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## SECTION 5: CARE AND SUPPORT OF OUR CLERGY

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All sections were approved by the indicated votes and were included in the consent calendar affirmative vote. The votes shown are those from the legislative section for each item.

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### BOARD OF PENSIONS AND HEALTH BENEFITS

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#### Health and Pension Overview 2010

#### Bill Shillady, President of the Conference Board of Pensions and Health Benefits

*Concur: 156, Non-Concur: 0, Abstain: 0; 100% concurrence, NYAC conference session: adopted*

*Christians are supposed not merely to endure change,  
nor even to profit by it, but to cause it.  
—Harry Emerson Fosdick*

101. Change is coming! If there is one thought to take from this report of your NYAC Board of Pensions and Health Benefits, it is that change is coming whether we want it or not. We must be flexible, ready for new programs in health and wellness, accepting of different health insurance benefits and recognize that a new version of our United Methodist pension plan will be voted upon at the General Conference in 2012, because change is coming!
102. We also need to hold each other more accountable to the covenantal obligations of better health, wiser lifestyle choices, increased exercise and full benefit payments.
103. A tragic change for our conference Board and all of our clergy was the untimely death of our representative from the General Board, Bill Neuert. Bill has served as our conference liaison for many years. He died very unexpectedly this April and we will miss him tremendously. We ask for prayers for his wife Sally, and his daughters, Emily and Robin. It was a huge shock to all of his General Board fellow employees as well as to us and many annual conferences.
104. Our new conference relations person is Ron Coleman. He will be introduced at Annual Conference. We look forward to our future relationship with Ron because he will help us to manage the change that is coming.
105. Change is biblical! Revelation 21:5, “Behold, I make all things new.” 2 Corinthians 5: 17: “So if anyone is in Christ, there is a new creation: everything old has passed away; see, everything has become new!”
106. But change is also very practical for the sustainability of our denomination and our benefits for the future. Our benefits must provide a sense of adequacy, affordability, and sustainability. What has been promised in the past has been a very “rich” plan of benefits. The pension credit that you have accumulated to date under the Pre-1982 Plan, the Ministerial Pension Plan, and the Clergy Retirement Security Program will not change. Currently under CRSP, you receive both a defined benefit and defined contribution credit. The changes enacted at the General Conference in 2012, will go into effect in 2013. So that clergy retirement benefits of a modified CRSP program will change.
107. As clergy we must begin to make choices and plan to provide for our own retirement and not simply rely totally on our United Methodist benefits in the future. We must move toward more “consumer driven” health plans and more choices for retirees in Medicare supplemental plans. These changes will be difficult, but will happen to provide for the sustainability of our local churches

and denomination. Our local churches can no longer afford to provide for a full-time clergy person and their benefits. **We must reduce the costs of benefits to local churches.**

108. Alterations are still occurring in our funding and pension plans because of the financial crisis of 2008-2009. Change is coming because of Health Care Reform in 2010. Change is coming because we can no longer sustain the costs of benefits for retired and active clergy without transforming the way those benefits are funded and then distributed in the long term.
109. Change is coming because of the slow recovery of the economy. Local churches are having difficulty paying for the current pension, death and disability, and health care costs of our clergy. A clergy person at minimum salary of approximately \$35,000 has added cost of benefits of \$13,440 for Healthflex and \$7,613 for their pension and disability benefits in 2011. So in addition to paying the salary a church must also pay \$21,053 in benefit costs. Clearly this cannot be sustained in the current economy and because of the financial state of many of our congregations.

### **Funding Shortfalls on Healthflex**

110. One of the ways to reduce the costs of our Healthflex program is to have it fully funded by congregations and pastors. This does not happen.
111. At the close of the fiscal year 2010, we had 3 churches who paid nothing and 113 who did not fully fund their payments to Healthflex for a shortage of \$190,968. Our payment rate was 95%. The uniform Healthflex billing is marked up by 5% to cover these shortfalls so we may have broken even. We had better payment on the Healthflex this year because of the adoption of a termination policy, but we still had a number of churches and clergy who did not pay their covenantal connectional share.
112. Unfortunately because of major changes in staff, especially the benefits billing person, we have put on hold any termination enforcement. Ross Williams, our new conference treasurer, has implemented new billing procedures and has brought Sam Rosenfeld, the controller, to the team to be involved in many benefits related financial issues. Recent reconciliations of our billing from Healthflex and the Pension program at the General Board have revealed major errors in our own billing procedures and process. With better management of this process, especially with a benefits person, we believe we can eliminate at least \$40,000 to \$50,000 in mistakes and wrong billings. These funds were paid by the NYAC for clergy who did not need the health insurance anymore. These funds were paid into CRSP for pastors who were already retired. A policy of charging retiree different percentages based on years of service was never implemented (adopted in 2003).
113. And many of our churches and pastors who were not billed properly or who do not pay their uniform rate, or pay their PPO buy-up, or even their Medical Reimbursement Accounts or Dependent Care Account contributions never bothered to report the improper billing or inquire about full payment. And we had no staff person who followed up on these matters
114. We have, by our estimation, lost thousands of dollars in recent years in both billing mistakes and lack of follow through on non-payment. Some non-payment of MRAs and DCAs have put in jeopardy our whole Section 125 program. We have had a few pastors who elected the PPO buy-up, used the

full \$5000 MRA, and they and their churches never contributed for it. We had one pastor who over a five year period between the lack of payment for CRSP and Healthflex cost the annual conference nearly \$100,000. No one at the conference took responsibility for following up in general on these situations. One or two pastors were confronted, but nothing ever changed. No one ever suggested suspending an MRA that wasn't being funded. We now have in place a repayment agreement with the one pastor mentioned above.

115. Over the last two years, your board has begun to address these issues. These situations are being dealt with now on a case by case basis by your board and the conference treasurer's office. However, you can see why, we believe it is important to add an administrator to the staff.

### **A Benefits Administrator**

116. However, we need change. We need someone to pay detailed attention to the benefits and provide excellent and correct advice to our clergy, our spouses, our retirees and our widows and widowers. And especially to make sure everyone is on the same playing field when it comes to paying their covenantal and financial obligation. We need someone who knows our Healthflex plan and retirement benefits inside and out. When a clergy widow calls about problems with her prescriptions or her monthly benefit, that person now gets bounced from one person to another at the conference. And unfortunately, misinformation has been given to some.
117. The Board of Pensions and Health Benefits, CF&A and the Cabinet have all agreed, that we need a key person who can help our clergy, our retirees, our widows and widowers to make informed decisions and to help solve problems. We need someone who follows up when churches and pastors do not pay their fair share or begin to violate federal law by not funding their Section 125 MRA or DCA accounts. We need someone who will help our clergy make the proper choices for changes that are coming in 2013 for both the retirees and the active clergy. Changes that will be decided by the Annual Conference and the General Conference.
118. Built into our funding of benefits for 2012 is \$100,000 to cover a Benefits Administrator position and office. The NYAC Board of Pensions and Health Benefits encourages the conference to adopt such a position, to have it filled by the Personnel Committee as soon as possible, and your board will fund the office for the remainder of 2011 with our reserve funds. In reality, we see this position paying for itself in the long run with better management, transparency and control of the benefits billing, funding, and policies. See Action Item One.

### **Funding Shortfall on the Clergy Retirement Security Program**

119. CRSP funding meanwhile fell 1% to 94%. For the CRSP plan, we had twelve churches who paid nothing and 76 who still owed a balance on their pastor's account for a total of \$221,526. This funding shortfall in CRSP now amounts to a pension benefits funding shortfall since 1-1-2007 of \$871,160. This shortfall has been taken from your board's benefit reserve account. This cannot continue without jeopardizing these reserves for the purposes intended. We are not able to "mark up" for full funding on the CRSP program.
120. Again, churches and pastors are not fulfilling their covenantal obligations. Your board of PHB cannot continue to spend down reserves that we hope will eventually cover significant parts of our unfunded liability for retiree health costs and provide a buffer if we have another economic crash.

121. When a church does not pay its pastor's 17.4 % of CRSP, the annual conference still has to pay the 3% for their Defined Contribution, 3 % for their death and disability benefit under CPP, and 11.4% for their Defined Benefit payment.
122. There are about at least 12 pastors who will enjoy a year of retirement benefit even though their churches paid nothing into the plan.
123. Your board of PHB may need to consider raising the percentage of payment for the Defined Benefit to make up for the 6% shortfall. We already hear the cries of many churches and pastors that these benefits are too costly.
124. The 2012 General Conference will be making significant changes to the benefits for the future. There will be many proposals before the GC. We can be guaranteed that change is coming. That change will be reduced benefits in the future, lower costs because of those changes, and possibly vesting time for clergy and lower benefits for those who do not pay their fair share.

### Retiree Medicare Supplemental Insurance

125. Our retiree medical unfunded liability is 47.2 million dollars. Can we afford a special campaign to raise these funds or is there a different way to fund our retirees' medical benefits at current levels with less cost?
126. A number of annual conferences have stopped funding coverage of retiree medical benefits. *The Book of Discipline* of The UMC provides that an annual conference provide access to retiree medical coverage. It does not require or guarantee funding of this coverage.
127. We are hopeful that the NYAC can find an appropriate balance in the future. The NYAC currently is billed by Healthflex an annual actual premium of \$4725 per year for each retiree and/or spouse. With the contribution of \$550,000 from your board's reserves, and the \$200,000 Medicare part D rebate that we receive, we are able to reduce that premium to \$3216. In 2011, the retiree pays \$804 annual per participant.
128. The General Board of Pensions and Health Benefits and Healthflex are offering a new program, "Extend Health," through which our retirees' Medicare supplemental coverage could be channeled. Our retirees then could go into the open market for Medicare Supplemental programs and buy less expensive plans and yet get comparable, if not greater, benefits than currently provided through the Healthflex plan.
129. "Extend Health" provides access to a wide variety of Medicare Advantage, Medigap (also known as Medicare Supplemental plans), prescription drug, dental and vision plans from the nation's leading health insurers.
130. With such a program the Annual Conference would provide this exchange portal for our retirees to access the individual Medicare supplemental market. We would achieve the following:
131. Reduce plan sponsor retiree health cost (currently \$2.2 million in total cost before income):
  - a. Unfunded liability (unsustainable) in the future
  - b. Somewhat simplified retiree valuation
  - c. Administrative costs for billing
  - d. Plan design, flexibility and cost

Meet/address individual participant needs:

- a. Plan cost
  - b. Medical needs
  - c. Flexibility to change/access plans annually based off costs and needs
132. Each retiree would be given a Health Reimbursement Account (HRA) that would be used for premium and eligible expense reimbursements. "Extend Health" provides lifetime customer service and advocacy.
  133. "Extend Health" benefit consultants would help each individual retiree, spouse, widow and widower to find the best plan for them wherever they live. However, every Annual Conference that entered this program this year talked about the need for conference staff to contact, connect, and encourage each retiree by phone. With close to 500 participants, the only way your board sees the means to implement this change is by creating a new benefits administrative position.
  134. Change is coming and we will need to drive a "paradigm shift." Retirees will need to make decisions about the best plan in their area. We have gotten use to all decisions being made for us. This is such a major change that we need a change agent who would be a new conference benefits administrator.
  135. Your NYAC BOPHB has a goal to eliminate of the cost of the retiree health payments from the Annual conference budget within 3 to 5 years. This savings of \$1.4 million dollars would be achieved through reduced costs because of the "Extend Health" program and fully funding the Health Reimbursement Accounts for retirees through the Health Benefits reserve that your board has been growing at the General Board. With the market increasing, we may be able to achieve this goal. It is not unrealistic given that we will contribute \$600,500 from this reserve (5% of its market value on 12-31-10) toward the retiree medical cost for 2012.
  136. Hypothetically, if we have 450 retirees and participants and pay \$2400 per participant rather than \$4800, we might be able to achieve our goal, especially if churches and clergy paid their pension benefit in full. Working with the General Board and hopefully a benefits administrator we could ramp up for this program in 2012 with workshops, phone calls, letters, and personal contact with all our retirees. We will probably also find some retirees who do not need the insurance that we are currently paying on their behalf. Again, another savings in \$\$\$\$ that an administrator could provide.

### **Change is Coming: Health Care Reform**

137. The health care reform legislation signed into law March 23, 2010 contains significant changes that will affect clergy, churches, annual conferences and lay employees of The United Methodist Church. The General Board of Pension and Health Benefits continues to monitor and implement the provisions of the acts. Rather than get into significant detail, I will remind you that there are two "Acts" under health care reform legislation: • Patient Protection and Affordable Care Act (PPACA); Health Care and Education Affordability Reconciliation Act of 2010 (the "sidecar reconciliation bill").
138. The General Board closely monitors government activities related to health care legislation and will continue to update participants and plan sponsors on any new developments. Additionally, the General Board is working with other church benefit plans through the regulatory process to reduce the new legislation's uncertainty for plan sponsors and participants in church health plans.

139. The most important information to date is that if the Health Care Acts are not rescinded, there will be major changes in the Health insurance models for clergy in the future.

### Change is Coming: Pension Reform

140. The markets and therefore the financial services industry are in constant motion—moving with and against various forces. But no matter the circumstances, no matter the pressures, no matter the voices demanding reaction, the General Board of Pension and Health Benefits (General Board) does not alter proven strategies unless it is in the long-term best interests of those we serve.
141. Economic storm clouds began gathering in late 2007; by the end of 2008, we had been through a period of worldwide financial market swings that tested our mettle. By the nature of our work, we bring many elements of the connection together. We feel a continual sense of urgency that we must balance with restraint; 2009 was a year that challenged our ability to maintain focus while demanding unswerving commitment to our vision and mission: caring for those who serve The United Methodist Church by providing investment and benefit services which enable our participants to be secure in life's transitions.
142. Our disciplined investment approach served us well—we experienced fewer losses than many others during the downturn in 2008 and achieved higher returns than most during the rebound in 2009.
143. In 2010, the General Board has endeavored to reassure our participants and partner more closely with general church and conference leadership to work through the inevitable impact of increasing conference contributions. The sustainability of the projected costs of our pension program will lead to change in the way the Clergy Retirement Security Program (CRSP) will be changed at the General Conference in 2012.

### 144. Change is coming

145. Our General Board of Pensions and Health Benefits manages over \$15 billion in assets, making it the largest publicly reported denominational pension fund in the world, and among the top 100 pension fund managers in the United States. The management and staff of the General Board bring personal and professional integrity to their work, upholding the values of the Church while striving to exceed best practices in the financial, health and benefits services industries.

### Our Conference Funds

146. The New York Annual Conference currently has the following invested at the General board.

As of December 31, 2010

<u>Account Type</u>	<u>Account Name</u>	<u>Market Value</u>
<b>UM Org Investment Account</b>	Deposit Account	\$680,595
	Health Benefits Reserve Acct	\$ 12,576,808
	Integrity In Pensions	\$ 1,666,173
<b>Pre-1982 Plan</b>	New York Pre-1982	\$ 33,821,214

147. Even though this looks like a great deal of money, let me explain the accounts:
148. The Deposit Account is the “flow through” account. This is the account that pays our \$500,000 monthly bill for our HealthFlex premiums for active and retired clergy. It is also the account through which the CPP (3% paid by the local church

for the Comprehensive Protection Plan – the death and disability benefit is paid monthly) CRSP-Defined Contribution (3% of defined contributions paid by local church for the pension account of individual clergy, paid monthly ) and the 11.4% of the CRSP-Defined Benefit flows until it is paid for the entire conference on 12/31/2011. The NYAC conference must send about \$600,000 a month to pay the Healthflex for both active and retired, the CPP and the CRSP-DC.

149. The Health Benefit Reserve Account is one that your board has been building as we have been able to redirect the Pre-1982 funds in previous years to pay the CRSP-Defined Benefit payment. The Pre-1982 funds can be used for no other purposes than paying our retirees and funding the Defined Benefit component of CRSP. This is Federal Pension Law. All funds received from local churches for the defined benefit have gone into this account and have helped us in our building up this reserve for future payments on retiree medical expenses and market shortfalls. Our NYAC BOPHB has been contributing 5% of the value of this fund toward the retiree Medigap insurance costs of the annual conference. In 2010, we did not have a surplus in our Pre-1982 funds so that this account paid the \$2.15 million for the CRSP-DB even though we had \$150,000 shortfall in funding from local churches. Again, our reserve paid for this underfunding.
150. In 2011, we will use this account to pay our conference contribution for the 2011 bill for the Ministerial Pension Plan of \$647,637 and possibly all of the CRSP-Defined Benefit of \$2,343,302. These funds will come from the premium Holiday on the Comprehensive Protection Plan and the actual receipts from the Defined Benefit billing (of 11.4% of clergy compensation). These payments are due this year because of the 2008 market crash. Our pension accounts are based on a two year lag in data.
151. Currently, we are collecting the 3% for CPP without having to pay the premiums. These are the funds that we are using to cover our pension shortfalls from the market crash in 2008-2009.
152. The other complication in 2010 was the slow payment to our General board accounts of the defined benefit funds received from the churches of the Annual Conference. Many financial issues will be revealed by CF&A (we hope) concerning the cash flow shortages of the annual conference. Unfortunately the forwarding of the pension funds for the Defined Benefit and the Integrity in Pension accounts lagged by 6 to nine months in 2010.
153. At the September meeting of CF&A, it was revealed that payables to the General Board accounts were \$1.1 Million. During the year only \$1.5 of \$2 Million was forwarded to our accounts at the General Board. In early 2011, the remaining funds received were sent. Not only do we lose out on investment returns, but this raises significant issues about the cash flow and the financial sustainability of the conference.
154. Your Board has determined that this is not illegal since it does not violate federal law. However, there is an issue of integrity, transparency and ethics in this. Funds that are paid for a designated purpose, should not be used to cover the day to day operating costs of the Annual Conference. We have been working with CF&A and the Cabinet to address these cash issues. The Bishop has appointed a Financial Strategy Task Force. It is being addressed, but it must also be made known.

155. Under the new conference treasurer, the major cash flow problems of the annual conference have been brought to light and there is a desire and effort to attempt to rectify the situation. However, the cash flow problem, because of the lack of payments of apportionments and benefits, is creating a very dire situation. CF&A is attempting to keep the payments to the Pension accounts at a lag of three months and by using their reserves have brought these funds up to that level.
156. We are sure there will be complete transparency of these issues by CF&A in their presentations to the Annual Conference.
157. Continuing with our accounts above, The Integrity in Pension Account is the accumulated contributions and market gains from the 29 years of the integrity in pension program. In the year 2011, we will use these funds to pay \$565,461 which are due to the Pre-1982 pension program because of the market shortfall in 2008-2009.
158. Finally the Pre-1982 Plan account funds the retirees whose service years before 1982 have a liability of about the same amount. Though underfunded in 2008 and 2009, we have achieved about 104% funding for 2011. The General Board recommends that we not use Pre-1982 funding to pay the CRSP-DB unless we have at least 120% funding levels. We ask the AC to empower us to make that decision later in the year and it is part of our proposals at the end.

### CRSP Changes

159. The Clergy Retirement Security Program will be changed again by the General Conference in 2012. Guaranteed this change is coming. There are dozens of proposals coming forth for our United Methodist Pension plan. Most of them are designed to reduce the cost of the benefits to the local church. It will also reduce the benefits in the future.
160. The General Board of Pensions and Health Benefits has responded to many concerns raised about the CRSP program following the financial markets collapse. Conferences said they need significant financial relief. Adequacy must be balanced with affordability and sustainability
161. The General Board will provide two options to the General Conference.
162. One a total Defined contribution program similar to the MPP which existed from 1982 until 2006. This would include a matching option with clergy voluntarily adding to their own account.
163. The second option will be a combination of Defined Benefit (guaranteeing a percentage of the Denominational compensation) and Defined contribution.
164. Without getting into specifics, both designs reduce costs by more than 15% to 20% on average. So for the local church in 2013, their pension benefit costs would be 15% less approximately.
165. However, from recent national conferences, emails, and webinars, other changes are being proposed by conference benefits administrators and treasurers. There may be higher levels of clergy contribution with a match by the employer, a vesting time before clergy would qualify, an elimination of all plans, making plans more like individual IRA's or Simplified Employee plans. Change will occur and our clergy must take more notice of their retirement accounts than ever before in this changing dynamic of retirement planning and funding.
166. Will we manage the change or will we let the change manage us?

**Integrity in Pensions 1982-2012**

167. A key component in the funding of the pre-1982 plan has been our Integrity in Pensions program, a 30-year funding mechanism for the churches of the New York Annual Conference that was inaugurated in 1982. With the program scheduled to conclude in the year 2012, we have only one year remaining to complete the obligation. At this time, 29 years into the program, over 320 of the approximately 475 churches in the conference have paid their commitment in full.
168. An additional 88 churches are keeping pace and will complete their share by 2012. In 2010, the amount contributed by these churches was \$181,508.
169. We are grateful for this record of faithful stewardship which has strengthened the promise to our retired clergy who served before 1982.
170. Unhappily, however, there remain 56 churches that have fallen far behind or who made no payments to Integrity in Pensions in 2010. We would ask those congregations to remember the retired pastors who served them during the years before 1982 and for their sake to complete their commitment to Integrity in Pensions during this final year.
171. At the end of 2010, the total outstanding balances of these 56 churches amounts to approximately \$1,100,000.
172. We will need to celebrate the end of the campaign next year. But we will also need to decided what to do about the unpaid fair share by the 56 churches.
173. The original amount of any given church's fair share obligation cannot be forgiven. To do so would be unfair to those other churches, many in similarly difficult financial situations, who have met their commitments. However, the Board is prepared to offer assistance to churches that are in arrears. This might include one or all of the following: suspension of current interest, forgiveness of past due interest, and extended time for payment. Several such special arrangements have already been negotiated with individual churches. Churches who are interested should contact the Board through the chairperson, Bill Shillady or the Conference Treasurer, Ross Williams.
174. The other good news is that in January of 2013, the churches who invested with the NY-CT foundation under the Option 4 plan of the original campaign will receive back their original investment from the successor Frontier Foundation. There are over 100 churches who will be paid \$1,060,000. The amounts range from \$1900 to over \$60,000. Each one covered their original obligation to the program.
175. The following is the list of churches and the amount of payments they will receive in early 2013. We would suggest that your church consider opening an account with the Frontier Foundation to invest this money for your future. We also realize that some churches are desperate for these funds to cover delayed maintenance or even current expenses.
176. Please be wise stewards of this small windfall.

Church Name	Amount Invested
Ansonia CT First	12,168
Bellmore NY	12,355
Bellport NY	17,530
Bloomville NY	5,367
Brgprt CT Summerfield	14,955
Brnx Crawford	10,074
Brkln,Hanson Place	41,091
Canaan CT	2,787
Chatham NY	12,791
Clinton CT	5,000
Conesville NY	1,783
Trinity Coram NY	11,007
Cornwall NY	12,619
Diamond Hill,Cos Cob	4,000
Danbury CT	25,064
Derby CT	2,000
East Branch NY	7,536
St Johns, Elmont NY	25,398
Farmingdale NY	28,160
Fleischmanns NY	4,323
Floral Park NY	27,943
Franklin NY	8,299
Freeport NY	25,096
Georgetown CT	4,739
Gilboa NY	1,905
Grand Gorge NY	4,054
First, Greenwich CT	12,779
Halcott Center NY	1,557
Halcottsville NY	954
Emory, Hancock NY	8,942
Hartford CT	34,858
Hempstead NY	35,552
First, Highland NY	9,025
Jefferson NY	5,536
John St , NY	11,825
John Street Trust Fund	9,509
Clinton Ave, Kingston	17,888
Trinity, LaGrngvle NY	12,024
Lk Ronkonkoma NY	20,302
Litchfield CT	4,754
Bantam, Ltchfld CT	3,495
Middlefield CT Federated	5,583
Janes Philanthropic NY	1,569
St Pauls, Mdltwn NY	26,733
Milton/Marlboro, NY	9,797
Monroe NY	10,740

Church Name.....	Amount Invested
Napanoch NY	3,501
Wesley, New Haven	4,368
Faith, North Haven CT	11,415
Olivebridge NY	4,554
Pawling NY	3,000
Mamakating, NY	3,231
Plainville CT	18,256
Pleasant Valley CT	8,676
Pleasant Valley NY	7,609
Pleasantville NY	20,963
Pt Washington NY UMC	60,488
Mid Hud Korean Pkpsc NY	4,906
Purdys NY UMC	10,749
Quarryville NY UMC	2,396
Red Hook NY UMC	3,953
Rocky Hill CT UMC	11,101
Grace UMC St Albans	18,432
Saugerties NY UMC	23,054
Setauket NY UMC	18,021
Shady NY UMC	2,171
Sandy Plns UMC Cairo NY	1,761
Southampton NY UMC	22,046
Southold NY UMC	14,322
Ridges UMC Stamford CT	6,336
Roxbury UMC Stamford CT	6,176
Bethel UMC Staten Is NY	8,925
St Marks Staten Is NY	10,704
First UMC Thomaston CT	4,532
First UMC Tomkns Cor NY	2,220
First UMCTorrington CT	16,331
Treadwell NY	7,205
Asbury/Crstwd. NY	38,373
Ulster Hgts, NY	3,347
Uniondale NY	17,803
Stevens Mem Vista NY	2,540
First, Walton NY	12,508
Wappingers Fls NY	11,440
Watertown CT	18,507
Westbrookville NY	2,279
West Hartford CT	17,630
Wiccoppee NY	1,283
Windham NY	6,532
Winsted CT	14,119
Epworth Par Wdhaven NY	14,881
Ep Parish Philanthropic	
Trinity Richmnd Hill NY	1,963
<b>Total to be returned</b>	<b>1,076,075</b>

## Miscellaneous Items

### Pre-Retirement Seminar

177. For the past few years, the Board of Pensions and Health Benefits has sponsored pre-retirement seminars for clergy and spouses who are approaching retirement age. Resource persons from the General Board of Pension and the Social Security Administration have helped participants understand and plan for their retirement benefits. This past February, we held such a seminar with over 50 participants.
178. The General Board sponsors such an event in different parts of the country each year.

### Ernst & Young Financial Planning

179. Also, free to every active clergy is a financial planning program through Ernst and Young the General Board has once again arranged to offer Ernst & Young Financial Planning Services at no charge to active participants with an account balance, surviving spouses with an account balance, and terminated and retired participants with an account balance of at least \$10,000.
180. Ernst & Young's financial planners can provide confidential, objective guidance on making investment decisions, saving for retirement, managing debt, understanding tax issues, evaluating insurance needs and options, buying a home, and more! To take advantage of this valuable resource, just call Ernst & Young directly at 1-800-360-2539 between 9:00 a.m. and 8:00 p.m., Eastern Time, Monday through Friday.

### Wellness Incentives through the Virgin Health Miles Program

181. We have 380 participants out of 1000 eligible who have enrolled in the Virgin Health Miles walking and exercise program. Each participant can earn \$300 per year for walking and exercising. IN 2010, our participants earned nearly \$30,000 through this program. We want to thank all those, especially John Capen and Kent Jackson who have been great cheerleaders of the walking program. I have heard that many have lost weight, go to the doctor less often, take much less medication, and are physically, emotionally, and spiritually better because of this incentive.
182. As lay people, we ask you to encourage your pastor and their spouse to take the time to walk each day. You will get a healthier pastor whose energy and commitment increase. Many pastors have told me how this has improved their prayer life and their thinking time for sermons because they get to walk an hour or two each day.

### Healthflex Changes

183. Our Healthflex plan is mandatory for all clergy serving  $\frac{3}{4}$  time and above.
184. Your board has voted to continue with the EPO B plan for Healthflex for the year 2012. This will be the last year we can elect an EPO. There are changes in the plan features.
185. There will be a deductible for of \$500 for singles and \$1000 for families UNLESS, BOTH THE PASTOR AND THE SPOUSE (FOR FAMILIES) TAKE THE HEALTH QUOTIENT ONLINE. THEN THE DEDUCTIBLE WITH BE \$250 AND \$500.
186. There will be an increase in the Emergency Room co-pay to \$200. There will be a co-pay for a Urgent Care visit of \$100. The co-pay for a regular doctor

will remain at \$30 and \$50 for specialists. The Rx plan will have deductibles of \$100/200 and an increase in the out of pocket maximum by \$500. The three tiered cost of medications will remain the same.

- 187. Please take note that once again, there will be a major incentive to take the *HealthQuotient™ (HQ)* on line. Through the general board website ([www.gbophb.org](http://www.gbophb.org)) and in the portal for WEB MD, you must take the HQ to avoid higher deductibles in the year 2012. .
- 188. **Please read this carefully. IF YOU TAKE THE *HealthQuotient™ (HQ)* on line by September 30th, 2011, you will RECEIVE A LOWER DEDUCTIBLE IN 2012.**
- 189. For 2012, the NYAC Health Benefits plan will have the current co-pays for your doctor and specialists, higher urgent care and emergency co-pays, and a \$250/\$500 deductible for any clergy participants and their spouses who take the *HQ* before September 30, 2011.
- 190. However, if you and your spouse (you must both take the *HQ*) do not take the *HealthQuotient™ (HQ)* by the end of September, your deductible will be \$500/\$1000 in 2012. There is nothing that can change this.
- 191. This concerns the HealthFlex *active* plans\* (not Medicare companion plans).
- 192. Participants in the New York Annual Conference plan, all clergy ¾ time and above who do not complete the *HQ* by September 30, 2011 will not receive the deductible discount.

**Take HQ = Deductible for 2012 Do Not Take HQ = Deductible for 2012**

\$250 - individual	\$500 - individual
\$500 - family	\$1,000 - family

- 193. Completing the HQ by September 30, 2011 is the only way to avoid an increased medical plan deductible in 2012. All participants and spouses covered by HealthFlex active plans are expected to complete the HQ. Having a benefits administrator could help this process since they would be able to notify clergy who have not completed the deductible, or to inform either clergy or spouse of the completion. Last year, we had some spouses who took the HQ and pastor partner did not. We had some clergy who took the HQ and their spouse did not. Both, spouse and pastor must take the HQ to get the family discount.
- 194. If your spouse is covered by a HealthFlex active plan, he or she also must complete the HQ to avoid the higher family deductible. If only one person in a family takes the HQ, the deductible will be charged at \$1000. If you are a single clergy person and you do not take the HQ by September 30, then you will be charged a \$500 deductible.
- 194. Please note that your information is protected. Personal data entered through the HQ is processed by WebMD, an accredited health organization with high standards for security and confidentiality. Your information remains confidential. Your health information entered through the HQ is kept confidential. *The data you enter is never shared with your annual conference, employer or the General Board of Pension and Health Benefits.*
- 196. You can complete the HQ online at [www.gbophb.org](http://www.gbophb.org) by entering the WEB MD site through the portal. You can use any computer with Internet access at your home, work, church, public library or a friend's home. You by now, after five years in Healthflex should have established an account with Wed-MD. You can

contact the General Board to receive a Personal Identification Number if you have lost the new ones sent last fall. **DO NOT WAIT UNTIL THE LAST MINUTE.** The system is known to get overloaded the last few days before a deadline.

197. If you are unable to complete the HQ, requests for accommodation should be addressed in writing to: General Board of Pension and Health Benefits, 1201 Davis Street, Evanston, Illinois, 60201; Attn: HQ Requests. Please send a copy of such a letter to our board as well. Please understand that our conference board cannot make exceptions.

### Blueprint for Wellness

198. One of the key components to assist you in completing the HQ is a blood test by your doctor or through our wellness program. This Blueprint for Wellness screening is available through Quest Diagnostics. This is a new program. We do not have the blood testing at AC this year because of the complications of hosting this new program.
199. Quest Diagnostics Blueprint for Wellness® is a comprehensive and confidential “biometric” screening that is part of your HealthFlex wellness benefits—and a perfect complement to your annual doctor’s visit. Blueprint for Wellness provides useful information about your heart, liver, kidney function, diabetes risk and blood sugar control, calcium and iron—plus PSA screening for men.
200. For best results, fast 8–12 hours before your screening (or after midnight for a morning screening). Check with your doctor if you’re on medication or have a medical condition.
201. Blueprint for Wellness:
- Quick**—one blood sample, a few measurements
  - For HealthFlex participants and spouses** (active and Medicare companion plans)
  - Easy way to earn \$100 HealthCash\***
  - No out-of-pocket cost**

### Find a Location

You can find a local Quest Diagnostics facility\*\* when you register.

### Register in Advance

You must preregister for your screening. Same-day registration is accepted, based on appointment availability.



Register by Phone: 1-866-908-9440  
Employer/group: “HealthFlex” or “United Methodist Church”



Register Online: [www.gbophb.org](http://www.gbophb.org).  
Log into HealthFlex/WebMD. Under HealthFlex Vendor Links, select “Quest Diagnostics.”

### Follow these preregistration steps:

- Enter registration key: umc2011. Click “Submit.”
- Enter the nine-digit ID number on your medical insurance card, beginning with 00 (omit any letters). Spouses should add “S” after the ID. Enter your date of birth.

### Three Steps for Wellness

**April 1 – July 31**

✓ **Step 1:** Blueprint for Wellness

**August 1 – September 30**

✓ **Step 2:** HealthQuotient (HQ)

**After the HQ**

✓ **Step 3:** Take Action

**Learn More About HealthFlex  
2011 Wellness Incentives**

Read the FAQs at  
[www.gbophb.org](http://www.gbophb.org); click on  
“HealthFlex/WebMD.”

- “Are you an employee?”
  - Clergy/lay employee (working or retired): answer yes.
  - Spouse: answer no.
- Create a username and password.
- Enter your phone number (required) and e-mail address (optional).
- Click “Continue.”
- Select a location and appointment time, and verify. Then print your confirmation page.
- Bring your confirmation page, and driver’s license or other government-issued ID to your screening appointment.

*HealthCash incentive applies only to HealthFlex active plans. Must be enrolled in Virgin HealthMiles and take the screening between April 1 and July 31. Eligible participants and spouses can each earn \$100 HealthCash.*

*\*\* Eligible participants and spouses who do not have access to a Quest facility within reasonable driving distance can receive the \$100 HealthCash incentive by submitting a completed Physician Results Report Form. Ask your plan sponsor for this form, or call the General Board of Pension and Health Benefits Health Team at 1-800-851-2201.*



GENERAL BOARD OF PENSION AND HEALTH BENEFITS  
OF THE UNITED METHODIST CHURCH

Caring For Those Who Serve

**Your privacy is valued.** Results are mailed directly to you.

Results will also be securely uploaded into your HealthQuotient (HQ) through WebMD.

**Your annual conference, church, employer, insurance company, HealthFlex or the General Board of Pension and Health Benefits cannot see your lab results or personal health data.**

202. Take your blood test by July 31, 2011. Complete the HealthQuotient by September 30, 2011 and then take action to improve your health.
203. You must be a member of the Virgin Health Miles program to receive your \$100 reward.

### **Walking Program**

204. HealthFlex participants and spouses in active or Medicare companion plans can participate in the Virgin Health Miles program, which offers financial incentives for being physically active. You can earn up to \$300 in Health Cash incentives, depending on your level of activity.
205. HealthFlex believes there is a shared responsibility between the health plan, covered individuals and plan sponsors to be good stewards of health and health care resources. The HealthFlex incentives—including the two levels of deductibles and Health Cash opportunities—are designed to encourage participants and spouses to make choices that can improve their health. HealthFlex data shows that people who regularly complete the HQ typically have lower average health care costs than those who never take the HQ.
206. We will post all related documents at the conference website to answer any questions you may have.
207. Remember too it makes cents to walk for good health. And now it will cost you if you do not follow our plan’s goal to help you toward better health by filling out the HQ online.

## Healthflex Premium Projections for 2012

208. Preliminary projections indicate that the new uniform rate for HealthFlex will be \$14,448 for the year 2012. This is an increase of 7.5% from 2011. We do not receive our final figures from HealthFlex until August. We will do our best to keep the uniform rate fair, equitable and reasonable.

<b>Church's share for 2012</b>	\$13,008 (\$1,084/mo)	90%
<b>Pastor's share</b>	\$1,440 (\$120/mo)	10%

209. Pastors will have to pay more also with the deductible of \$250 single and \$500 Family. Plus an increase in the Rx Plan of \$50/\$100.

210. The Pastor's out of pocket expense for a family plan increases by \$700 (if they take the HQ).

211. For the first time we have informed the Conference Committee on Equitable Compensation of this increase in funding for health insurance.

212. In reality, the clergy of the NY Annual Conference have one of the lowest percentage payments toward their health insurance of all the annual conferences. A Pastor on minimum salary of approximately \$35,000 a year will be required to pay \$2040 toward their insurance or 5.8% of their cash compensation toward their health insurance.

213. Please remember that in 2007, we had a premium of \$11,400, in 2008, it was reduced to \$11,040, in 2009 it was \$11,400. In 2010, the rate was \$12,664. In 2011, the rate is \$13,440. This is an average of 6% per year for the seven years including 2012. This is way below the national average of increases in healthcare costs.

214. In a *NY Times* article in January of 2011, the health insurance national average increase is predicted to be 22%.

215. Because we are a part of a much larger pool with HealthFlex, that has kept our increase within reason. We also had a decent claims rate in 2010. And we are a mandatory plan which saves us money because we have a pool of healthy and not so healthy populations.

216. Also, we have come to a formula for the uniform rate that is based on the historical trend of payment and a sharpening of our pencils to calculate the rate.

217. This uniform rate has a 6% markup to cover shortfalls in payment. It also has \$50,000 toward a benefits administrator office. \$150 of the \$14,448 will go to pay for this position.

218. We also encourage and will provide the information as to how the pastor's share can be paid pre-tax through a section 125 plan resolution that will need to be adopted by each local church.

219. The total amount of our HealthFlex billing is \$4.6 million which is \$383,500 per month. We must pay the HealthFlex bill or the conference coverage? can be terminated. **TIMELY PAYMENT IS ABSOLUTELY NECESSARY.**

## Retiree Health Benefits

220. The Retiree HealthFlex costs for 2012 is \$4,860 per participant before the BOPHB Reserve contribution and the Medicare subsidy. This includes the other \$50,000 to fund the benefits administrator office for 2012.

221. Your Board of Pensions and Health Benefits will make a contribution of \$600,500 toward the cost of the retiree Medicare supplemental coverage. We will also use a Medicare Part D rebate that we receive as income toward the cost of retiree health insurance. We must also build in a \$50,000 mark up for retiree shortfall payments.
222. We only received 80% of the amount that was billed to retirees to contribution to their costs. This was never revealed until last year. Our new treasurer has implemented a new billing procedure for retirees. Previously the retirees got one bill a year in January. No one every followed up for non-payment. Retirees are also able to elect automatic payment directly from their pension checks. This again was never fully implemented. With new billing procedures of billing quarterly, and follow up we hope to have a better payment record this year. We have already signed up a number of retirees to the automatic payment plan just after the first quarter billing.
223. After the income streams from our Board, the cost is \$3,260. Each retiree and their spouse are required to contribute 25% (\$ 840 annually, \$70 per month per participant). The conference budget covers the remaining cost \$1,122,795 plus \$152,150 for full funding. This total of \$1,274,945 is paid for through apportionments. In the budget year 2011, this amount was \$1,386,219. Your Board of Pensions and Health Benefits has reduced the NYAC conference apportionment budget by \$111,274.
224. For the first time in recent conference history we have organized a Benefits budget so that you can see all these figures in one place. (see CF&A budget)
225. We plan to implement a termination policy but with special care and compassion for our retirees who are not paying for their supplemental plan. There are some who cannot afford the premium, but there are others who do not pay and can well afford to pay this premium. We also discovered this year that we were paying for some retirees who did not want the Medicare supplement plan.

### **Recommendations from Your Board of Pensions and Health Benefits**

All Action Items. It is understood that CRF&A has the final decision on how to fund the benefits. These action items that are financial in nature will be referred to CF&A for their approval to fund in the manner suggested by the BOPHB.

#### **Benefits Administrator**

226. **Action One:** The Board of Pensions and Health Benefits recommends that a full time Benefits Administrator be hired by the Personnel Committee of the NY Annual Conference.
227. **Action Two:** The position would be funded by the Board of Pensions and Health Benefits Reserve funds for the remained of 2011.
228. In 2012 and following, the cost of this office would be paid by the mark-up of the benefit costs in the uniform rate for active clergy and in the cost to the retired clergy.
229. This person would be supervised by the Conference Treasurer and relate to the Board of Pensions and Health Benefits and the Cabinet.
230. We recommend this position be filled as quickly as possible.

### Participation in Costs - Actives

231. **Action Three:** It is our recommendation that every full-time and three-quarter time active clergy be a mandatory participant in the HealthFlex plan in 2011. We will use Healthflex EPO B as our mandatory plan. The preliminary uniform rate for HealthFlex will be \$14,448. This figure may be modified by the “final” rates given to us by Healthflex in August.
232. The pastor’s share of 10% of the projected uniform rate will be \$120 per month (currently \$112 per month). The church will pay \$1084 per month, an increase of \$76 per month). This is an increase of 7.5%
233. If the actual rate increases and or decreases, the split will be 90% and 10%.
234. Those participants who buy up to a PPO network will pay the entire amount of the cost by which the PPO exceeds that of the basic plan. Also on such bill will be any Medical Reimbursement Account-Dependent Care Account Section 125 pre-tax contributions. Any church and/or pastor who does not pay their bills in a timely manner may have their PPO or the MRA and DCA account terminated during the year.

### Participation in Costs – Retirees

235. **Action Four:** Retirees: It is our recommendation that every retired participant in the Medicare Supplement Plan who has at least 15 years of full-time or equivalent service under appointment in the NYAC pay 25% of the cost in 2011 with 75% of the cost paid by the Annual Conference.
236. This cost is calculated on the net cost after the income from the Medicare subsidy and the BOPHB contribution from the Benefits Reserve Account. Each retiree and their spouse are required to contribute 25% (Preliminary figures are \$840 annually, \$70 per month per participant).
237. Those retirees with less than 15 years of service (retirees after 2003) will pay on the following provisions in our policy:
- |                |                                |
|----------------|--------------------------------|
| 11 to 14 years | 50% of cost (\$1680 per year)  |
| 6 to 10 years  | 75% of cost (\$2520 per year)  |
| 1 to 5 years   | 100% of cost (\$3360 per year) |

### Recommendations – Current Pension Payments to CRSP

#### Local Church Contribution for CRSP Pension Benefits for active clergy:

238. **Action Five:** It is our recommendation that the 2012 total monthly billing for CRSP pension benefits and death and disability be based on an annual rate of 17.4% of pastoral compensation, which includes 11.4% of all pastoral compensation to cover CRSP-Defined Benefit costs, 3% of all pastoral compensation to cover CRSP-Defined Contribution costs, and 3% formerly CPP. The CPP premiums will return in 2013.

#### Receipts to Retiree Health Benefits Reserve Deposit Account:

239. **Action Six:** It is our recommendation that receipts for CRSP-DB (11.4%) be deposited each month into our Reserve Deposit Account at the General Board, and when the forwarding of this money falls behind by more than three months, that CF&A inform the Board of Pensions and Health Benefits. If the amounts fall behind by more than three months, that CF&A would use reserves to bring funding up to the three month payable time. The Board of Pensions and Health Benefits may request interest payments on funds at future date if there are

significant payables and the lost opportunity of investment gain is calculated to be excessive.

240. And that the Board of Pensions and Health Benefits be allowed in consultation with the conference treasurer and the General Board staff and by the use of financial tools and market information to help pay the required 2011 CRSP-DB of \$2,343,302 payment from either the Deposit Account or our Pre-1982 account or a combination of these two funds, This is the mechanism by which we your BOPHB is building the Benefits Reserve.
241. **Action Seven: CRSP-DB and Health Insurance Costs for those on Incapacity Leave:** It is our recommendation that the CRSP-DB cost for pastors on incapacity leave be put into the apportionment budget at \$36,000.
242. **Action Eight: A New Policy:** It is our recommendation that the health insurance costs for pastors on incapacity leave who are not yet on Medicare or Medicaid, be paid at the single rate if they choose to stay on our active plan. They will be asked to contribute the pastor's share of 10%/ Those pastors will need to pay the additional cost for any "buy-up" to a family plan or PPO. We ask for \$72,240 to be included in the apportioned budget. The Board of Pension and Health Benefits can provide grants to cover hardship appeals on a case by case basis for families without additional insurance and reduced income due to the incapacity. A process will be used to determine financial need and capability." (to begin July 1, 2011)
243. *Rationale: During this last year it has come to our attention that even though there was no formal policy for the costs of Health insurance for those on incapacity, we were paying all costs for those in this category without any billing even of the 10% of clergy share. Some are on a family plan, some are single, and one chose a PPO buy up and was never billed for the additional costs. We need to budget for this category and your board is recommending that the pastor alone would be covered and any additional costs for a family plan or PPO buy up would be borne by that pastor. By adding a process for grants, we can be compassionate to those who truly cannot afford the cost.*
244. **Action Nine: Past Service Pension Rate:** It is our recommendation that the PSR in the Pre-1982 Plan be set at \$556 for 2012, which represents a required 2.02% increase. This is the recommendation for retirees with credit in the Pre-1982 Plan.
245. The History of our PSR:  
 2009 Past Service Rate of \$534  
 2010 Past Service Rate of \$545  
 2011 Past Service Rate of \$545
246. The PSR must be at least .8% of the Conference Average Compensation. The CAC for New York for 2012 is \$60,386. Thus the minimum PSR would be \$504.  
 (Please note that Pre-1982 Defined Benefit Service Money accounts may provide higher levels to some retirees. The NYAC began to fund these accounts as part of the Integrity in Pension program)
247. **Action Ten: Special Grants:** It is our recommendation that the payment of special monthly grants, as established in previous years and as provided for in *The Book of Discipline*, be continued to the following persons:

Jean Arthur	\$39.50
Elsa Myers	\$198.65
Eva N. Alvira	\$45.78

248. There may be additional names added at annual conference.
249. Special grants will also be decided by BOPHB for the payment of the Medicare companion plan based on the financial situation of retiree. An compassionate and caring process will be followed before a retiree's supplemental plan will be terminated for lack of payment.
250. **Action Eleven: (twelve, thirteen can be adopted together. Same policies as last year)**
251. The following policies from previous years are recommended to be continued:
252. **Termination for Non-Payment**  
New York Annual Conference  
Health Flex Termination Policy  
*Effective July 1, 2010*
253. If the health insurance payment for a participant is not received within 60 days of the due date, notice will be sent by regular mail to the Finance Committee Chairperson, Church Treasurer, Lay Member of Annual Conference, Pastor/ Staff Parish Relations Chairperson, Lay Leader, District Superintendent and by certified mail with return receipt to the Pastor, declaring that if past due payments from the pastor or the church are not received within the next 30 days, steps will be initiated to cancel the participant's coverage.
254. Note: *It is understood that the church is responsible for payment toward the uniform rate as well as any section 125 plan amounts that have been withheld from the pastor's salary due to a salary reduction agreement for that purpose.*
255. *The pastor is responsible for any PPO buy-up on the plan. If the church is withholding these funds and not paying the billing from the Annual Conference, it is in violation of Federal law.*
256. After the notice has been sent on a 60 day default, and there is no response from the church or the pastor after the subsequent 30 days in the form of payment in full or written response, then the District Superintendent and the Treasurer/ Director of Administrative Services, in consultation with Conference Council on Finance and Administration and the Conference Board of Pension and Health Benefits, will make a decision to move toward termination A certified letter will be mailed, return receipt requested, warning of the termination to take place in 15 days.
257. Note: *Insurance will not be terminated until at least 45 days have passed after the initial notice that payment was due.*
258. Any Medical Reimbursement Account or family care account will be frozen until future payments are made. Also, any PPO buy-up will be terminated. Once a pastor and her/his dependents, if any, are dropped from the plan, they can only re-enter during the open enrollment period in November for the following year.
259. By the time of open enrollment for the following year, a payment schedule must be provided by the pastor and the local church with commitment for monthly payments for that new year.

260. **Retired Clergy Termination Policy**

261. All retirees participating in the Medicare companion plan will be required to elect automatic payment from the monthly pension check for their 25% contribution. All retirees are encouraged to participate in this plan.

262. If a retired clergyperson is 90 days late in their 25% payment share of the premium for the Medicare Companion Plan, a certified, return receipt letter will be sent to the individual requesting the payments be made current within 30 days. Phone calls will also be made by the Board of Pension and Health Benefits chairperson. If there is no response within that 30 day period, a second certified return receipt letter will be sent, warning of the termination to take place in 15 days.

263. Note: Insurance will not be terminated until at least 45 days have passed after the initial notice that payment was due.

264. The Treasurer/Director of Administrative Services and the Board of Pension and Health Benefits will administer grants in special circumstances to any retiree who cannot afford the premiums.

265. **Action Twelve:** We recommend the continuation of the following **Administrative Policies for Health Benefits Program:** The guidelines by which our health benefits program is administered are presented here for the sake of clarity and understanding by all:

266. **1. Uniform Rate:** Since our health benefits plan covers all full-time and three-quarter time clergy, our connectational responsibility requires that every church served by a full-time or three-quarter time pastor pay the uniform rate. The uniform rate is NOT an insurance premium for the individual currently serving as the church's pastor. It is each full-time or three-quarter time church's equal share of the total Annual Conference premium that provides health benefits for active clergy, conference staff and their families throughout our diverse conference.

267. The uniform rate is determined by the total annual cost for active pastors in full-time or three-quarter time appointment and conference staff, divided by the number of clergy under full-time and three-quarter appointment and conference staff. The local church will pay a percentage of the uniform rate and covered clergy pay a percentage as well. The same formula will apply to conference staff, the Annual Conference will pay a percentage of the uniform rate and staff members pay the same as clergy.

268. **2. PPO Buy-Up:** Active participants may buy up to the Preferred Provider Organization (PPO) network. Those who choose the PPO buy-up must pay the clergy percentage of the uniform rate plus the total additional premium for the PPO option.

269. **3. Clergy Couple Under Appointment:** Clergy couples, in which both ordained spouses serve under appointment in separate full-time churches, are treated in the HealthFlex census as separate units. Each church, per section 1 above, is responsible for paying its 90% of the uniform rate. The clergy couple is responsible for paying a single 10% of the uniform rate. Note: Each partner is given his or her own health benefits card. If there are dependent children, the couple must determine on which one's card to list the dependent children.

270. **4. Churches Served by Retired Clergy:** All churches served by fulltime or three-quarter time pastors are responsible for paying 90% of the uniform

rate, per section 1 above, regardless of the status, retired or not, of the current pastor. Retired clergy age 65 or above, who serve in fulltime or three-quarter time appointment will continue to be carried as actives in HealthFlex and will, therefore, be responsible for paying their 10% of the uniform rate.

271. **5. Retired Clergy:** Retired clergy not under full-time or three-quarter time appointment, age 65 or above, must be signed up with the Social Security Administration for coverage under Medicare, Part A and Part B, before they can be enrolled in the HealthFlex Medicare Supplement Plan. Retired clergy are responsible for paying 25% of the cost. The Annual Conference pays 75% of the cost. As your Board is able, we will subsidize these payments by contributions from our reserve and any continue Medicare subsidy that we receive.
272. **6. Surviving Spouse of Clergy:** The covered surviving spouse of a clergy member enrolled in HealthFlex may continue in the plan at his or her expense. A surviving spouse who is not yet 65 will pay the premium cost for a single individual and any applicable dependents. A surviving spouse 65 or over whose primary coverage is Medicare will pay 25% of the premium cost for the HealthFlex Medicare Supplement.
273. **7. Retiree Eligibility:** A Retired Participant eligible for the HealthFlex Medicare Supplement is defined as a former Active Participant in the New York Annual Conference Health Benefit Plan with at least five years of continuous coverage at the time of retirement, and whose primary coverage at retirement is through Medicare Part A and Part B. Retirees with 15 years or more of service in the conference prior to retirement are required to pay 25% of the premium. Retirees with fewer than 15 years of full-time service will be covered at higher levels of personal contribution to the cost, per the following schedule:
- | Length of Service | Level of Contribution |
|-------------------|-----------------------|
| 15 years plus     | 25% of cost           |
| 11 to 14 years    | 50% of cost           |
| 6 to 10 years     | 75% of cost           |
| 1 to 5 years      | 100% of cost          |
274. **8. Clergy Who Retire Before the Age of 65:** Clergy who retire before the age of 65 must continue, at their expense, their coverage in HealthFlex as if active until their 65th birthday. If such early-retired clergy choose not to continue in the conference HealthFlex program they may not re-enter conference coverage and they will be ineligible for coverage in the HealthFlex Medicare Supplement Plan at age 65.
275. Eligibility for the conference HealthFlex Medicare Supplement Plan requires at least five years of continuous coverage in the conference active plan before age 65.
276. **9. Retired Clergy with Spouse Younger than Age 65:** A retired clergy member with a spouse younger than age 65 may have the spouse covered in the active HealthFlex plan at his or her expense. Eligibility for coverage in the conference HealthFlex Medicare Supplement Plan when the spouse reaches age 65 requires at least five years of continuous coverage in the conference actives plan before age 65.
277. **Action Thirteen:** The following needs to be Adopted:

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**RESOLUTION RELATING TO RENTAL/HOUSING ALLOWANCES FOR  
RETIRED OR DISABLED CLERGYPERSONS OF THE NEW YORK ANNUAL  
CONFERENCE**


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278. The New York Annual Conference (the “Conference”) adopts the following resolutions relating to rental/housing allowances for active, retired, or disabled clergypersons of the Conference:
279. 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”),
280. 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,
281. WHEREAS, pensions or other amounts paid to active, retired, and disabled Clergypersons are considered to be deferred compensation and are paid to active, retired, and disabled Clergypersons in consideration of previous active service, and
282. WHEREAS, the Internal Revenue Service has recognized the Conference (or its predecessors) as the 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,
283. NOW, THEREFORE, BE IT RESOLVED THAT an amount equal to 100% of the pension 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 year 2011-2012 by each active, retired, 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
284. THAT the pension or disability payments to which this rental/housing allowance applies will be any pension 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, 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 active, retired, or disabled Clergyperson’s pension or disability as part of his or her gross compensation.
285. NOTE: The rental/housing allowance that may be excluded from a Clergyperson’s gross income in any year for federal income tax purposes is limited under Internal Revenue Code section 107(2) and regulations thereunder

to the **least** of: (1) 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; (2) the amount actually expended by the Clergy person to rent or provide a home in such year; or (3) the fair rental value of the home, including furnishings and appurtenances (such as a garage), plus the cost of utilities in such year.

286. **Action Fourteen: 2012 Formal Funding Plan for Supplement One to the Clergy Retirement Security Program ( Pre-1982 Plan) for the New York Annual Conference of The United Methodist Church Board of Pensions and Health Benefits:**

287. Our current Past Service Rate for the calendar year 2011 is \$545 per service year. For 2012, we will elect a 2.02% over the 2011 rate for a PSR of \$556.00. The NYAC BOPHB will decide independently on the Past Service Rate increases in each future year based on the assets of the Pre-1982 funding. In the future, we hope to partially compensate for increases in the cost of living for retired pastors through PSR increases and/or reductions in payments toward the Medicare companion plan.

288. The 2012 funding plan information based on January 1, 2010 figures because of the two year lag in our actuarial tables are summarized below (from GBOPHB actuarial report for NYAC.):

Present Value of Assets*	\$ 39,796,386	
Integrity in Pension Fund	\$ 1,200,000	(appx of Jan. 1, 2010)
Total:	\$ 40,996,386	
Conference Plan Liability	\$ 38,596,644	
Funded Status	\$2,399,742	
Conference Funded Ratio	106%	

\*Assuming 7.0% interest and the RP-2000 Mortality Table.

289. Because of the Comprehensive Protection Plan premium holiday, we will continue to collect the 3% of pastoral compensation for 2011 and 2012 and utilize these funds for future payments.. Currently, churches pay 3% of the clergy compensation package towards this insurance premium. As we have announced through emails, letters, and the billing statements, we are collecting this 3% during this three year holiday to fund the additional pension payments due in 2011 because of the fiscal crisis of 2008-2009. It will be used to pay a percentage of CRSP - Defined Benefit due 12-31-2011 of \$2,343,302 and the MPP of \$647,637. The Integrity in Pension funds will be used to pay the Pre-1982 contribution on December 31, 2011 of \$565,461.

290. Our general board actuarial reports and subsequent billings have a two year lag to them. We will bill about \$550,000 in 2011 and a similar amount in 2012 which will be applied to the \$1.2 million in additional payments to the pre-1982 plan, the Ministerial Pension Plan, and the Clergy Retirement Security Plan, defined benefit payment and continue to build our reserve for future payouts in case of market declines.

291. By keeping the PSR for 2011 at \$545 our total liability decreased by \$566,000 and our annual minimum contribution is about \$86,000 less. By reducing future increases from 3% to 2%, we will save an additional \$1.3 million in liability and about \$200,000 per year in the effective contribution level. Our PSR for 2012 will increase by 2.02% to \$556 per service year.

292. The Pre-1982 Plan is one of two defined benefit (DB) components within the larger Clergy Retirement Security Program (CRSP). Pensions are provided for service after 2006 by the other DB component, referred to as CRSPDB. By votes of the New York Annual Conference, your Board is given the flexibility to fund the CRSP-DB on the last day of the year either by funds received or from funds in the Pre-1982 Plan assets.
293. To date our required contributions to the successor CRSPDB Plan, as permitted by CRSP has been paid from our Pre-1982 assets: \$1,893,771 as of 12/31/2007, and \$2,012,186 as of 12/31/2008, \$2,107,314 as of 12/31/2009. In 2010, we paid the CRSP-DB from the funds collected. Our Pre-1982 plan was funded at 96% and we could not use these funds to the payment.
294. As we look to the required payment of \$\$2,343,302 on December 31, 2011 this payment, at this time, will be paid from the CPP holiday funds and the collections for the CRSP-DB. However, the final determination by the Conference Board of Pensions and Health Benefits in consultation with the conference treasurer and the General Board staff will be made based on market increases, the actuarial reports for this year, and common sense.
295. We retain the right to decide annually whether any funds which may exist within the Pre-1982 Plan at that time should be used in a similar manner to cover part or all of our required contribution to CRSPDB.

### **Conclusion**

296. The end of 2008 was a difficult time for our world. In 2009 we saw the recovery begin. We have been very cautious during 2010. Who knows what the future will bring? We know that change is coming and we hope to be agents of that transformation on your behalf. We want to advocate for benefits that are adequate, affordable, and sustainable. We recognize the fine balance between the costs of benefits to local churches and the use of those benefits by our active and retired clergy.
297. Change is coming whether we want it or not. It is critical that we help manage the change rather than let it manage us. Your Board of Pensions and Health Benefits would like to advocate for change that is fair, just and focuses on the future effectiveness of our United Methodist Church. We plan to work with the General Board when our plans are changed, hopefully for the better, by all the proposals for new pension plans and benefits that will come before the General Conference in 2012.
298. Moving into the future, with a benefits administrator, we hope to have much more efficiency and effectiveness with billings and with problems that clergy are experiencing with their benefits. We hope to have cost savings and have an office that helps us manage significant changes that are coming.
299. To all our clergy colleagues, please live up to your connectional and covenantal responsibilities especially to have your congregations pay their fair share of the benefits that you do and will enjoy.
300. We have seen the cabinet pay attention to lack of payment of both apportionments and the benefits this past year. However, we recommend to the Cabinet that when apportionment reports are made public in newsletters, emails, or other communications that we also include reports on the benefit payments (perhaps percentages paid). Perhaps we can issue certificates for 100 % payment of benefits similar to apportionments. We must be more transparent of those who

do complete their benefit payments and those who do not fulfill their collegial financial obligations.

301. And we have been in more dialogue than ever with CF&A and the Cabinet concerning the financial and cash flow issues of the Annual conference and the lack of benefit payment and how that is stressing our system.
302. However in the overall picture of our world and those who suffer in poverty, it seems selfish to even complain. We must be good stewards of all that God has entrusted to us and I am hopeful that the future will be a bit brighter.

### Appreciation

303. During this past year, as we have moved toward a new attitude toward benefit payments through the need for re-evaluation, I am very grateful for the conversations and collaboration that exist with Bishop Park and the Cabinet and CF&A for their shared concern and support in the conversations and collaboration that needed to take place.
304. We are grateful to Conference Treasurer and Director of Administrative Services Ross Williams for the dedication, new financial reporting formats, and for his skills as he brings a fresh approach to conference's administrative and financial services.
305. **We thank:** all the conference administrative staff for their support services; Oscar Destruge-Sandoval, for serving as pensions registrar; cabinet liaison Adrienne Brewington; Stephen Phillips, liaison from CF&A; Eumin Kim, liaison from the Board of Ordained Ministry; and board members Anthony Beck, Carol Bloom, Wayne Carty, John Fahey, Rev. Sara Goold, Sabrina Johnson Chandler, Doug Hathaway, Arturo Maine, Archie Maybank, Elaine Williams Nelson, Elliot Oakes, Patrick Perrin, Richard Rice, Stephen Smart, Alpher Sylvester, Jim Van Schaick and Robert Woodcock for their faithful attendance, keen insight and numerous contributions to our work. I am grateful that Tim Riss, chair of CF&A has also been attending our meetings as well as the gracious hospitality of CF&A whose meetings I have been attending.
306. We also are grateful the all the General Board staff who advise us at our meetings, by phone, and email. Also our good health cheerleader, Kelly Wittich, who is responsible for our wellness programs.
307. This has been an arduous and complex year for our committee. Especially with the loss of our good friend, Bill Neuert. However, the fellowship we experience in the work of benefits ministry is a rich blessing.

**The Approved 2012 Pensions & Health Benefits Budget can be found on page 303 of this Journal.**

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**COMMISSION ON EQUITABLE COMPENSATION**


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**Raymond F. Lange, Chair**
*Concur: 161, Non-Concur: 1, Abstain: 0; 99.4% concurrence, NYAC conference session: adopted*

101. “It is the purpose of the commission on equitable compensation to support full-time clergy serving as pastors in the charges of the Annual Conference by: (a) recommending Conference standards for pastoral support; (b) administering funds to be used in base compensation supplementation; and (c) providing counsel and advisory material on pastoral support to district superintendents and committees on pastor-parish relations.” *The Book of Discipline, 2008* ¶625.
102. Information on the compensation plans of Annual Conferences provided by the General Council on Finance and Administration Office of Analysis and Research was reviewed by the commission. The compensation plan of the New York Conference ranked 7<sup>th</sup> among the 13 Conferences in the Northeastern Jurisdiction in 2010 and 5<sup>th</sup> among the 10 Conferences in the Jurisdiction in 2011.\*  
\*Note: a merger of upper New York Conferences reduced the number of Conferences in the Jurisdiction to 10.
103. A survey of New York Conference clergy serving under minimum compensation guidelines was distributed by the Commission through District offices. The survey revealed that the financial needs of clergy are as diverse as the clergy are themselves.
104. The compensation survey did reveal the following common factors among pastors serving minimum compensation churches: (a) 30% of pastors surveyed are still in debt from educational costs; (b) 40% of pastors surveyed reported that the Conference minimum for professional reimbursement accounts did not cover annual expenses; and (c) most minimum-salary churches have been faithful in regularly paying pastor’s salaries, medical insurance, pension benefits and professional reimbursement accounts.
105. The compensation survey also revealed a general concern about the long-range financial security of minimum-salaried pastors. Compensation for many minimum-salaried pastors barely meets their annual expenses. These pastors have not been able to contribute to the pension PIP fund or to save for the future. Many of these surveyed pastors worry about how they will pay for their children’s education, how they will be able to afford a home upon retirement, and if they will have sufficient pension funds to support them in their retirement years. Those on minimum salary are also receiving minimum pension contributions by their churches.
106. The commission on equitable compensation is working under a mandate of the 2010 Annual Conference to extend the salary schedule in appropriate categories by one (1) year in each succeeding year until 30 years of service is reached. Minimum-salary churches served by pastors with 20+ years of service are finding it difficult to fund this mandate.
107. The Minimum Salary Schedule of the New York Conference has not changed in three years. Pastors serving under the minimum schedule with twenty-two (22) or less years of service have realized annual salary increases of .75% to 1.75% depending on the category. This, along with a rise in the cost of living index and increases in pastor’s medical premiums, effectively means that the income of minimum-salaried pastors has remained stagnant at best.

108. This Commission recognizes the delicate balance between the financial needs of pastors and the ability of churches to pay.
109. Despite budget constraints in the Conference as a whole, this commission is seeking funds to be set aside to assist local churches that are facing difficulties in meeting standards for pastoral compensation. These budget items (the Equitable Salary Fund and the Salary Adjustment Fund) are not long-term solutions for churches, but short-term assistance as a church reviews its situation and puts plans in place to ensure an adequate pastoral presence for the future.
110. This Commission reminds local churches that the salary schedule of the Conference is the minimum expectation. We urge churches to prayerfully consider compensating their pastors above the minimum levels.

### **Recommendations:**

111. That acting upon the mandate in paragraph 106 of this report, the commission on equitable compensation add the category of 23 plus years of service to the Minimum Salary Schedule as follows:
  - Full-time Local Pastors: \$38,400
  - Full-time Associate Pastors: \$42,925
  - Full-time Elders and Permanent Deacons: \$43,550.
112. That the Equitable Salary Fund be set at \$170,000.
113. That the Salary Adjustment Fund be set at \$75,000.
114. That the Professional Reimbursement Account for a pastor under full-time appointment be a minimum of \$5,500 for 2012. Pastors serving in part-time appointments are to receive a minimum of \$1,375 for each ¼ time increment. These are the same levels as 2011.
115. That clergy under part-time appointment be entitled to a prorated minimum salary schedule.
116. That pastors serving multi-church charges are to receive an additional \$250 professional reimbursement OR an additional \$250 salary for each church after the first church on their circuit, whether serving in a part-time or full-time appointment.
117. That the Minimum Salary Schedule be increased by 2% in every category. The range of increase would be from \$650 for full-time local pastors with 0 years service, to \$875 for full-time elders and permanent deacons with 23 plus years service. This increase reflects some catch up from the past three years.
118. That the categories in the Minimum Salary Schedule be capped at 23 years for full-time local pastors, associate members, elders and permanent deacons.
119. That the 2012 Equitable Compensation Commission's Minimum Salary Schedule for all pastors serving under full-time appointment is as follows:

120. 2012 Minimum Salary Schedule

Years. Service	Local Pastor	Probationer	Associate Member	Elder/ Perm. Deacon
0	\$33,500	\$35,525	\$35,900	\$36,500
1	34,000	36,050	37,025	37,050
2	34,225	36,300	37,300	37,350
3	34,475	36,625	37,650	37,675
4	34,750	36,950	37,925	38,050
5	34,950	37,250	38,250	38,400
6	35,225	37,450	38,550	38,675
7	35,425	37,765	38,850	39,025
8	35,625	38,050	39,125	39,400
9	35,900		39,450	39,700
10	36,150		39,750	40,025
11	36,375		40,050	40,400
12	36,650		40,400	40,725
13	36,850		40,700	41,025
14	37,075		41,000	41,350
15	37,300		41,275	41,725
16	37,550		41,600	42,050
17	37,800		41,900	42,375
18	38,000		42,200	42,750
19	38,250		42,500	43,025
20	38,475		42,850	43,400
21	38,700		43,175	43,750
22	38,950		43,475	44,100
23+	39,175		43,775	44,425

**PETITION #2011-GC501 – CHANGES REGARDING “INCAPACITY LEAVE”**

*Concur: 123, Non-Concur: 0, Abstain: 0; 100% concurrence, NYC conference session: adopted*

Total Number of Pages: 3  
 Suggested Title: Changes Regarding “Incapacity Leave”  
 Discipline Paragraph: ¶357, 652 (related)  
 General Church Budget Implications: No  
 Global Implications: No

**Amend ¶357 as follows:**

¶ 357. Incapacity Medical Leave Resulting From Due to Medical Health Matters and Disabling Conditions which Prevent Performance of Ministerial Duties—1. When clergy who are members of an annual conference (¶ 369) are unable to perform their ministerial work duties because of incapacity due to health matters medical and disabling conditions, upon recommendations of the conference Board of Ordained Ministry and the conference board of pensions, and by a majority vote of the executive session of clergy members in full connection with the annual conference who are present and voting, they may be granted annual incapacity medical leave without losing their relationship to the annual conference; provided, however, that such leave may be granted or renewed upon reasonable and appropriate investigation of the case by the joint committee on incapacity clergy medical leave of the annual conference, or the party responsible for managing ~~the incapacity of~~ clergy medical leaves in accordance with the annual conference's policies, which will report its findings to the conference Board of Ordained Ministry and the conference board of pensions. This relationship may be initiated by the clergy member or cabinet with or without the consent of the clergy member through the Board of Ordained Ministry. When incapacity medical leave is given without the clergy member's consent, reasonable accommodation shall be offered whenever possible. When a clergy member is granted incapacity medical leave by the annual conference, if the medical evidence has not yet met the standards for the receipt of benefits as set forth in the Comprehensive Protection Plan, section 5.04, the conference board of pensions may authorize payment of the benefits in the amount that would otherwise be payable from the Comprehensive Protection Plan. The payments shall be made by the General Board of Pension and Health Benefits as a charge to the annual conference granting the incapacity medical leave. If payments from the Comprehensive Protection Plan are subsequently approved, the annual conference will be reimbursed for benefits already paid, not to exceed the amount otherwise payable from the Comprehensive Protection Plan. Each incapacity medical leave granted by the annual conference shall be recorded in the conference minutes.

2. When clergy who are members of an annual conference are unable to perform their ministerial work duties between sessions of the annual conference on account of medical health matters and disabling conditions, with the approval of a majority of the district superintendents, after consultation with the executive committee of the conference Board of Ordained Ministry and the executive committee of the conference board of pensions, ~~an~~ incapacity a medical leave may be granted by the bishop for the remainder of the conference year; provided, however, that such leave may be granted upon reasonable and appropriate investigation of the case including accommodation provisions by the joint committee on incapacity clergy medical leave of the annual conference, or the party responsible for managing ~~the incapacity of~~ clergy medical leaves in accordance with the annual conference's policies, which will report its findings to the conference Board of Ordained Ministry and the conference board of pensions. When a clergy member is granted incapacity medical leave by the bishop, if the medical evidence has not yet met the standards for receipt of benefits as set forth in the Comprehensive Protection Plan, section 5.04, the conference board of pensions may authorize payment of the benefits in the amount that would otherwise be payable from the Comprehensive Protection Plan. The payments shall be made by the General Board of Pension and Health Benefits as a charge to the annual conference granting the incapacity medical leave. If payments from the Comprehensive Protection Plan are subsequently approved, the annual conference will be reimbursed for benefits already paid, not to exceed the amount otherwise payable from the Comprehensive Protection Plan.

3. When clergy members on ~~incapacity~~ medical leave provide medical evidence that they have recovered sufficiently to resume ministerial ~~work~~ duties, or are able to return through reasonable accommodation, with the approval of a majority of the district superintendents, after consultation with the executive committee of the conference Board of Ordained Ministry and the executive committee of the conference board of pensions, they may receive an appointment from a bishop between sessions of the annual conference, thereby terminating the ~~incapacity~~ medical leave. Such appointment shall be reported immediately by the cabinet to the conference board of pensions and to the General Board of Pension and Health Benefits. Such termination of leave, together with the effective date, shall also be recorded in the minutes of the annual conference at its next regular session.

4. A person under consideration for ~~incapacity~~ medical leave shall have the right to appear before the joint committee on ~~incapacity~~ clergy medical leave or to designate someone to meet with the committee on his or her behalf. In the event of unresolved issues, a person will be ensured of fair process per the guidelines for administrative hearings in ¶362.2.

5. Any person eligible to receive an appointment from a bishop and able to perform ministerial duties may not be placed on involuntary medical leave solely because of a medical condition. All reasonable accommodations should be made to enable qualified clergy with disabilities to serve in ministry settings compatible with their gifts and graces. (See 2008 Book of Resolutions, No. 3002)

**Amend ¶652 as follows:**

#### SECTION IX. THE ANNUAL CONFERENCE

¶ 652. Each annual conference shall establish a procedure by which it will manage ~~incapacity of clergy medical leaves.~~ The annual conference may establish a **joint committee on ~~incapacity~~ clergy medical leave**. If the annual conference establishes such a committee, it should be composed of at least two representatives each from the Board of Ordained Ministry and the conference board of pensions, who may be elected by those boards at the beginning of each quadrennium and at other times when vacancies occur, and a district superintendent appointed from time to time by the bishop to represent the cabinet. The joint committee shall be encouraged to include in its composition a person with a disability, preferably someone under appointment. Unless and until other members are elected, the chairperson and registrar of the Board of Ordained Ministry and the chairperson and secretary of the conference board of pensions, or others designated by them, shall be authorized to represent their respective boards. The committee shall organize at the beginning of each quadrennium by the election of a chairperson and a secretary. If the annual conference does not establish a joint committee, the annual conference's established policy and process for managing ~~incapacity of clergy medical leave~~ nonetheless should involve the Board of Ordained Ministry, the conference board of pensions and representation from the cabinet.

The duties of the annual conference, with respect to ~~incapacity~~ clergy medical leave, or the joint committee on ~~incapacity~~ clergy medical leave, or its equivalent, shall be:

- a) To study ~~the problems of incapacity~~ issues related to ~~of~~ clergy medical leave in the annual conference.
- b) To provide for a continuing personal ministry to any ~~disabled~~ clergy on medical leave of the conference and to aid them in maintaining fellowship with the members of the conference.

c) To provide advice and support to and, where appropriate advocacy for, clergy on ~~incapacity~~ medical leave in (i) applying for and securing disability benefits from the Comprehensive Protection Plan and government programs, (ii) exploring possible sources of interim financial assistance before disability benefits can be obtained, ~~and~~ (iii) establishing rehabilitation and return-to-service programs, and (iv) assessing the need for and providing reasonable accommodations.

d) To make recommendations to the Board of Ordained Ministry, the conference board of pensions, and the cabinet on matters related to ~~incapacity~~ clergy-medical leave, including steps for ~~its~~ the prevention of the need for medical leave, incapacity the process of granting medical leave, benefits, grants or other assistance, and programs of rehabilitation.

e) To cooperate with and give assistance to the General Board of Pension and Health Benefits in its administration of the Clergy Retirement Security Program, the Comprehensive Protection Plan and other benefit plans for clergy on ~~incapacity~~ medical leave, and to the extent applicable assist with the disability benefits and other benefits provided under those plans.

➤ All references to “joint committee on incapacity” in *The Discipline* are changed to “joint committee on clergy medical leave.”

**Rationale for change of language:** The term “incapacity” when describing a clergy person who is in need of a health-related leave denotes a lack of ability and/or eligibility, yet the need of a clergy person to take such a leave from an appointment for medical reasons does not mean one is inherently or permanently incapable of serving the church. The United Methodist Church has a vital interest in recognizing and nurturing all persons who have been ordained and commissioned for ministry, and cannot afford to waste the gifts and graces of any person eligible to receive an appointment by a bishop. Eligibility should not be determined solely by the presence of a disability.

**Rationale for change of process:** Often clergy in the process or on “incapacity” leave feel abandoned by their conference and have difficulty fitting into an appropriate status in the Church. There is a need for an expanded due process providing opportunity for those persons to be heard. An important theological basis for ministry is that “ordained persons exercise their ministry in covenant with all Christians ... [and] also live in covenant of mutual care and accountability with all those who share their ordination, especially in The United Methodist Church, with the ordained who are members of the same annual conference and part of the same Order.” (§ 303.3)

*Submitted by the Methodist Federation for Social Action:*

*Rev. Dale Ashby, Dr. Dorothee Benz, Rev. John Collins, Rev. Vicky Fleming, Rev. Lucy Jones, Rev. Evy McDonald, Home Missioner Kevin M. Nelson, Rev. Richard Parker, Rev. Bette Sohm, Rev. Charles Straut, Rev. Jeff Wells*