

2017 CBOP&HB Report to Yellowstone Annual Conference

The Yellowstone Conference Board of Pensions and Health Benefits has some news to share with the 2017 Annual Conference Session. Some of the highlights include:

- * Both Preferred Provider (PPO) and Consumer Driver Health Plan (CDHP) HealthFlex premiums will increase by approximately 3% in 2018. PPO premiums increased by approximately 3% in 2017 as well. The Conference Board of Pensions voted to cover the 2017 increase (rather than passing it to the churches). *Of note: If all PPO participants would have elected CDHP, there would not have been a premium increase in 2017.* The Board has not determined whether to pass the 2018 premium increases to the churches or not.
- * With the uncertainty in the future of the federal health insurance, the Board will not pursue any changes to our program at this time.
- * In response to the 2016 “ACA-Healthcare for Clergy” petition, the Board offered a pilot program to applicable churches to opt out of family coverage in HealthFlex (single coverage of the clergy person is still mandatory). This gives eligibility to the clergy person for premium tax credits with the federal healthcare exchange. This has been a success and we will ask churches if they wish to renew this option for 2018. Five churches are currently in the program. Two of those churches will have a change in appointment in July. The pilot program will move with the pastor.
- * In 2016, our retiree health care liability was under-funded by \$853,000 or 34%. We are proud to report that we have fully funded this liability.
- * Due to the 2017 financial crisis in our conference, the Board of Pensions has offered to fund the retiree stipend from their funds, rather than split the cost with the conference budget.
- * Our pre-82 retirement account is currently funded at 134%. We have a policy that states, “In no case will redirection of assets occur if the funded percent of Pre-82 is less than 130%”.
- * In anticipation of the creation of a new area (Yellowstone and Rocky Mountain), Wespath has determined that the HealthFlex vendor will be Blue Cross Blue Shield for the new area, which means no change in vendor for Yellowstone.
- * Anita submitted a petition, on behalf of the Conference Board of Pensions, asking the Annual Conference to allow us to include changes to the Past Service Rate and approval of the Comprehensive Benefit Funding Plan in our annual report as action items rather than submitting petitions each year. We appreciate your support for this petition.

The Conference Board of Pensions and Health Benefits present the following recommendations for your consideration and action:

1. The Conference Board of Pensions and Health Benefits recommends that the Pre-82 Past Service Annuity Rate for 2018 be set at \$474 per service year (2% increase). This benefit will be paid from our Pre-82 funds at Wespath.

2. The Conference Board of Pensions and Health Benefits recommends approval of the 2018 Comprehensive Benefit Funding Plan. Some highlights of the plan include:

A. The Clergy Retirement Security Program (CRSP)

- Is a 403(b) retirement program providing lifetime income and account flexibility designed for those who serve as clergy of The United Methodist Church.
- The Yellowstone Conference 2018 contribution will be \$277,247. The conference anticipates that this amount will be funded by direct billing to churches.
- The estimated Yellowstone Conference 2018 contribution for CRSP-Defined Contribution (DC) will be \$79,633 and will be funded by direct billing to churches.

B. Ministerial Pension Plan (MPP)

- Provides clergy with a pension for their years of ministry with The United Methodist Church from 1982-2006.
- The Ministerial Pension Plan is currently fully funded.

C. Pre-1982 Plan

- The Pre-82 Plan provides clergy with a pension for their years of ministry with The United Methodist Church prior to 1982. The Pre-82 Plan was replaced by MPP effective January 1, 1982
- The pension rate, also called the past service rate (PSR), is the dollar amount chosen by the Conference as the amount payable for each approved year of Service with pension credit.
- As stated previously, the 2018 Past Service Rate (PSR) recommendation is \$474.
- The contingent annuitant percentage will remain at the 70% level.

D. Active Health Benefit Program

- The conference offers the HealthFlex program to active participants who are appointed full time.
- In 2018, the total cost for the program is estimated to be \$535,000 and will be funded by direct billing to churches.

E. Post-Retirement Medical Benefit Plan (PRM)

- The Yellowstone Conference post-retiree medical plan currently offers a stipend program to eligible clergy members, surviving spouses, and lay employees.
- The stipend program funds a Health Reimbursement Account (HRA) for each eligible retiree.
- The funding obligation for 2018 is estimated at \$123,000 which will be funded through Mission Shares.
- The stipend program is currently fully funded.

F. Comprehensive Protection Plan (CPP)

- The Comprehensive Protection Plan (CPP) provides death, long term disability and other welfare benefits for eligible clergy of The United Methodist Church and their families.
- For 2018, the Yellowstone Conference has an expected required contribution to the Comprehensive Protection Plan of \$88,167, which will be funded by direct billing to churches.

G. United Methodist Personal Investment Plan (UMPIP) for Lay and Clergy

- The United Methodist Personal Investment Plan (UMPIP) is a 403(b) defined contribution retirement savings plan for clergy and lay employees of The United Methodist Church.
- Participants may make before-tax and / or after-tax contributions through payroll deductions.
- Plan sponsors may make contributions on the participant's behalf.
- Yellowstone Conference sponsors UMPIP for clergy serving half-time. The pension contribution provided by their church is 15% of plan compensation. The estimated contribution for the Conference is anticipated to be \$83,167 and will be funded by direct billing to churches.

H. Other Conference Defined Contribution Type Obligation

- The Yellowstone Conference currently provides a long-term disability and life insurance for lay employees of the conference that work at least 30 hours per week.
- The cost for 2017 is \$1,596 and is funded through Mission Shares.

Respectfully,

Pam Dandrea

Conference Board of Pensions and Health Benefits Chair