

## CONFERENCE BOARD OF PENSIONS AND HEALTH BENEFITS

### RECOMMENDATIONS

1. That BWC continue to provide retiree medical to all eligible participants – must be on BWC medical plan 5 consecutive years prior to retirement.
2. That in accordance with paragraph (e) of Supplement One (Pre-1982), the surviving spouse pension benefit shall continue to be 85% of the participant’s formula.
3. That the special grant for Madelyn Hoffman be continued.
4. **Pre-1982 Service – Past Service Rate (PSR):** That the Annual Conference shall approve the following pre-1982 prior service funding plan in compliance with the Disciplinary requirement listed in ¶1506.8: The Past Service Rate (PSR) for 2017 is confirmed at \$665. The PSR for 2018 will be set at \$692.
5. That the Annual Conference shall approve the following funding plans based on the receipt of a favorable opinion from the General Board of Pension and Health Benefits in compliance with the Disciplinary requirement listed in ¶1506.6.

**Funded status and contributions are based on actuarial valuations as of January 1, 2016,**

**Pre-82 Plan:** By General Conference mandate, Pre-82 liabilities are to be fully funded by December 31, 2021. Baltimore-Washington Conference is already fully funded, with its assets with the Pre-82 Plan equal 155% of its liabilities.

**Corridor Funding:** Clergy Retirement Security Program (CRSP-DB) and Ministerial Pension Plan (MPP) annuities. The funded Ratio for this funding is the same for all Conferences

Plan	Assets	Liabilities	Funded Ratio
CRSP-DB	\$1.530	\$1.422	107.6%
MPP Annuities	\$3.600	\$3.423	105.2%

**Post-Retirement Medical:** Based on an interim actuarial report received in March 2017, the Post-Retirement Medical plan is reported to have a funding ratio of 92.2%. The ongoing view increases the funding ratio to 122.3%.

The funding plan as of December 31, 2016 is summarized below.

	<u>Current View</u>	<u>Ongoing View</u>
Discount Rate	4.00%	6.50%
Plan Liability	\$34,235,026	\$25,792,955
Plan Funding	\$31,553,020	\$31,553,020
Funded Status	(\$ 2,682,006)	\$ 5,760,065
Funded Ratio	92.2%	122.3%

6. That the following resolution, as required for IRS compliance, shall be approved:

**Resolutions Relating to Rental/Housing Allowances for Retired or Disabled Clergypersons of the Baltimore-Washington Conference**

The Baltimore-Washington Conference (the "Conference") adopts the following resolutions relating to rental/housing allowances for active, retired, or disabled clergypersons of the Conference:

WHEREAS, the religious denomination known as The United Methodist Church (the "Church"), of which this Conference is a part, has in the past functioned and continues to function through ministers of the gospel (within the meaning of Internal Revenue Code section 107) who were or are duly ordained, commissioned, or licensed ministers of the Church ("Clergypersons");

WHEREAS, the practice of the Church and of this Conference was and is to provide active Clergypersons with a parsonage or a rental/housing allowance as part of their gross compensation;

WHEREAS, pensions or other amounts paid to active, retired 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

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;

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 years **2017-2018** 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

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, retired or 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.

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 there under to the least of: (1) the amount of the rental/housing allowance designated by the Clergyperson's employer or other appropriate body of the Church (such as this Conference in the foregoing resolutions) for

such year; (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.