Section 5

Pensions and Health Benefits

The Joint Distribution Team recommends the policies and procedures in this document to the Great Plains United Methodist Conference (GPUMC) Board of Pensions and Health Benefits.

Philosophy

The United Methodist Church acknowledges that pensions are "Deferred Compensation" earned at the same time and in the same manner as salary. Of the total compensation package, the purpose of a pension is to help provide retirement with dignity in an often unpredictable future.

Definitions

Base salary is cash salary before any deductions are made.

Plan Compensation refers to base salary plus housing per the General Board of Pensions and Health Benefits. If a housing allowance is provided, this means base salary plus housing allowance. If a parsonage is provided instead of a housing allowance, Plan Compensation is 125% of base salary.

Conference Average Compensation (CAC) is computed annually by the General Board of Pensions and Health Benefits and is the average Plan Compensation of all clergy in the conference.

Denominational Average Compensation (DAC) is the average Plan Compensation across all Conferences in the United States and is computed annually by the General Board.

Pension Funding Plan

Clergy Retirement Security Program

The General Board of Pensions and Health Benefits determines the pension plan for eligible clergy for the GPUMC, subject to changes at any General Conference.

The current pension plan is the Clergy Retirement Security Program (CRSP). CRSP consists of both a defined benefit (DB) plan, which provides a monthly benefit at retirement based upon years of credited service to the Church, and a defined contribution (DC) plan, which provides a retirement account balance established and funded by annual conferences.

Beginning January 1, 2014, DB benefits are reduced from the current CRSP, and a portion of the DC contribution becomes a matching contribution based on participant contributions to the United Methodist Personal Investment Plan (UMPIP). The current CRSP benefit formula will remain effective for all service prior to Jan. 1, 2014.

Beginning January 1, 2014, the Church will contribute 2% of compensation to the CRSP DC account of the participant. In addition, the Church will match participant contributions to the UMPIP—up to 1% of compensation —and deposit those matching funds into participant CRSP DC accounts. Therefore, if a participant contributes at least 1% of compensation to UMPIP, the contributions to his/her CRSP DC account will be 3% as under the current CRSP.

2014 Contributions to the Clergy Retirement Security Program (CRSP) shall be made by the local church or to a conference-responsible extension ministry to the GPUMC Treasurer as follows:

1. The Defined Benefit (CRSP-DB) component will be billed at the **rate of 9.2% of Plan Compensation.** (Note: There could be a slight variation in this rate.)

2. The Defined Contribution (CRSP-DC) component of the program will be billed to the local church or to a conference-responsible extension ministry at the **rate of 3% of Plan Compensation**. Clergy may choose to invest the Defined Contribution portion of CRSP from among any or within all of the General Board's funds: the Domestic Stock Fund, the International Stock Fund, the Stable Value Fund, the Inflation Protection Fund, the Multiple Asset Fund, the Balanced Social Values Plus Fund or Domestic Bond Fund.

   Clergy will receive a contribution equal to 2% of Plan Compensation into their CRSP-DC account. In addition, clergy who make contributions to UMPIP will receive a match of their contribution, up to a maximum of an additional 1% of Plan Compensation. That will mean a maximum contribution to the CRSP-DC account of 3%.

   Excess funds collected, if any, will be held at the General Board for future pension needs in the deposit account.

3. Clergy under appointment full time, three-quarter time, or half-time to a local church, charge, conference or entity for which the GPUMC has pension responsibility (including Deacons, Local Pastors, and clergy appointed to Medical Leave who are approved for CPP benefits) are required to participate in the Clergy Retirement Security Program (CRSP). Clergy under appointment less-than-full-time shall receive CRSP-Defined Benefit (CRSP-DB) pension credit in one-quarter increments (half-time or three-quarter time) and their salary paying unit will be billed proportionately for the CRSP-DB portion, and billed for the CRSP-Defined Contribution portion at 3% of the defined Plan Compensation. Clergy contribution to UMPIP is required to receive the full 3% of compensation into their CRSP-DC account. (See above). Participation by Clergy of Other Denominations is optional. Local churches are responsible for contributions required by the clergy's denominational pension program when applicable.

   For Clergy appointed quarter-time, the GPUMC will sponsor UMPIP and contribute 12% of Plan Compensation for the clergyperson and bill the local church or conference-responsible extension ministry for the same.

   Clergy appointed less than one-quarter time are encouraged to contribute to UMPIP. No other pension benefits would apply.

4. Clergy under appointment to attend school, leave of absence, sabbatical leave, family leave, and clergy retired-and-rehired under ¶358.6 of *The Book of Discipline of The United Methodist Church-2012* are not eligible to participate in the Clergy Retirement Security Program (CRSP). However, clergy who are retired-and-rehired may make personal contributions to their UMPIP accounts.

5. Continuing current practice, CRSP Benefit contributions will be provided for clergy appointed to medical leave (and not yet receiving CPP disability benefits) for a maximum of 90 days while the

application for CPP benefits is being processed. The 90-day period begins the day of the appointment to incapacity or medical leave, not the day the application is filed.

6. When a clergy person is denied or discontinued from receiving CPP disability benefits, the conference shall not be liable for any pension or health insurance contributions following date of denial.

Plan Sponsor

The GPUMC is the plan sponsor for local pastors and full members under episcopal appointment to a local church or to a conference-responsible extension ministry. Plan sponsorship includes Deacons in Full Connection appointed to a salaried position at a local church or a conference-responsible extension ministry.

Contribution Base

The contribution base shall be a clergy's Plan Compensation, which is salary plus housing as defined above.

Remittance

The GPUMC Administrative Services will bill the local church or conference-responsible extension ministry for the appropriate contribution and the payment shall be remitted to the GPUMC Administrative Services office within 60 days of billing. Otherwise, the local church or conference-responsible extension ministry will be considered to be in arrears.

Waivers of Participation

To discourage situations where a clergyperson may feel pressure to waive his/her pension rights, the GPUMC has a policy that prospectively denies approval of requests for waiver of participation in the clergy pension plan. The policy may be reconsidered at the will of the full GPUMC Annual Conference session.

Treatment of Parsonage Value

General Conference 2008 referred to the General Board of Pension and Health Benefits (General Board) a petition requiring that the General Board provide interpretive direction for the consistent handling of compensation base for clergy couples residing in United Methodist-provided housing. The policy below follows the recommendations of the General Board.

This policy covers clergy couples:

1. serving the same church and residing in the same parsonage;
2. serving separate churches, each providing parsonages, but with the couple electing to reside in the same parsonage; and
3. serving separate churches and sharing a parsonage provided by one church with no parsonage or housing provided by the other.

Contributions to the defined contribution (DC) portion of the Clergy Retirement Security Program (CRSP) are based on *Plan Compensation,* defined as 415 compensation (generally cash compensation plus any before-tax benefit plan contributions or salary deferrals) plus any housing allowance, which includes any utilities or furniture allowance, plus the value of any parsonage provided. When a parsonage is provided, CRSP requires that it be valued at 25% of Compensation.

For a clergy couple serving the same church and living in the same parsonage, the Plan Compensation for each clergyperson will include a parsonage value equal to 25% of Base Salary.

For a clergy couple serving separate churches, each providing parsonages, but with the couple electing to reside in the same parsonage, each clergyperson's Plan Compensation includes a parsonage value equal to 25% of his or her base salary. This rule also applies to clergy not part of clergy couples. Regardless of whether a clergyperson actually lives in the parsonage, if a parsonage is provided (offered) to the clergyperson, Plan Compensation includes a parsonage value equal to 25% of Base Salary.

In the case of a clergy couple serving separate churches and sharing a parsonage provided by one church with no parsonage or housing provided by the other, only the clergyperson whose church provides a parsonage will have a parsonage value equal to 25% of base salary to compute Plan Compensation. The Plan Compensation of the clergyperson who is not provided a parsonage or housing by his or her church will not include the value of the parsonage in which he or she resides.

Parsonage values will not be included in Plan Compensation for clergy:

1. who have been provided a housing allowance in lieu of living in a parsonage, or
2. whose compensation is increased to account for the fact that they will not benefit from living in a parsonage.

For cases not specifically addressed the compensation should be calculated and reported for all like situations within the GPUMC.

United Methodist Personal Investment Plan (UMPIP)

The United Methodist Personal Investment Plan (UMPIP) is the plan for personal contributions effective January 1, 2006.

1. We strongly urge that every pastor participate in the UMPIP and contribute up to the maximum limit allowed by IRS regulations.
2. In accordance with the provisions of *The Book of Discipline of The United Methodist Church-2012*, the Great Plains United Methodist Conference (GPUMC) does hereby authorize and direct the local church/charge treasurer, or the treasurer of any other agency or organization, to withhold UMPIP **c**ontributions from the salary paid to a UMPIP participant and upon receipt of proper statements, to remit to the General Board of Pension and Health Benefits, within 30 days of billing, the amount withheld. These contributions may be made either on a "before-tax" (up to the limits designated by the IRS) or "after-tax" basis, but in either case, must be made by the salary paying unit. A Before Tax and After Tax Agreement should be filled out and submitted to the GPUMC Administrative Services office and a copy kept on file at the church as well. Link to this form is www.gbophb.org/thewell/root/UMPIP/3255.pdf.

UMPIP is also the United Methodist Pension Plan available to lay employees of United Methodist churches and related agencies. *The Book of Discipline of The United Methodist Church-2012*, ¶ 258.2g12 states that local church Staff Parish Relations Committees shall recommend to the church council a "100 percent vested pension benefit of at least three percent of compensation for lay employees of the local church who work at least 1,040 hours per year." The GPUMC recommends, at a minimum, that the local church adopt the UMPIP plan for its lay employees so that they may make tax deferred personal contributions to a pension plan to ensure a more secure future.

Pre-82 Pension Benefits

The Great Plains United Methodist Conference (GPUMC) Board of Pensions and Health Benefits will annually review the Past Service Rate for the Pre-82 Pension Benefit.

Pre-82 Pension Rate

The Past Service Rate (PSR) for 2014 shall be $715 per year of service for all retired clergy of the three former conferences that create the Great Plains United Methodist Conference. This equals 1.197% of the 2014 Conference Average Compensation of $59,754.

Annuity Rate for Married Participants

For 2014, the Pre-82 annuity for married participants shall be a life annuity with 75% to the surviving spouses (Contingent Annuitant) of the former Nebraska and Kansas East Conferences, and 100% to the surviving spouses of the former Kansas West Conference. This is to be reviewed annually by the GPUMC Board of Pensions and Health Benefits.

Special Pension Grant

It is recommended to continue the special pension grant 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) payable to the co-guardians, Mrs. Carissa Shirley and Mrs. Holly Brandt.
- **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 shall be funded immediately in the year in which the increase occurs.

2014 Comprehensive Benefit Funding Plan Template

The Great Plains United Methodist Conference (GPUMC) has the following benefit obligations:

Clergy Retirement Security Program (CRSP) Defined Benefit (DB) and Defined Contribution (DC)

The total liability for CRSP DB annuities as of 1/1/2012 is $737 million, the total plan assets are $744 million, and the current funded ratio for the plan is 101%.

The Great Plains Conference's portion of the total liability is 3.16%, and the conference has elected to include 50%+ for FTE eligibility for 2014. As a result, the required contribution due as of 12/31/14 is $3,327,963. It is anticipated that the amount will be funded from Future Incoming Money totaling $3,327,963. The total account and/or future incoming money covers the required contribution.

The contribution for 2012 CRSP DC is anticipated to be $1,085,980 and will be funded by Direct Bill.

It is anticipated that increases for future years will be 3.00% (anticipated increase %). This increase is anticipated because the rate of increase is based on the increase in the CAC and that the average raise rate is not greater than 3.0%.

Additional Comments around payment of CRSP-DC: None

Ministerial Pension Plan (MPP)

The total liability for MPP annuities as of 1/1/2012 is $2.538 billion, the total plan assets are $2.639 billion, and the current funded ratio for the plan is 104%. The conference's % of the total liability is 2.90%. There is no required contribution for 2014.

Future MPP annuitants have a total account balance of $4.324 billion as of 1/1/2012. The conference’s portion of this account balance at 1/1/12 is $118.273 million or 2.74% of the total.

Supplement One to the Clergy Retirement Security Program (Pre-82)

For 2013, the PSR is $599 in Kansas East, $700 in Kansas West, and $604 in Nebraska. For 2014, the conference is increasing its PSR to $715. On average, the conference expects future increases to be approximately 3%. The rationale for our expectation is: cost of living in the Great Plains area is running approximately 3.0%. Key assumptions: 7.0% discount rate, using the RP2000 mortality table with an AA generational projection.

The conferences do not intend to increase the contingent annuitant percentage from 75% for people from the former and Nebraska and Kansas East Conferences. The contingent annuitant percentage remains at 100% for people from the former Kansas West Conference.

- Funding Plan Liability as of 1/1/2012 ($93,797,604)
- Plan Assets as of 1/1/2012 $115,592,847

The current funded status is $21,795,243 with a 123% funded ratio.

Conference does not intend to redirect Pre82 surplus. The three conferences redirected $4,332,203 on 12/31/2012. The conference is fully funded in the Pre 1982 pension plan for this funding plan.

Sources of Future Incoming Money:

Amount of New Money	Number of Years to be Paid	Present Value of New Money
$0	8	$0
$0	1	$0
$0	0	$0

Non-Plan Account Information:

Current Value	Other Liabilities Against this Account	Value Available for Pre-82
$0	$0	$0
$0	$0	$0
$0	$0	$0

The Total Balance is positive; all liabilities have been accounted for.

Post-Retirement Medical Benefit Program (Nebraska retirees only)

The Post Retiree Medical Plan currently offered and anticipated for 2014 can be described as: Stipend

A more detailed description of this plan is through Extend Health.

Strategic plan for funding obligation is as follows:

- Secure the Promise and Health Rate Stabilization Funds from Nebraska will be used and extra assessment will be billed to Nebraska churches.

The conference intends to retain the plan on an ongoing basis. The following is based on the most recent actuarial valuation, prepared by Towers Watson

Total value of assets assigned to the PRM program as of June 30, 2013 is: $5,302,543.57

The most recent PRM valuation showed the following liabilities:

Accumulated Post Retirement Obligation (APBO) (net conference cost)	$0
Expected Post Retirement Obligation (EPBO) (net conference cost)	$0
Service Cost (SC) (net conference cost)	$0

Active Health Benefit Program

The Great Plains conference offers the following active health program to its participants: Insurance.

During the calendar year 2012, the total cost for the active health program was $10,417,500. The active health program was funded from Direct Bill. Future increases are expected in the range of 6.20%.

Rationale for anticipated increases to this obligation: Trend is 6 - 12% increases and the proposed amount came in with that approx. increase.

Additional comments concerning this obligation: None

Comprehensive Protection Plan

Currently (for 2012), the Great Plains Conference has an annual required contribution to the Comprehensive Protection Plan of $1,041,448.

The anticipated increase in obligation for future years will be approximately 3.0% per year. This expected increase is due to: Rate of increase is based on the increase in the CAC and that average raises are not greater than 3.0%.

It is anticipated the unfunded obligation will be funded as follows: Direct Bill.

Additional Comments concerning this obligation: None

Other Conference Benefit Obligations to Clergy and Staff

The GPUMC has the following other benefit obligations:

Section A. United Methodist Personal Investment Plan

Currently (for 2012), the Great Plains Conference has an annual estimated contribution to the United Methodist Personal Investment Plan of $18,353.

The anticipated increase in obligation for future years will be approximately 3.0% per year. This expected increase is due to: It would not increase more than 3% which is historic average raises.

This will be funded by: Direct Bill

Additional Comments concerning this obligation: None

Section B. Other Benefit Obligations

The Great Plains Conference has a benefit obligation that can be described as Virgin Health Miles.

For this obligation the annual estimated contribution is $76,032. This obligation is funded: Direct bill for the actives and reserves for the retirees. Future years will be evaluated.

Additional Comments concerning this obligation: None

Section C. Other Benefit Obligations

The Great Plains Conference has a benefit obligation that can be described as Moving Expenses.

For this obligation the annual estimated contribution is $385,000. This obligation is funded through Apportionments.

Additional Comments concerning this obligation: None

Section D. Other Benefit Obligations

The Great Plains Conference has a benefit obligation that can be described as Lockton Consultant Fee.

For this obligation the annual estimated contribution is $80,000. This obligation is funded: Direct Bill on a year to year basis.

Additional Comments concerning this obligation: None

Section E. Other Benefit Obligations

The Great Plains Conference has a benefit obligation that can be described as Death & Disability for Lay Staff.

For this obligation the annual estimated contribution is $40,244.

This obligation is funded: Budgeted - apportionments.

The anticipated increase in obligation for future years will be approximately 2.0% per year. This expected increase is due to: Expected salary increases

This funding plan incorporates, to the best of our understanding, the conference's obligations and funding of the following benefits provided to clergy and laity. Signatures included below are: Conference Benefit Officer (or equivalent), Conference Treasurer (if separate) and the Conference Board of Pension

Chair, and others as appropriate.

X CRSP DB	Active Health
CRSP DC	CPP
X MPP Annuities	UMPIP
MPP Future Annuities	Other Obligations Section B
Pre-1982	Other Obligations Section C
Post-Retirement Medical	Other Obligations Section D
	Other Obligations Section E

Comprehensive Protection Plan (CPP)

The Comprehensive Protection Plan (CPP) is the mandatory long-term disability and death benefit plan for eligible clergy. The plan provides a death benefit for eligible active and retired clergy and a disability benefit for active clergy who meet the General Board of Pensions and Health Benefits' definition of disability. The plan also includes a death benefit for spouses of active and retired clergy and for minor dependent children of active or retired clergy.

Disability Benefit

The disability benefit offered through CPP is designed with the expectation that clergy are participating in Social Security and are entitled to that program's disability benefits. Benefit is reduced dollar-for-dollar by any disability benefits that could have been received if the participant were a participant in Social Security. Clergy who have chosen not to participate in the Social Security program made a conscious choice and have signed a document that conscientiously objects to receiving any public insurance in the event of death, disability, old age or retirement. The United Methodist Church has encouraged all clergy to participate in Social Security and have planned their pension plans and the disability program with the understanding that clergy who do not participate are making other adequate plans for themselves.

Eligibility

A. A full-time probationary or associate clergy member (including deacon) of The United Methodist Church or another Methodist denomination, or a local pastor who is:
   1. Under full-time episcopal appointment, and
   2. Receiving Plan Compensation equal to at least:
      a. 60% of the CAC, or
      b. 60% of the DAC, whichever is less

B. A Clergyperson of another denomination who is:
   1. Under full-time episcopal appointment to The United Methodist Church,
   2. Not participating in a similar program sponsored by the other denomination, and
   3. Is receiving Plan Compensation equal to at least:
      a. 60% of the CAC, or
      b. 60% of the DAC, whichever is less

C. Certified Lay Ministers (CLM), District Superintendent Assignments (DSA), and part-time and Student

Local Pastors are not eligible.

Plan Sponsor

The Great Plains United Methodist Conference (GPUMC) is the plan sponsor for local pastors and full members under episcopal appointment to a local church or to a conference-responsible extension ministry. Plan sponsorship includes Deacons in Full Connection appointed to a salaried position at a local church or a conference-responsible extension ministry. Clergy members who are in extension ministries that are not conference-responsible may be sponsored for CPP by their salary paying unit. The General Board of Pension and Health Benefits of The United Methodist Church determines the Contribution Base and Church Contribution Rate for CPP.

Contribution Base

The Contribution Base, determined by the General Board of Pensions and Health Benefits, shall be a clergy's Plan Compensation (salary plus housing) not to exceed 200% of the Denominational Average Compensation (DAC).

Church Contribution Rate

The current contribution rate is 3.0% of the Contribution Base.

Appointed ¾ and ½ Time

Churches where Full Members, Probationary Members, or Associate Members are appointed less-than-full-time will be billed at the full CPP rate of 3.4% of DAC. There are no benefits for those on Involuntary Leave and Incapacity Leave (not approved for CPP).

Optional Special Arrangement Participation

Full Members, Probationary Members, or Associate Members appointed to sabbatical leave, personal, transitional or family leave may continue coverage for one year. Full Members, Probationary Members, or Associate Members appointed to attend school may continue coverage for two years. The participant is responsible for payment of the premium of 4.4% of the Denominational Average Compensation.

Remittance

The GPUMC Administrative Services office will bill the clergy's salary-paying unit for the appropriate CPP contribution and the salary-paying unit shall remit such payment to the GPUMC Administrative Services office within 60 days of billing or be considered in arrears.

Plan Design Changes to Long-Term Disability Benefit beginning January 1, 2014

A. Limit on Mental Nervous Benefit: to encourage able clergy to return to productive work, Long Term Disability benefits for "treatable" and "returnable" mental nervous disorders (as defined by the American Psychiatric Association) will be limited to 24 months.

B. Enhanced Return-to-Work Program: 4 changes encourage able clergy to return to productive work:

   1. Financial incentives (grants) to annual conferences to help disabled clergy find part-time, non-appointed positions, if they have their physician's consent to work. CPP will reimburse the

GPUMC for the clergyperson's salary up to the lesser of: 50% of pre-disability compensation or 40% of the DAC.

2. Enhanced tools and resources that conferences can use to help individuals transition back to work in the Church or outside the Connection.
3. Disincentive (10% reduction in benefits) for eligible clergy who do not participate in the return-to-work process and are otherwise eligible to return to work with a release from their doctor.
4. After the first 24 months of disability, changes to other-income offset provisions so disabled clergy can retain $0.50 for each $1 earned, up to 100% of their pre-disability compensation.

Short-Term Disability Policy

The purpose of this policy is 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.***

Disability in this context is defined as being under a doctor's care and unable to perform one or more essential duties for more than ***30 days*** as certified by a physician.

When a disability within the above definition occurs, the Staff/Pastor-Parish Relations Committee of the local church should submit a request for GPUMC assistance to the Conference Benefits Officer for their area for approval by the GPUMC Board of Pension and Health Benefits, in consultation with the cabinet. The request should provide a description of the situation and appropriate documentation that must include a physician's certification that the clergy person's condition meets the parameters of this policy.

During the period of a pastor's disability covered by this policy ***(30 to 180 days)***, the local church will continue to provide full compensation to the appointed or assigned individual. In addition, the church is responsible, in consultation with the district superintendent, for providing for interim pastoral services.

If the member church elects to obtain interim clergy services for clergy disability past 30 days, the GPUMC Board of Pension and Health Benefits will reimburse the local church for the cost of the interim clergy up to an amount **equal to one half** of the total of the last approved clergy or DSA's compensation package of the disabled clergy person (which includes salary, housing, pension and health).

When a clergyperson is expected to be unable to perform the duties of their job due to illness or injury for a period longer than 180 days, the General Conference provides long-term disability benefits through CPP. In that event, the Bishop and District Superintendent will be in conversation with the local church regarding future pastoral leadership.

In order to obtain reimbursement for interim clergy services approved under this policy, the local church must provide copies of invoices paid for interim clergy services to the Conference Benefits Officer.

Health Insurance

Health insurance coverage for the Great Plains United Methodist Conference (GPUMC) will be provided by Cigna Insurance Company beginning January 1, 2014. Each local church or conference-responsible extension ministry will be billed a uniform, blended premium for each appointment within a charge, church or conference-responsible extension ministry. Open enrollment will occur in the fall of 2013.

Church Responsibility

The health insurance premium is mandatory for all churches with either full-time or three-quarter time appointments, regardless of the participation of the clergyperson in the insurance plan. Churches with three-quarter time appointments will pay the full blended premium.

Please Note: *The blended rate for 2014 is still to be finalized. It will be determined in early August 2013.*

Clergy Share

For 2014, the clergy portion of the health insurance premium will be 3.5% of the base salary. All clergy who are on the active plan will pay this clergy share. Base salary is the total cash salary, before any deductions are made. The clergy portion of the health insurance premium must be included in gross salary on the compensation form and is to be paid by the pastor as a pre-tax deduction. This is not to be paid by the local church, but is a deduction from the clergy salary.

Clergy Couple Special Consideration

In 2014, clergy couples will be billed the clergy share of 3.5% of the higher salary, and 1.75% of the lower salary for the clergy contribution to the health insurance premium.

Health Savings Account (HSA) Incentive for High Deductible Health Plan (HDHP)

To encourage enrollment in the High Deductible Health Plan (HDHP) in 2014, participants in the HDHP will receive an incentive equal to one-half of the annual deductible of the HDHP as a contribution to the participants HSA. For 2014, the HSA contribution will be $1,000 for an employee-only plan (single coverage) and $2,000 HSA contribution for all other categories of coverage.

In January of 2014, $400 will be immediately available for a single participant, and $1,400 would be available for all other categories of coverage. This front-load contribution will come from the health insurance reserves brought into the GPUMC. The remaining $600 of the HSA contribution will be factored into the blended rate billed to the churches.

Wellness Benefit

In 2014, the participant premium of the health insurance will be waived for one month if the individual completes an annual health exam. A form will need to be signed by the participant's doctor and returned to the Administrative Services office. If the clergy person is married and the spouse is covered by the GPUMC health insurance, both the clergy and the spouse must have an annual exam for the waiver of the clergy share. Administration of this benefit is yet to be determined. This wellness benefit also applies to lay employees of the GPUMC.

Vision Coverage

A vision insurance plan through Superior Vision will be available as a voluntary plan for active clergy and lay employees of the GPUMC. The cost for this insurance is to be paid by the participant on a pre-tax basis. At least 10 participants must elect this coverage in order for it to be offered.

Dental Coverage

A dental insurance plan will be offered through Delta Dental. This is a voluntary plan for active clergy and lay employees of the GPUMC. This plan requires that 50% of those eligible elect to participate in this coverage for it to be offered. The cost for this insurance is to be paid by the participant on a pre-tax basis.

Wellness Initiatives

For 2014, Virgin Health Miles, a walking program through the General Board of Pensions and Health Benefits, will be offered to active clergy, retired clergy, and lay employees of the GPUMC.

This is an optional program for participants. The cost of this program to the GPUMC will be built into the blended rate charged to the churches. The cost for retired participants will come from the health insurance reserves. This program will be revisited by the new GPUMC Board of Pensions and Health Benefits in 2014 for continuation in future years.

Health Insurance for Lay Employees of Local Churches

The GPUMC health insurance plan may be offered to lay employees of a local church and employees of United Methodist institutions and entities. However, any individuals covered do not qualify for any GPUMC incentives and they will be billed the actual cost of the insurance premium.

Clergy of Other Denominations

Clergy of other denominations who are appointed to a GPUMC church or extension ministry will be given a one-time opportunity to enroll in the GPUMC health insurance plan at the time the appointment is made. If they decline coverage, they must sign a waiver of coverage, which will be kept in the Administrative Services office. If enrolled, churches and extension ministry settings with a three-quarter or full-time appointment would pay the full blended rate and the clergy would pay the clergy share of 3.5% of base salary.

Medicare Secondary Payer/Small Employer Exception

If a local church or a conference-responsible extension ministry qualifies for the Small Employer Exemption, and the clergy person or lay employee is eligible for Medicare and still under active appointment, the individual will be required to move to Medicare, including Medicare part B. The church would still be billed the full blended rate, but the clergy person would not be required to pay the clergy share of 3.5% of base salary as the clergy would be paying for Medicare and Medicare Part B.

If dependents of the clergy person or lay employee are less than 65 years of age, they will remain on active single coverage. No contribution by the clergy person would be required.

Under this rule, Medicare will be the primary payer of the claims submitted for clergy and lay employees (and their eligible spouses) who are age 65 or older.

Retired Clergy under Full-time Appointment

A Medicare-eligible retired clergy person serving in a three-quarter or full-time capacity would stay on the medical plan they selected as a retiree. The local church will be billed the full blended rate. The clergy person would not pay the 3.5% clergy share cost of the insurance premium. However, if a retired clergy person is on the active plan, they will pay the 3.5% of base salary clergy share.

Retiree Health Insurance

The GPUMC will partner with Extend Health, through the General Board of Pensions and Health Benefits, for Retiree Health Insurance. Extend Health is an exchange that will help each retiree select the private Medicare plan that best meets their medical needs and budget. A Benefits Advisor will work directly with a retiree to make the plan selection. Educational events will be scheduled late summer and early fall to help the retirees of the three conferences understand the services offered and the enrollment process.

Nebraska Retiree Health Insurance Subsidy

Nebraska lay and clergy members of the GPUMC will continue to make decisions regarding any financial help given for health insurance to people who retire from the Nebraska Annual Conference in the following way. The amount asked for retiree health care, to be billed to Nebraska churches for 2014, will be set at the Nebraska Annual Conference session in 2013. During the GPUMC Annual Conference regular sessions in 2014, 2015 and 2016, there will be time set aside for clergy serving churches in Nebraska and lay members from Nebraska churches to vote on the policies governing the retiree health care benefit. They will determine the retiree health care bill that is then sent to Nebraska churches in 2015, 2016 and 2017. It is recommended by the Nebraska Conference Board of Pensions and Health Benefits that this practice continues through the GPUMC Annual Conference sessions of 2022.

In the GPUMC Annual Conference there will be a committee that oversees the assets and money raised. It will be composed of five people who reside in Nebraska as follows: 3 lay people, one active clergy, and one retired clergy. Of the five, one will be a member (lay or clergy) of the GPUMC Board of Pensions, and one (lay or clergy) will be a member of the GPUMC Council on Finance and Administration. None of the laity or clergy, other than the retired clergy, on this committee may have an immediate family member who is affected by their decisions.

The Nebraska Conference Board of Pensions and Health Benefits is recommending the following for Retiree Health Care Subsidy after December 31, 2013: clergy and lay employees of the GPUMC, who are members of the Nebraska Annual Conference on December 31, 2013, and retire by December 31, 2019, are eligible for GPUMC subsidy of Medicare Supplement Insurance as long as the funds last. They must have reached the age of 65 and Medicare eligibility, and have had at least five (5) years of continuous participation in the GPUMC health insurance plan immediately prior to retirement. Those who opted out of the HealthFlex Medicare Companion plan prior to December 31, 2013, are not eligible for the subsidy.

Eligibility and Amount of Subsidy

The recommendation of the Nebraska Conference Board of Pensions and Health Benefits for 2014 is as follows:

1. For the clergy and GPUMC lay employees, and their surviving spouses, who retired prior to 1988 (who have had 90% of the cost of the Medicare Companion Plan paid), the annual subsidy for Extend Health will be $4,000 for the clergy person or lay employee, or surviving spouse, and $2,000 for their spouse.

2. For those who retired 1988-1997 (who have had 80% of the cost of the Medicare Companion Plan paid), retirees and surviving spouses will receive an annual subsidy of $3,600. Spouses will receive an annual subsidy of $1,800.
3. For those who retired 1998-2003 (who have had 70% of the cost of the Medicare Companion Plan paid), retirees and surviving spouses will receive a subsidy of $3,200. Spouses will receive a subsidy of $1,600.
4. For those who retired in 2004-2013, the subsidy will be based on years of service in the denomination, with a maximum of 35 years of service. The retiree and surviving spouse will receive a subsidy equal to 2% times years of service times $4,000. Spouses will receive one-half of this amount. (For example, a clergy with 25 years of service will receive .02 x 25 x 4,000 = $2,000)
5. For those who retire in 2014-2019, the subsidy will be computed based on years of service, up to a maximum of 35 years of service, with a lesser benefit for the spouse. To be eligible, the retiree (and spouse) must have reached the age of 65 and have had at least 5 years of continuous participation in the Conference Health Insurance plan immediately prior to retirement. The percentage used is on a declining basis, until the final year of subsidy eligibility in 2019. Individuals will receive a subsidy for health care in retirement according to the following table (years of service multiplied by the percentage multiplied by the full benefit in #1 above, currently $4,000 for 2014):

Table 3: Conference Subsidy for Health Insurance

Year of Retirement	Retiree & Surviving Spouse	Spouse
2014	2.0%	0.6%
2015	1.8%	0.5%
2016	1.6%	0.4%
2017	1.2%	0.3%
2018	0.8%	0.2%
2019	0.4%	0.1%
2020+	0.0%	0.0%

Funding of the subsidy

It is the recommendation of the Nebraska Conference Board of Pensions and Health Benefits that for 2014 the Nebraska churches be assessed a Fair Share Giving amount of 1.25% of line 67, total income for church budget spending, of the 2013 Journal. This assessment would be $564,709 for 2014.

Further, the Board recommends that the Nebraska churches be assessed a Fair Share Giving amount of 1.25% of line 67 for years 2015 and 2016; 1% of line 67 for years 2017-2019; .75% of line 67 in years 2020-2022; and .5% of line 67 in 2023. After 2023, there would be no further Fair Share Giving from the Nebraska churches to fund retiree health insurance. Notification of the amount due each year will appear on the Mission Share statement that will be mailed to churches each fall.

The Board believes that there will be adequate reserves for the future to fund a health insurance subsidy for the remaining retirees, surviving spouses, and spouses for the remainder of their lifespan following the end of the church assessed in 2023. This belief is based on these assumptions and information:

- a 4% annual earnings on the Board of Pension's Funds for retiree health
- an increase in Column 67 of 1.015605% per year, based on the experience history from 2008-2012
- 100% payment of the church assessed each year
- mortality figures provided by Towers Watson for the closed group of retirees, using information from the General Board of Pensions and Health Benefits.

The amount of the subsidy will be reviewed annually and will be adjusted as needed based on the support of local churches and the change in the value of the assets for Retiree Health.

Arrearages Pertaining to Pension and Health Benefits

Health and pension benefits are part of the compensation of our appointed pastors serving a local church or conference-responsible extension ministry. Participation eligibility is determined by the General Board policies and the Great Plains United Methodist Conference-Annual Conference's adoption agreements.

When a church/charge is in arrears 61 days in the payment of its health insurance premiums, flexible spending account payments, Comprehensive Protection Plan, United Methodist Personal Investment Plan, and/or Clergy Retirement Security Program contributions for appointed clergy, the GPUMC treasurer shall notify the cabinet, local church/charge treasurer, chair of the Staff-Parish Relations Committee, chair of the Administrative Council, and the pastor. The cabinet shall take appropriate action to ensure the payment of premiums so that the pastor may receive the compensation entitled by ¶¶ 342, 620 and 625.3 of *The Book of Discipline of The United Methodist Church-2012*

Pension and Health Benefits – Miscellaneous

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

The Great Plains United Methodist 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, 2014, through December 31, 2014, 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, a retired, a terminated, or a 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.

Draw on Conference Deposit Account Balance

After consultation between the Council on Finance and Administration and the Board of Pension and Health Benefits of the Kansas West Annual Conference, the Kansas West Focus Team voted at its meeting on October 15, 2011, to establish a formula by which an amount can be drawn from the General Board of Pensions and Health Benefits deposit account for use by the conference. For 2012 and 2013, that formula used a 12-month average of the ending balance in the deposit account (from March 31 to February 28/29) and multiplied that average by 5%. That amount was available to the conference. In 2013, $816,105 of that was placed in the conference budget for support of mission and ministry. The balance of the money would be retained in the deposit account to be drawn upon by the Focus Team if and when grant applications were received and approved that meet the criterion that were decided upon at a meeting of the Focus Team on March 10, 2012. This fund will be called the Missional Opportunities Fund. In 2013, $270,957 was to be placed in this fund.

For 2014, $1,254,559 will be drawn from Kansas East and Kansas West deposit accounts to fund the general budget of the Great Plains United Methodist Conference (GPUMC). This is equal to 5% of the balance of these accounts. For subsequent years, a hybrid spending policy will be utilized consisting of 70% of an inflation-adjusted prior year budget support from the deposit accounts and 30% from a 5% spending policy on the 12 month average of the accounts. This hybrid policy (also known as the Yale University Method spending policy) is explained as:

Budget support for years subsequent to 2014 will be based on a formula that takes the previous year's spending adjusted for inflation, weighted at 70 percent; and a 5 percent payout based on the average Deposit Account value over the past 12 months, weighted at 30 percent.

Using this model, if last year's Deposit Account spending was set at $100,000, this year's spending would be equal to 70% of last year's spending, adjusted for inflation plus 30% of a 5% spending policy based on the average endowment value over the past 12 months. If inflation is 2.5% then, this year's spending would be $102,500 x 70% + 30% of 5% of the average endowment value over the past 12 months.

The complete formula is:

(70% x (last year support x 1.ir (with ir equal to the previous year's inflation rate)) +
(30% x (5% x 12 month average))

The intent is to provide stable budget support while maintaining a component sensitive to market effects on the Deposit Account without transferring market volatility into the budget.

Reserve Funds

Reserve funds are considered necessary for unforeseen circumstances, for funding emergency assistance grants, for funding Health Savings Account (HSA) contributions at the beginning of the year, and for other missional opportunities.

Each Conference will contribute toward reserve funds for the GPUMC.

Financial Assistance

Farmer Fund Grant Program

Grants are available from the General Board of Pension and Health Benefits for "distressed clergy members, surviving spouses of clergy members and dependent children of clergy members."

1. A grant will be approved only for a one-time emergency situation.
2. Application must be made by the participant and by the Annual Conference.
3. The conference must certify that a concurrent grant will be made on a $1 for $3 basis.

Norman and Opal Crounse Endowment Fund Grant Program

A portion of the annual income from this endowment is designated for emergency and hardship assistance for active and retired Nebraska clergy and their families as determined by the Bishop and Cabinet. *Nebraska clergy* is defined as a clergyperson who is currently serving a Nebraska church or a retired clergyperson who served a Nebraska church for a minimum of 10 years. After December 31, 2023, the Norman and Opal Crounse Endowment Fund Grant Program will be available for emergency and hardship assistance for all active and retired Great Plains United Methodist clergy and families as determined by the Bishop and the Cabinet. The amount available each year will be determined by the Great Plains United Methodist Conference Board of Pensions and Health Benefits.

The Endowment Fund of the Association of Retired Ministers and Spouses (ARMS) of the former Nebraska Conference of the United Methodist Church

The Association of Retired Ministers and Spouses (ARMS) is a non-profit 501c3 organization incorporated under the laws of the State of Nebraska.

The Endowment Fund of the Association of Retired Ministers and Spouses was begun by and for retired ministers and spouses in the former Nebraska Conference of The United Methodist Church in June 1987. A pastor or a surviving spouse of a pastor who has served in a Nebraska United Methodist Church may make application to the Executive Committee of ARMS for a grant for special financial assistance related to health care expenses or related needs. Requests will be granted based on the situation and the availability of funds.

Equitable Compensation Policies

The work of the Commission on Equitable Compensation is described in ¶625 of *The Book of Discipline of The United Methodist Church-2012*. In the Great Plains United Methodist Conference (GPUMC) that work has been assigned to the Personnel Committee. The work of the committee is directed by ¶¶623-625 of *The Book of Discipline of The United Methodist Church-2012*. Its purpose is to support ordained and/or pastoral ministry in the charges of the conference by:

1. Recommending conference standards for clergy support;
2. Administering funds to be used in base compensation supplementation; and
3. Providing an application and approval process for charges that are recommended by the district superintendent for base compensation supplementation.

Conference Standards for Clergy Support

1. All people appointed by the bishop to serve full-time in a church or charge shall have the right to receive no less than minimum base compensation as established below. This includes those licensed as a local pastor, commissioned as a provisional members, ordained deacons as probationary member of the conference, ordained a deacon (¶¶331.14b and 625) or elder as full members of the conference or other Methodist denomination (¶346.1), and those appointed while retaining membership in another denomination (¶346.2). (*The Book of Discipline of The United Methodist Church-2012*)
2. All people appointed by the bishop to less than full-time service under the provision of ¶338.2 of *The Book of Discipline of The United Methodist Church-2012* shall receive compensation in proportion to minimum according to the quarter increments of their service.
3. The church or charge to which a clergy person is appointed is required to provide minimum base

compensation at a new level on Jan. 1, of the year following the clergy person's completion of course of study, seminary or conference membership. A church or charge is free to move to a new level of compensation at mid-year by a vote of its charge conference.

4. In addition to minimum base compensation, each charge is to pay for actual mileage incurred in pastoral duties according to the voucher system at the standard Internal Revenue Service rate. It will also pay the church's share of insurance and pension as well as provide a parsonage which meets minimum standards or an adequate housing allowance. All office expenses will be paid by the local church including Internet. Continuing education and professional expenses are to be reimbursed to clergy in addition to base salary.
5. All people shall receive a minimum of four weeks of vacation (28 days, including 4 Sundays).
6. Pastors shall be given a minimum of 1 week (7 days, including 1 Sunday) of continuing education each conference year. Longer periods may be negotiated between the pastor and pastor/staff-parish relations committee in consultation with the district superintendent.
7. Full-time local pastors shall be given time each year to attend Course of Study. The charge will pay for the pulpit supply while the pastor is attending classes. This shall not be the pastor's vacation.
8. The minimum base compensation (salary plus utilities paid by the church or charge) for 2014 is as follows:

Full-Time Local Pastor	$34,000
Associate Member	$36,200
Provisional Member	$38,400
Full Member	$40,600

9. The above minimums are inclusive of utilities. Churches, which currently pay parsonage utilities either directly or as a separate allowance, are encouraged to include this amount in base salary.
10. Compensation for lay speakers, interns, student local pastors, part-time local pastors, and retired clergy serving a church or charge less than full-time is negotiated by the district superintendent, the pastor and the pastor-parish relations committee.
11. Compensation for members of other denominations is negotiated by the district superintendent, the pastor and the pastor-parish relations committee, taking into consideration the education and credentials of the pastor and the minimum base compensation schedule.

Equitable Compensation Fund Guidelines

The Equitable Compensation/Minimum Salary fund is to provide assistance for the pastoral support of charges that are temporarily unable to fulfill their financial obligations. This assistance is provided by the conference upon application, recommendation of the district superintendent and approval of the Personnel Committee. No charge will be eligible for funds for more than three years unless missional circumstances warrant two additional years.

1. The charge receiving equitable compensation funds is responsible for:
   a. Conducting a vigorous and conscientious stewardship effort;
   b. Supporting conference Mission Shares and Mission Agency Support in full;
   c. Using United Methodist curriculum in its Christian education program.
   d. Providing all pastoral compensation and reimbursements as required beyond base

compensation.

2. The charge's district superintendent is responsible for initiating the application for Equitable Compensation funds. The superintendent also will initiate a consultation regarding the mission and sustainability of the charge. The superintendent will update the appointive cabinet on the process as needed.
3. The Personnel Committee will establish guidelines for the application, approval and payment of equitable compensation funds in consultation with the cabinet and conference treasurer. The Administrative Services office will also keep a history of the funds provided to each local church and charge.

Section 6

Board of Ordained Ministry

We envision a Great Plains United Methodist Conference (GPUMC) Board of Ordained Ministry (BOM) that provides strong leadership in the areas of Call, Competency and Covenant. We will support congregations in identifying and nurturing leaders (a culture of Call), equip and credential excellent clergy leadership for GPUMC churches (Competency) and encourage continued development of deployed clergy while maintaining standards of excellence (Covenant).

1. Board Structure: the 2013 sessions of the Kansas East, Kansas West and Nebraska conferences, upon nomination of the bishop, will each elect 17 people to serve as their respective Board of Ordained Ministry from July 1, 2013 through December 31, 2013. Upon the creation of the GPUMC, January 1, 2014, these 51 people will constitute the BOM for the GPUMC. A slate of officers for the Great Plains BOM will be suggested by the Clergy Excellence Task Force. The officers of the Great Plains BOM will be elected by its members soon after the Uniting Conference in August of 2013. While legally remaining three separate boards for necessary business in the fall of 2013, the Great Plains BOM will, as far as possible, make decisions together and act as one Board of Ordained Ministry in preparation for 2014.
2. Membership of the board after January 1, 2014, will be as follows, at least:
   a. 1 person from each district
   b. 2 associate members or local pastors who have finished Course of Study
   c. 11 lay people
   d. 1 retired clergy person
   e. 1 clergy serving in extension ministry
   f. 2 deacons
   g. 2 people under 35 years of age
   h. 1 district superintendent

   Except as otherwise allowed, all will be full member elders or deacons.
3. BOM will organize itself with an executive committee and three teams: Call Team, Competency Team and Covenant Team. One person serving on BOM from each district will be appointed as a representative to their respective District Committee on Ordained Ministry. The Conference