

# Great Plains Annual Conference

## 2017 Comprehensive Benefit Funding Plan Summary

### **INTRODUCTION**

The 2012 *Book of Discipline* ¶ 1506.6 requires that each annual conference develop, adopt and implement a formal comprehensive funding plan for funding all of its benefit obligations. The funding plan shall be submitted annually to the General Board of Pension and Health benefits for review and be approved annually by the annual conference, following the receipt and inclusion of a favorable written opinion from the General Board of Pension and Health Benefits (GBPHB). This document is only a summary of the information contained in the actual signed funding plan and does not contain all the information required for a comprehensive view of the conference's benefit obligations. You may request the full contents of the 2017 comprehensive benefit funding plan from your conference benefit office.

### **CLERGY RETIREMENT SECURITY PROGRAM (CRSP)**

#### **Defined Benefit (DB) and Defined Contribution (DC)**

#### **Program overview:**

The Clergy Retirement Security Program (CRSP) is an Internal Revenue Code section 403(b) retirement program providing lifetime income and account flexibility designed for those who serve as clergy of The United Methodist Church. The program is designed to provide participants with one portion of their overall retirement benefits. CRSP replaced the Ministerial Pension Plan (MPP) effective January 1, 2007, which had previously replaced the Pre-82 Plan for service rendered prior to January 1, 1982. CRSP consists of both a defined benefit (DB) plan, which provides a monthly benefit at retirement based upon years of credited service to The United Methodist Church, and a defined contribution (DC) plan, which provides a retirement account balance established and funded by the annual conferences.

#### **Current funding plan information:**

The Clergy Retirement Security Program (CRSP-DB) annuities total liability as of January 1, 2015 is \$1.271 billion, while total plan assets are \$1.407 billion, resulting in a current plan funded ratio of 111%. The Great Plains Conference portion of the liability is 3.1759% with a 2017 contribution of \$3,354,498. The conference anticipates that the amount will be funded by Surplus Redirection from Own Pre82 - representing year over year in how contributions are to be funded. Additionally, General Conference 2012 approved a change to CRSP that provides each annual conference the discretion to determine whether to cover three-quarter and/or half-time clergy. The Great Plains Conference has elected to cover clergy serving 50%+ under CRSP effective January 1, 2017.

Effective January 1, 2014 the CRSP-DC plan was reduced from a 3% to a 2% of plan compensation non-matching contribution. Clergy have the opportunity to earn up to an additional 1% CRSP-DC contribution by contributing at least 1% of their plan compensation to UMPIP; therefore, if a participant contributes at least 1% of plan compensation to UMPIP, the individual will receive a contribution of 3%, which is unchanged from 2013. The 2017 CRSP-DC contribution is anticipated to be \$1,134,000 and will be funded by Direct Billed – representing year over year in how contributions are to be funded.

# Great Plains Annual Conference

## 2017 Comprehensive Benefit Funding Plan Summary

### MINISTERIAL PENSION PLAN (MPP)

#### **Plan overview:**

Supplement Three to the Clergy Retirement Security Program (CRSP), also known as the Ministerial Pension Plan (MPP), provides clergy with a pension benefit for their years of ministry with The United Methodist Church from 1982 through 2006. MPP is an Internal Revenue Code section 403(b) retirement plan. Effective January 1, 2014, exactly 65% of the account balance must be annuitized when the funds are to be distributed. The remainder may be rolled over to UMPIP, into an IRA or another qualified plan, or it may be paid out as a lump sum.

#### **Current funding plan information:**

The Ministerial Pension Plan (MPP) annuities' total liability as of January 1, 2015 is \$3.122 billion, while total plan assets are \$3.509 billion, resulting in a current plan funded ratio of 112% and no required contribution for 2017. The Great Plains Conference's portion of the total liability is 3.0064%. Future MPP annuitants have a total account balance of \$4.145 billion and the Great Plains Conference's portion of that balance is \$106,040,698 or 2.56% of the total.

### PRE-1982 PLAN

#### **Plan overview:**

Supplement One to the Clergy Retirement Security Program (CRSP), also known as the Pre-1982 Plan, provides clergy with a pension benefit for their years of ministry with The United Methodist Church prior to 1982. The Pre-1982 Plan was replaced by MPP effective January 1, 1982. If a clergy person retires within the Conference (and does not terminate), the minimum benefit payable is based on two factors: 1) years of service with pension credit and 2) the Conference pension rate. Years of service with pension credit are approved by each Conference on the recommendation of the Conference Board of Pensions (CBOP) in accordance with plan provisions and *The Book of Discipline*. The pension rate, also called the Past Service Rate (PSR), is the dollar amount chosen by the Conference as the amount payable for each approved year of service with pension credit. The pension rate may change from year to year. The number of years of service with pension credit is multiplied by the pension rate, and the product is the minimum annual benefit payable to those clergy eligible for Pre-1982 Plan benefits. In certain situations, the benefit received from the Pre-1982 plan may vary based on the applicability of what is referred to as Defined Benefit Service Money (DBSM), which is the defined contribution feature of the Pre-1982 Plan. At the time that a participant retires, the DBSM account is converted to a life based benefit and, at that point, the clergy's benefit is the greater of the PSR or DBSM benefit. If the conference increases the PSR, the clergy's benefit is recalculated; but the DBSM based benefit does not change.

#### **Current funding plan information:**

The 2017 PSR recommended to the Great Plains Conference will be \$759.00, representing a 2.02% increase from the 2016 rate. The conference expects future increases to be approximately 2.00%, which is based on the following rationale: Approx. 2.0% or COLA.

The contingent annuitant percentage is recommended to remain at the 85%/100% level.

# Great Plains Annual Conference

## 2017 Comprehensive Benefit Funding Plan Summary

Based on the final actuarial valuations from the General Board of Pension and Health Benefits as of January 1, 2015 for 2017, the portion of the Pre-1982 liability and assets attributable to the Great Plains Conference and its related funded status are as follows:

Funding Plan Liability	\$(90,429,081)
Assets, including In-Plan and Outside	<u>121,743,220</u>
Funded Status	\$31,314,139
Funded Ratio	134.63%

### **ACTIVE HEALTH BENEFIT PROGRAM**

#### **Program Overview:**

The Great Plains Conference offers the following active health benefit to its active eligible participants: Self Funded-Non HealthFlex.

#### **Current funding plan information:**

The total cost of the program for 2017 is anticipated to be \$992,059 and will be funded by premiums that are Budgeted - Direct Bill (staff pays portion) & Mission Share to the local churches. It is anticipated that increases for future years will average 6.0% based on the following rationale: Expected health insurance trend increase - also due to experience ratio.

- ***Claims Incurred But Not Reported***

The Great Plains Conference provides a Self Funded-Non HealthFlex to its eligible participants. As of 12/31/2017, the estimated IBNR claims total is \$99,206. It is anticipated that increases for future years will average 5.00%, based on the following rationale: Projected increase is there for unexpected need/usage of coverage. It is anticipated that the IBNR claims, if applicable, will be funded via the following: Budgeted.

- ***Additional Conference Sponsored Coverage***

The Great Plains Conference has elected to provide health benefits coverage to the following groups during periods where, without conference funded premiums; the participants would not be provided coverage or benefits (all figures as of 12/31/2015):

Category	Number of Participants	Estimated Cost
1. Clergy and/or lay participants on disability	17	\$241,944

The total estimated cost of conference sponsored coverage as of 12/31/2015 is \$241,944.

### **POST-RETIREMENT MEDICAL BENEFIT PROGRAM (PRM)**

#### **Program Overview:**

The Great Plains Conference post-retirement medical program currently offers a Stipend for those who were members of the Nebraska conference prior to 2014.

#### **Current funding plan information:**

# Great Plains Annual Conference

## 2017 Comprehensive Benefit Funding Plan Summary

The conference's expectation for 2017 is to offer the following benefits: One Exchange.

The funding obligation for 2017 is anticipated to be \$660,979 with the following funding sources: Account assets. On a longer term basis, the conference intends to ensure funding by: Secure Promise Funds.

Based on the most recent PRM valuation dated 03/01/2016, the following is the funded position of the post-retirement medical benefits:

1. Expected Post Retirement Obligation (EPBO) or net conference cost	\$7,728,057
2. Accumulated Post Retirement Obligation (APBO) or net conference cost	\$7,704,472
3. Assets designated for PRM	\$7,352,789
4. Service Cost (SC) or net conference cost	\$14,972

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. Funded Status, [3. – 2.]	\$(351,683)
6. Number of Annual Payments	20
7. Portion of Funded Status Payable [5. / 6., but zero if 5. is positive]	\$17,584
8. PRM Funding Contribution, Informational purposes only [4. + 7.]	\$32,556

These values are based on a 3.60% long term discount rate, a 6.0% long-term expected rate of return on assets, and a current medical trend rate of 0% with an ultimate medical trend rate of 0%.

### **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. Generally, clergy are eligible to participate in CPP if the conference or salary-paying unit sponsors the plan and they are able to satisfy the eligibility requirements which include full-time appointment with plan compensation equal to or greater than 60% of the Denominational Average Compensation (DAC) or the Conference Average Compensation (CAC), whichever is less.

#### **Current funding plan information:**

For 2017, the Great Plains Conference has an expected required contribution to the Comprehensive Protection Plan of \$1,328,800, which is anticipated to be funded by: Direct Bill. The anticipated average increase in future years is expected to be 2.00% per year as a result of: Based on COLA.

# Great Plains Annual Conference

## 2017 Comprehensive Benefit Funding Plan Summary

### 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, Roth 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:**

Conference office lay employees working an average of twenty (20) hours per week or more are eligible after Three (3) months for a plan sponsor funded pension contribution of 6.00% of salary. Lay employees are required to contribute 3.00% through payroll deductions to the UMPIP. The estimated contribution for the Great Plains Conference is anticipated to be \$123,300 and will be funded via Budget/Mission Shares.

The Great Plains Conference, as of January 1, 2017 is planning on sponsoring the UMPIP for clergy serving quarter-time and are eligible for a pension contribution of 12.00% of salary. The estimated contribution for the Conference is anticipated to be \$21,970 and will be funded via Direct Bill.

### OTHER CONFERENCE BENEFIT OBLIGATIONS: DEFINED CONTRIBUTION (DC) TYPE

**Plan Overview:** The Great Plains Conference currently offers the following DC benefit(s): Virgin Pulse Health Miles. The funding obligation for 2017 is anticipated to be \$33,356 with the funding sources to be: Health Insurance Fund/Mission Shares. The anticipated average increase in future years is expected to be 2% per year due to: Costs are based on participation.

**Plan Overview:** The Great Plains Conference currently offers the following DC benefit(s): Moving Expenses. The funding obligation for 2017 is anticipated to be \$480,000 with the funding sources to be: Mission Shares. The anticipated average increase in future years is expected to be 0% per year due to: The amount did not increase - this is a budgeted line item.

**Plan Overview:** The Great Plains Conference currently offers the following DC benefit(s): Lockton Consultant Fee. The funding obligation for 2017 is anticipated to be \$30,000 with the funding sources to be: Direct Bill if needed - also use reserves from Health Insurance Account. The anticipated average increase in future years is expected to be 0% per year due to: Reviewed yr to yr - billing is based on usage.

**Plan Overview:** The Great Plains Conference currently offers the following DC benefit(s): Death & Disability for Lay Staff. The funding obligation for 2017 is anticipated to be \$18,317 with the funding sources to be: Budgeted - Mission Shares. The anticipated average increase in future years is expected to be 0% per year due to: Based on COLA and new hires.

# Great Plains Annual Conference

## 2017 Comprehensive Benefit Funding Plan Summary

### **CONCLUSION**

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