



## Technical Team Notes – Joint Distributing Committee Nebraska-Kansas Episcopal Area Transition Team

### **Points where we are similar:**

- All 3 conferences are overfunded in the Pre-82 Pension Plan<sup>(1)</sup> – 106% to 125% (at the last final valuation as of 1/1/09)
- Conference Average Compensation<sup>(2)</sup> Increases (1982 through 2011) – 3.91% to 4.45%
- Conference Average Compensation<sup>(2)</sup> relatively close - \$56,203 to \$57,366 (2.1% difference vs. 70% difference across the denomination exclusive of Puerto Rico, Oklahoma Indian Missionary, and Rio Grande Conferences)
- Billing method for pension, welfare and health active plans (all direct billed, not apportioned)
- Ministerial Pension Plan<sup>(3)</sup> contribution all at 12% of plan compensation capped at Denominational Average Compensation (account balances will therefore be similar in retirement)
- Clergy Retirement Security Program<sup>(4)</sup> billing method similar (all bill a percentage of plan compensation)
- Active health insurance rates funded for clergyperson - \$1103/month to \$1179/month (6.9% difference)
- All conferences use blended rate for active health plan which is charged to each local church

### **Points where we are different that General Conference 2012 will be addressing (General Conference legislation being offered to allow merged conferences to separately maintain their own past service rates and contingent annuitant percentages):**

- Past Service Rates<sup>(5)</sup> for Pre-82 Plan<sup>(1)</sup> - \$571 to \$661 (15.8% difference vs. 205% difference across the denomination exclusive of Puerto Rico, Oklahoma Indian Missionary, and Rio Grande Conferences)
- Contingent Annuitant Percentage (Surviving Spouse percentage)<sup>(6)</sup>: Two Conferences are at 75%, one is at 100%

### **Points where we have reconciliation work to be done:**

- Future past service rate<sup>(5)</sup> and contingent annuitant percentages (surviving spouse percentage)<sup>(6)</sup>
- Clergy Retirement Security Program<sup>(4)</sup> funding method – how much to fund by billing churches versus how much Pre-82 Plan<sup>(1)</sup> overfunding to use
- Health Insurance Carrier for active and retiree group plans
- Clergy's participation in paying premiums for active health plan (percentage of compensation or percentage of premium – currently two conferences assess a small percentage of compensation and one conference assesses a percentage of the premium regardless of compensation)
- Type of retiree health plan (two conferences offer medical only plans – one conference offers a plan with prescription coverage)
- Funding for retiree health plans – only one conference offers funding and carries future liability as well as assets designated for retiree health benefits

- Past service rate<sup>(5)</sup> in relation to Conference Average Compensation<sup>(2)</sup> – one conference has a very high ratio of past service rate<sup>(5)</sup> to conference average compensation<sup>(2)</sup> in order to compensate for the fact that they do not provide retiree health funding
- Equitable Compensation (Minimum Salary)<sup>(7)</sup> - Wide spread of minimum salary levels as follows:

\$26,250 - \$34,244 – Full Time Local Pastors

\$31,334 - \$41,634 – Probationary and Associate Members

\$32,598 - \$41,634 – Full Members

Notes:

- (1) Pre-82 Pension Plan – The United Methodist pension plan paying benefits to eligible clergy with years of service prior to 1982.
- (2) Conference Average Compensation – the average plan compensation of all full-time clergy in a given Annual Conference.
- (3) Ministerial Pension Plan – The United Methodist pension plan paying benefits to eligible clergy who had contributions paid into the plan between 1/1/82 – 12/31/06.
- (4) Clergy Retirement Security Program – The United Methodist pension plan currently in effect with a Defined Benefit and Defined Contribution component.
- (5) Past Service Rate – The dollar amount set by each conference payable for each year of Approved Service in the Pre-82 Plan.
- (6) Contingent Annuitant Percentage (surviving spouse percentage): The percentage of pension plan benefits paid to the spouse of a clergy person if the clergy person pre-deceases the spouse.
- (7) The conference with the lower equitable compensation salaries does not include utilities paid by the church in the calculation of compensation used to determine eligibility for equitable compensation. The conference with the higher salaries does include utilities paid by the church in their calculation for eligibility.



**Technical Team Notes—Asset Allocation Committee**  
 Kansas-Nebraska Episcopal Area Transition Team  
 Per Our Video Conference, April 25, 2011

**Points where we are similar:**

- All three conferences have conference office buildings, a total of 17 District parsonages, six camps and two Episcopal residences.
- All three conferences are solvent, in good financial condition, and have very little debt.
- All have a variety of institutional relationships based on our histories and missional priorities.
- Our bookkeeping and accounting procedures are similar, so comparing apples to apples will be possible.
- All three conferences provide logistical support for the District Superintendents and our Episcopal leaders.

**Points where we have reconciliation work to be done:**

- The three conferences are each adequately insured, but differ in how they administer property, liability, and workers compensation insurance for local churches.
- One conference allows churches to opt out of participating in the conference's mandatory property insurance, if the local church meets certain criteria.
- There are differences in how conference budgets are built.
- The three conferences have different apportionment formulas (note that all three conferences cap apportionments for the local church at 10% from the previous year):

**Current apportionment formulas:**

KS East    10% X Local Church Operating Income  
 KS West    10% X Local Church Expenses (less benevolent giving)  
 NE         50% based on number of Professing Members, 50% based on Local Church  
               Operating Expenses (less capital expenses) X Conference Budget

Thus, the conference budget of KS East is income-based, while KS West and NE budgets are expenses-based; NE also factors in the number of Professing members.

<b>2010 Apportionments &amp; Total Local Church Expenses</b>	<b>Kansas East</b>	<b>Kansas West</b>	<b>Nebraska</b>
Total Amount Apportioned	\$5,512,813	\$4,970,641	\$7,228,421
Percent paid on apportionments	78.3%	82.3%	86.8%
Grand Total Paid (Total Local Church Expenses)	\$62,253,478	\$59,174,298	\$59,395,407
Apportionments as % of Grand Total Paid	8.86%	8.40%	12.17%