:

1. Expected Post Retirement Obligation (EPBO) or net conference cost
\$143,370,033
2. Accumulated Post Retirement Obligation (APBO) or net conference cost
\$113,970,895
3. Assets designated for PRM
\$8,000,000
4. Service Cost (SC) or net conference cost
\$2,113,452

As a preview of the 2018 CBFP requirement, a new PRM Funding Contribution requirement will be mandatory for conferences requesting a full favorable CBFP opinion. This year the calculation for informational purposes only is as follows:

5. Unfunded APBO, [2. – 3.]	\$105,970,895
6. Number of Annual Payments	20
7. Portion of Unfunded APBO, [5. / 6.]	\$5,298,545
8. PRM Funding Contribution, Informational purposes only [4. + 7.]	\$7,411,997

These values are based on a 4.40% long term discount rate, a 7.0% long-term expected rate of return, and a current increase trend of 8.0% with an ultimate medical increase of 5.0%, beginning in 2024.

COMPREHENSIVE PROTECTION PLAN (CPP)**Plan Overview:**

The Comprehensive Protection Plan (CPP) provides death, long-term disability and other welfare benefits for eligible clergy of The United Methodist Church and their families. It is an Internal Revenue Code 414(e) “church plan” funded by plan sponsor insurance premiums.

Current funding plan information:

For 2017, the Virginia Conference has an expected required contribution to the Comprehensive Protection Plan of \$1,759,219, which is anticipated to be funded by direct billing to churches. The anticipated average increase in future years is expected to be approximately 2.0% per year, consistent with the expected rate of increase in overall compensation.

UNITED METHODIST PERSONAL INVESTMENT PLAN (UMPIP) FOR LAY AND CLERGY**Plan Overview:**

The United Methodist Personal Investment Plan (UMPIP) is an Internal Revenue Code section 403(b) defined contribution retirement savings plan for clergy and lay employees of The United Methodist Church and affiliated organizations. Participants may make before-tax and/or after-tax contributions through payroll deductions. Participant contributions, various optional plan sponsor contributions and investment earnings comprise the individual’s retirement account balance.

Current funding plan information:

Contributions to UMPIP are funded via contributions from participating clergy and local churches.

OTHER CONFERENCE BENEFIT OBLIGATIONS: DEFINED CONTRIBUTION (DC) TYPE

Plan Overview: The Virginia Conference currently offers a supplemental life insurance benefit for eligible clergy in the conference.

CONCLUSION

The 2017 Comprehensive Benefit Funding Plan and the above Summary document incorporates, to the best of our understanding, the Virginia Conference’s obligations and funding requirements of the benefits provided to the clergy and laity of the Virginia Conference.

Recommendation 7: 2017 Housing Allowance/Exclusion

**Resolutions Relating to Rental/Housing Allowances for Retired, Disabled,
or Former Clergypersons of the Virginia Conference**

The Virginia 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 the General Board of Pension and Health Benefits (“GBOPHB”), during the period January 1, 2017 through December 31, 2017 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 the GBOPHB and from a commercial annuity company that provides an annuity arising from benefits accrued under a GBOPHB 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, retired, terminated, or 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.

Robert G. Sanford, Jr., Chair

COMMON TABLE FOR CHURCH VITALITY

In 2008, the Virginia Annual Conference approved a strategic direction identified as All Things New: Fruitful and Multiplying – The Virginia Conference with the identified goal of changing the culture of the Virginia Conference to fruitfulness and multiplication. This desired goal was undergirded by a focus on leadership development as expressed in beginning 250 new faith communities in 30 years and increasing the vitality of existing congregations. For the past eight years, the Common Table for Church Vitality has been guided by All Things New as it has fulfilled its chartered purpose “to coordinate and prioritize the ministries and resources of the Virginia Conference.” As the Virginia Conference prepares to enter its ninth year under the same strategic direction, it is good to be reminded of what has happened since the approval of All Things New.

- 1) Thirty-seven new faith communities have begun. Included in this total are 19 Anglo faith communities and 18 faith communities from other demographic backgrounds. While some of these new faith communities have begun through the initiative of the annual conference, the majority are the result of existing congregations living into the strategic direction of fruitfulness and multiplication by accepting the vision of launching new faith communities. It is good to note that two of the new faith communities begun since 2008 (The Vine, Spirit and Faith) have now launched new faith communities as part of their ministry.
- 2) Conference ministries have focused on leadership development as a foundational objective. Since the approval of All Things New some of the new ministries that have begun in the area of leadership development are:
 - The 5 Talent Academy that is livestreamed semi-annually across the conference with an average participation of 450+.
 - How to Reach New People workshops that have been conducted in all 16 districts and have included over 300 congregations. Many of these congregations have chosen to be part of a year-long process that includes coaching.
 - Large, mid-size, and small church ministry training groups.
 - Just-in-Time Training for pastors who are being appointed to large, midsize, and small membership congregations.
 - Church Leadership Institute for both laity and clergy in helping congregations to live into ministry in a new day.
 - Clergy Leadership Initiative for identified clergy who are early in their ministry.
 - Continuing implementation of Discipleship Circles seeking to engage laity and clergy together in the practice of spiritual disciplines and growth of congregational vitality.
 - Bishop’s Convocation on Prayer
 - Launching in 2016 of accelerator ministry model for ministries receiving conference grants that are beyond their current resources. The purpose of the accelerator is to provide assistance in strategic development and ongoing ministry support.