

**Board of Pension and Health Benefits**

Kelly Williams, Chair

Kelly Williams was appointed chair and Janet Classen, secretary.

The Board consists of seven laity, one retired clergy member and three active clergy members. Ex-officio members include the Conference Treasurer, Gary Beach, the Conference Benefits Officer, Carol Fusaro, and Cabinet Rep. Rev. Dan Flanagan.

The Board along with CFA has an Investment Committee for the purpose of advising the Board regarding the investment of discretionary funds.

It remains the desire of the Board to continue using the resources of the General Board’s Investment Arm (Wespath) for the investment of our discretionary funds until such time the Investment Committee deems it necessary to move the funds.

**Health Insurance/Health Insurance Allowance**

October 20, 2014 the annual conference voted to end the clergy health insurance plan and replace it with a health insurance allowance.

**Resolution 9: Reinstating Group Health Insurance (Passed at Annual Conference 2015)**

In order to evaluate whether it was feasible to offer health insurance to clergy members the Board asked our broker, Lockton, to use the past renewal rates and current medical trend to provide a reasonable expectation of what rates would like.

Lockton has provided what they are calling “*extremely illustrative*” monthly rates. They came up with these by looking at the previous renewal rates, and medical trend. These are not firm rates, and would require an underwriter’s approval which would require at least an updated census, if not more.

ILLUSTRATIVE Monthly Rates – Clergy & Laity	2017 Rate
<b>PPO</b>	
EE	\$1,087.01
ES	\$2,282.78
EC	\$2,065.33
EF	\$3,261.08
<b>HDHP</b>	
EE	\$1,050.74
ES	\$2,206.54
EC	\$1,996.39
EF	\$3,152.15

Chart Key:

- EE Employee
- ES Employee/Spouse
- EC Employee/Children
- EF Employee/Family

The Board does not believe it is fiscally wise for the clergy serving the local churches or the local churches or the Great Plains Annual Conference to return to group health insurance for the clergy members.

**Resolution 10: Local Church Health Care Allowance**

To assist the Board with determining if the health care allowance currently being used (\$14,232) was adequate to meet the needs of the clergy members while maintaining a reasonable amount to be met by the local churches three things were done.

1. The Board sent out a survey in order to get feed-back from clergy members on how well that amount was working for them and their family.
2. The Board asked Lockton to secure the average rate in each district. They looked at families meeting the following characteristics by zip code:
  - o Family of 4
  - o Husband and wife ages 55
  - o Children under 19
  - o Average income \$80,000 (to get over the subsidy threshold)
  - o Silver PPO Plans

The results are as follows:

Silver PPO Plan Rate by Districts		
District	Zip Code	Ave. Monthly Rate
Blue River	68504	\$870
Dodge City	67801	\$924
Elkhorn Valley	68701	\$1,083
Five Rivers	66047	\$945
Flint Hills	66502	\$920
Gateway	68845	\$1,083
Great West	69153	\$824
Hays	67601	\$943
Hutchinson	67501	\$913
KC	66213	\$833
Missouri River	68131	\$1,003
Parsons	67357	\$901
Prairie Rivers	68802	\$1,083
Salina	67401	\$913
Topeka	66604	\$920
Wichita	67207	\$913



NE DOI SAMPLING OF FINAL APPROVED CHANGES TO INDIVIDUAL PLAN RATES FOR THE FEDERALLY FACILITATED MARKETPLACE FOR PLAN YEAR 2016.

Final Approved Rates for 2016

Coverage Option
1. 30-year-old single female in Omaha on a silver plan
2. Family coverage in Omaha for 2 adults aged 35 & 2 children on a silver plan
3. Family coverage in Lincoln with 2 adults aged 45 and 2 children on a gold plan
4. Coverage in Omaha with 2 adults aged 60 on a gold plan
5. 26-year-old single male in Lincoln on a silver plan
6. Coverage in Lincoln for 2 adults aged 64 & 62 on a platinum plan
7. 22-year-old male tobacco user in Scottsbluff on a catastrophic plan
8. Family coverage in Hastings for a 50-year-old single non-tobacco user w/3 children on a silver plan
9. 30-year-old non-tobacco user female in Norfolk on a silver plan
10. 26-year-old single female in Lincoln on a silver plan
11. 30-year-old single male in Lincoln on a silver plan
12. 64-year-old single female in Lincoln on a silver plan
13. 30-year-old single female in Hastings non-tobacco user on a silver plan
14. 30-year-old single female in Hastings tobacco user on a silver plan
15. Family coverage in Hastings 50-year-old non-tobacco user female, 3 children, silver plan

BCBS NE

2015 Monthly Premium	2016 Monthly Premium	% Change 2015 to 2016
\$280.74	\$314.45	12.01%
\$918.64	\$1,028.96	12.01%
\$1,577.94	\$1,782.10	12.94%
\$1,867.38	\$2,094.72	12.17%
\$288.35	\$334.25	15.92%
N/A	N/A	NA
\$147.62	\$166.79	12.99%
\$1,039.35	\$1,204.82	15.92%
\$319.61	\$370.49	15.92%
\$288.35	\$334.25	15.92%
\$319.61	\$370.49	15.92%
\$844.77	\$979.26	15.92%
\$319.61	\$370.49	15.92%
\$319.61	\$370.49	15.92%
\$1,039.35	\$1,204.82	15.92%

Coventry CHC-NE

2015 Monthly Premium	2016 Monthly Premium	% Change 2015 to 2016
\$234.39	\$279.91	19.42%
\$767.00	\$915.94	19.42%
\$1,150.00	\$1,514.28	31.68%
\$1,334.02	\$1,752.88	31.40%
\$240.12	\$287.53	19.74%
N/A	N/A	NA
N/A	N/A	NA
\$870.89	\$999.55	14.77%
\$267.80	\$307.37	14.78%
\$240.12	\$287.53	19.74%
\$266.15	\$318.69	19.74%
\$703.24	\$842.08	19.74%
\$267.80	\$307.37	14.78%
\$294.70	\$338.11	14.73%
\$870.89	\$999.55	14.77%

14.80%

21.89%

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UnitedHealthcare of the Midlands

2015 Monthly Premium	2016 Monthly Premium	% Change 2015 to 2016
NA	\$277.65	NA
NA	\$908.54	NA
NA	\$1,319.94	NA
NA	\$1,574.82	NA
NA	\$274.08	NA
NA	N/A	NA
NA	N/A	NA
NA	\$868.46	NA
NA	\$267.05	NA
NA	\$274.08	NA
NA	\$303.79	NA
NA	\$802.97	NA
NA	\$267.05	NA
NA	\$280.41	NA
NA	\$868.46	NA

Medica

2015 Monthly Premium	2016 Monthly Premium	% Change 2015 to 2016
NA	\$334.61	NA
NA	\$1,094.90	NA
NA	\$1,349.62	NA
NA	\$1,873.16	NA
NA	\$283.94	NA
NA	N/A	NA
NA	\$202.35	NA
NA	\$1,062.15	NA
NA	\$326.62	NA
NA	\$283.94	NA
NA	\$314.72	NA
NA	\$831.86	NA
NA	\$326.62	NA
NA	\$356.02	NA
NA	\$1,062.15	NA

NA

NA

- The Board received from the State of Nebraska details of 2016 rates on healthcare.gov. (the above chart)

After reviewing the results of the survey and taking into account the average rate in each district, the Board recommends a \$15,000 health care allowance for 2017. For years after 2017, the Board will research annually the actual cost of a silver PPO plan for all the pieces of geography in the Great Plains Conference. The Board will compare each year's rate to the prior year's rate for the same plan and the same geography and that will guide the Board in determining any rate for the health care allowance for the ensuing year.

#### **Incapacity Leave Health Care Allowance**

Clergy members receiving paid incapacity leave benefits through CPP and that were eligible for health insurance coverage at the time of their application have been receiving a health care allowance of \$14,232 annually.

Realizing that the sustainability of this funding level was not possible the Board reviewed what 23 other conferences were doing to support their members on incapacity leave.

Effective January 1, 2017 those currently receiving a health care allowance and those newly eligible for CPP Incapacity Leave Benefits will receive the following:

- \$300 per month.
- \$300 per month for the spouse and dependents until the age of 26 for 3 years.

#### **Retiree Health Insurance**

The Conference partners with One Exchange through the General Board of Pension and Health Benefits, for Retiree Health Insurance. One Exchange is an exchange that will assist each retiree in selecting the private Medicare plan that best meets their medical needs and budget.

Nebraska Retirees retiring through 2019 are eligible for a health reimbursement account (HRA) providing they use One Exchange in securing their coverage. The coverage must continue through One Exchange in order for the HRA to be available.

The Council on Finance and Administration (CF&A) voted to pay off an unfunded liability of approximately \$1.4 million for the Nebraska retiree health reimbursement subsidy using conference reserves. This move means Nebraska churches are no longer paying an extra Mission Share to support the benefit beginning in 2016.

An annual Retiree Health Valuation is required by the General Board of Pension and Health Benefits. The valuation completed by Willis Towers Watson indicates that there will be adequate funding to meet the needs of this subsidy.

#### **Life Insurance**

We continue to offer affordable voluntary life insurance. This benefit is available to clergy members and conference lay staff members who works at least 30 hours per week. The benefit can be portable when employees terminate.

#### **Vision and Dental**

We continue to offer affordable vision and dental insurance. This benefit is available to clergy members and conference lay staff members who work at least 30 hours per week. These benefits are optional coverage's and the costs are to be paid by the participant on a pre-tax basis.

**Critical Illness and Accident:** Two new optional coverages were made available for clergy members serving three-quarter time or more, along with family members and conference lay staff and family members.

**Virgin Pulse Health Miles:** This program is available to active clergy members serving three-quarter time or more and spouse and retired clergy and spouse, along with conference lay staff and spouse. The participant can earn actual dollars by completing their activity goals.

#### **Retirement Benefits**

The Conference has an over-funded position in the Pre-82 Pension Plan and substantial pension reserves. The Board recommends we continue to use the over-funding and reserves to reduce the overall cost of the pension benefits to the local churches. The retirement contributions in excess of those paid by local churches will be funded first from the Pre-82 fund, and then out of the pension reserves, if needed. The excess funds in the Pre-82 plan will be used as long as the funding balance is not reduced below 120%.

It is the recommendation of the Board to continue the current funding level for 2017.

**The local church funding is as follows:**

	<b>2016</b>	<b>2017</b>
CPP death and disability	3%	3%
CRSP defined contributions	3%	3%
CRSP defined benefit	2%	2%
Total	8%	8%

Those members serving 25% the local churches will fund 10% into the members UMPIP account. The 2% balance required will be funded from the Pre-82 over-funding, and then out of the pension reserves, if needed.

**Comprehensive Protection Plan (CPP)**

The General Board of Pension and Health Benefits will be submitting to General Conference proposed changes to the Comprehensive Protection Plan (CPP).

Those changes will have an effect on some clergy members. The proposed changes are as follows:

- Eligibility by Plan Sponsor election:
  - ¾ time Ordained
  - ¾ time Student and Part Time Local Pastors
  - Premium: 3% of Plan Compensation
- Eliminate special arrangements and ordained clergy and associate members serving 50% will lose coverage.
- Clergy serving 100% with a plan compensation between 25% and 60% of the DAC will gain coverage.

To assist with those that are losing coverage the General Board is offering benefits through UMLife Options.

If the new changes are approved at General Conference the Board has the following recommendations:

- All three-quarter time ordained pastors, all three-quarter time student local pastors and all three-quarter time local pastors be covered by the CPP.
- Ordained clergy members serving one-half time will receive benefits through UMLife Options with the actual cost being paid by the local church.

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**Other Board Activities**

**Farmer Fund Emergency Grants/Crouse Fund Grants:** The Board received seven Farmer Fund emergency grant requests. These were approved for funding.

The Board maintains written guidelines for emergency grants.

Crouse Fund Grants: The Cabinet approved four Crouse Fund Grants.

The Cabinet established criteria for Crouse Fund Grants as follows:

1. Cabinet would spend no more than five percent of principal and interest per year.
2. Fund would be used only for medical expenses after insurance.
3. District Superintendent will determine need.
4. Amount available for disbursement will be based on January 1 principal and interest of current year.
5. Maximum amount the cabinet may use per individual cannot exceed \$3000.00, unless the cabinet makes a separate motion and approves it.
6. The pastor making the request must have at least a minimum of a silver plan health insurance policy.
7. Anyone serving a church may request funds, including DSA's and part-time pastors.

**Short-term Disability:** Short-term disability funding is available to assist member churches in the event a full-time or part-time (1/2 time or more) clergy or District Superintendent Assignment (DSA) is unable to perform the duties of their appointment due to a documented medical disability when the period of the clergy or DSA's absence exceeds 30 days but is anticipated to be less than 180 days.

Five short-term disability grants were funded through-out the year.

The Board maintains written guidelines for short-term disability funding.

**Use of Reserves:** The Board of Pensions has \$13.5 million of reserves for pension benefits (BOP Pensions \$9.6 million, KWC Endowment corpus \$2.2 million, and KWC Endowment Earnings \$1.7 million).

The Mission Alignment team requests the Board of Pensions continue to draw 5% of pension-designated reserves to help pay for Conference Staff benefits. The retirement contribution for Conference Staff is about \$1.1 million. Currently 5% of the \$13.5 million reserve is about \$675,000, of which \$200,000 must be restricted for pensions. The Board established a 5% fund spending of the pension reserves to be utilized to offset Conference Staff benefit costs, with health insurance benefits coming from the share of unrestricted funds.

**Past Service Rate (PSR):** The PSR shall be increased from the 2016 rate of \$744.00 for each past service year to \$759.00 for each past service year, beginning January 1, 2017. (The past service rate is a defined benefit based upon years of service through December 31, 1981.)

**Contingent Annuitant Percentage (CAP):** The CAP for the surviving spouses shall remain the same for 2017. Former Nebraska and Kansas East conferences have the rate of 85%, and the rate for the former Kansas West conference is at 100%. The former Nebraska and Kansas East conferences rates will be reviewed each year with the possibility of moving the rate to 100% sometime in the future.

**Special Pension Grants:** Special pension grants have been provided for the following:

- **Esther R. Miller**, surviving spouse of Alfred Miller. The grant is for 12.5 years of service credit at the surviving spouse contingent annuitant for the former Kansas West Conference (100%).
- **Lance Lingard**, dependent son of Richard H. Lingard, clergyperson of the former Nebraska Conference (25% of pension rate times years of service of the father).
- **Kathy Kirkus**, dependent daughter of Eldo Kirkus, clergyperson of the former Nebraska Conference (25% of pension rate times years of service of father).

**Funding percentage:** A minimum funding level of 120% is to be maintained to protect the Pre-82 commitment. Any increases to the annuity Past Service Rate (PSR) shall be funded immediately in the year in which the increase occurs.

**Lockton Consultant Services:** The Board continues a contractual relationship with Lockton. As our broker we are provided updates/reporting requirements in regards to Affordable Care Act (ACA) and Lockton conducts the bidding processes on all of the benefits made available to conference members and staff.

#### **2017 Comprehensive Funding Plan**

The Board is required to submit a comprehensive funding plan each year to the General Board. A summary of the plan is included in the items for action.

#### **ITEMS FOR ACTION, PETITIONS AND RESOLUTIONS**

The following are the recommendations of the Board of Pension and Health Benefits of the Great Plains Conference of the United Methodist Church for 2017:

1. **Resolution on Rental/Housing/Household Expense Allowance, in accordance with Federal Guidelines for clergy housing, the following resolution if recommended.**

**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 Clergy persons 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 Clergy persons 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 (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 Clergy person 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 Clergy person; 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, of 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 Clergy person rendered to this Conference or that an active a retired, a terminated or a disabled Clergy person of this Conference rendered to any local church, annual conference of the Church contributions to or accrue a benefit under, such a plan, annuity, or fund for such an active, a retired, a terminated, or a disabled Clergy person'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 Clergy person'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 regulation thereunder, to the least of: (a) the amount of the rental/housing allowance designated by the Clergy person'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 Clergy person 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 clergy person or former clergy person 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.

2. **Resolution 9: Reinstating Group Health Insurance:** The Board does not recommend reinstating the group health insurance.
3. **Resolution 10: Local Church Health Care Allowance:** The Board recommends that research of the actual cost of a silver PPO plan for all the pieces of geography in the Great Plains Conference be performed each year. The Board will then compare each year's rate to the previous year's rate for the same plan and the same geography and that information will guide the Board in determining any rate for the health care allowance for the ensuing year. Since the Board cannot use the criteria stated above for 2017 due to lack of equivalent information, the Board recommends a \$15,000 health care allowance for 2017, based on clergy reporting and the average that accounts for taxes.
4. **Incapacity Leave Health Care Allowance:**  
Effective January 1, 2017 those currently receiving a health care allowance and those newly eligible for CPP Incapacity Leave Benefits will receive the following:
  - o \$300 per month.
  - o \$300 per month for the spouse and dependents until the age of 26 for 3 years.
5. **Past Service Rate (PSR):** The PSR shall be increased from the 2016 rate of \$744.00 for each past service year to \$759.00 for each past service year, beginning January 1, 2017. (The past service rate is a defined benefit based upon years of service through December 31, 1981.)
6. **Contingent Annuitant Percentage (CAP):** The CAP for the surviving spouses shall remain the same for 2016. Former Nebraska and Kansas East conferences have the rate of 85%, and the rate for the former Kansas West conference is at 100%. The former Nebraska and Kansas East conferences rates will be reviewed each year with the possibility of moving the rate to 100% sometime in the future.
7. **Comprehensive Protection Plan (CPP):** If the new changes are approved at General Conference the Board has the following recommendations:

- All three-quarter time ordained pastors, all three-quarter time student local pastors and all three-quarter time local pastors be covered by the CPP. Costs to the local church are 3% of plan compensation.
- Ordained clergy members serving one-half time will receive benefits through UMLife Options with the actual cost being paid by the local church.

8. **Special Pension Grants:** Continue to provide Special pension grants for the following:

- **Esther R. Miller**, surviving spouse of Alfred Miller. The grant is for 12.5 years of service credit at the surviving spouse contingent annuitant for the former Kansas West Conference (100%).
- **Lance Lingard**, dependent son of Richard H. Lingard, clergyperson of the former Nebraska Conference (25% of pension rate times years of service of the father).
- **Kathy Kirkus**, dependent daughter of Eldo Kirkus, clergyperson of the former Nebraska Conference (25% of pension rate times years of service of father).

9. **Clergy Retirement Security Program (CRSP) Funding:**

- Use the Pre-82 over-funding to fund the 2016 and 2017 CRSP-DB portion while maintaining a minimum funding level of 120%.
- While maintaining a minimum funding level of 120%, use the Pre-82 over-funding to fund the 2016 and 2017 UMPIP contributions needed (2%) to bring the amount up to the funding level of those serving 25%.
- Maintain the CRSP defined benefit (CRSP-DB) contribution funding at 2% of compensation.
- Maintain the CRSP defined contribution (CRSP-DC) funding and CPP funding at 3% of compensation for each.
- Maximum total contribution for pension and CPP at the local church level will be 8% for 2017 with the understanding that it may be increased in future years.
- Spousal benefit at 85% for (former) Nebraska and Kansas East and 100% for (former) Kansas West.
- Continue PSR increases at or near the level of the average (annual basis) clergy COL.

10. **Use of Reserves:** Establish a 5% fund spending of the pension reserves to be utilized to offset Conference Staff benefit costs, with health insurance benefits coming from the share of unrestricted funds.

11. **2017 Comprehensive Funding Plan Summary**