

**THE BOARD OF PENSION AND HEALTH BENEFITS**

**PENSION SECTION**

**Report Number One**

- A. The Board of Pension and Health Benefits requests that the South Carolina Annual Conference fix \$614 per service year as the rate for annuity payments to retired ministers. This shall include service annuity credits approved prior to January 1, 1982. An eligible surviving spouse shall receive 75% of the formula benefit upon the death of the participant.
- B. The Board of Pensions requests that direct billings to salary paying units be made that will give the Board of Pension and Health Benefits (The Pension Fund) \$4,955,645 for the pension program of the South Carolina Annual Conference for the fiscal year ending December 31, 2008, and that this sum be apportioned or billed to the charges of the South Carolina Annual Conference.

C. **Resolutions Relating to Rental/Housing Allowances for  
Active, Retired or Disabled Clergypersons  
of the South Carolina Annual Conference**

The South Carolina Annual 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 year 2007 and 2008 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, 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.

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 Clergyperson 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.

- D. For 2008, each institution, organization or district to which a minister is appointed and enrolled shall pay to the South Carolina Annual Conference Board of Pension and Health Benefits an amount equal \$468 per month for Full Time Equivalent for the Defined Benefit portion of the Clergy Retirement Security Plan (CRSP) for clergy (including deacons) who are under Episcopal appointment (receiving compensation) at a local church, charge, conference or conference-responsible unit or entity related to the South Carolina Annual Conference. An amount equal to 3.0% of the appointed participants Plan Compensation shall be paid for the defined contribution

portion of the CRSP. An amount equal to 3.0% of the appointed participants Plan Compensation, limited by 200% of the Denominational Average Compensation shall be paid for Comprehensive Protection Plan funding. **The South Carolina Board of Pension and Health Benefits will bill for those clergy at the charge level beginning in the calendar year 2008.** Such payments shall be made for each minister so appointed, and paid monthly in equal payments each month during the year 2008, or in advance for monthly crediting in twelve equal installments from deposits made in the Deposit Account of the South Carolina Annual Conference with the General Board of Pension and Health Benefits, by the treasurer of the South Carolina Annual Conference. In the event that monthly credits to the minister in appointment's Church Account exceed the funds deposited for the minister in special appointment, an interest charge made at 12% per annum shall be made. This interest payment is due the following month with interest charges on a daily factor until the institutional account of the minister in appointment is current.

- (1) For the purposes of this section, the Bishop and the Cabinet have established the following for guidelines as to the full or part time status of an appointment to determine FTE status by working quarters:
  - a. Full time appointments are assumed to be full time in service. Defined Plan Compensation cannot be less than the 2008 CPP and HealthFlex threshold of \$33,626. There is no classification for a three quarter (3/4) time local pastor; it is either full time or part time. Student local pastors are less than full time, but study and compensation requirements have to be met on an annual basis.
  - b. Three Quarter time (3/4) for members means Plan Compensation is no less than 60% of the DAC (the CPP and HealthFlex threshold of \$33,626). Service time is no less than 35 hours per week. Paid vacation time is limited to three weeks annually.
  - c. One half time (1/2) for members means Plan Compensation is no less than 40% of the DAC, service time of no less than 28 hours per week with paid vacation time limited to two weeks annually.
  - d. One quarter (1/4) time for members means Plan Compensation is no less than 20% of the DAC (\$11,209). Service time of no less than 15 hours per week, with paid vacation time is limited to one week annually.
  - e. Part-time local pastor (1/2) means Plan Compensation is no less than 30% of the Annual Conference Average Compensation (\$18,087). Half time local pastor means service can be no less than 20 hours per week with two weeks paid vacation.
  - f. Part-time local pastor (1/4) means Plan Compensation is less than \$18,087 (30% of the Annual Conference Average Compensation). Service time can be less than 20 hours per week with one week paid vacation.
- E. The fiscal year of the Board of Pensions shall be the same as that of the South Carolina Annual Conference.
- F. The Board of Pension and Health Benefits authorizes one time moving expense grants, not to exceed \$1,500, and including up to \$250 in verified packing expenses, for newly incapacitated ministers receiving CPP Incapacity Benefits, surviving spouses of ministers or newly retired ministers in benefit, moving from the parsonage provided by the charge. Persons moving must file for the one time grant within 90 days of first reception of pension or disability benefits and may use the funds for moving expenses and/or for connection/tap on or hook up fees in the new residence.

## Report Two 2008 Pension and Welfare Operating Budget

### Estimated Requirement

Past Service Payment	3,451,478.00
Clergy Retirement Service Plan (CRSP) Defined Benefit Amount	1,219,012.00
CRSP Defined Contribution (3%)	1,111,808.00
CRSP CPP (3%)	89,856.00
Clergy Transition*	30,000.00
Grants/Contingency*	5,902,154.00
<b>Total Estimated Requirement</b>	<b>5,902,154.00</b>

### Estimated Income

**UM Publishing House	0
Investment Income-Permanent Funds	450,000.00
Institutional Payments	376,653.00
Apportionment*	119,856.00
Direct Bill Payments	4,955,645.00
<b>Total Estimated Income</b>	<b>5,902,154.00</b>

### \*Amount to be apportioned

Clergy Transition*	89,856.00
Grants/Contingency*	30,000.00
<b>TOTAL APPORTIONED PENSIONS</b>	<b>119,856.00</b>

\* To be apportioned

\*\*The Bishops have asked that Jurisdictional Conference Publishing House Distributions be directed to Central Conferences to fund pension programs.

**Report Three**  
**South Carolina Annual Conference Funding Plan**  
**For Supplement One to the Ministerial Pension Plan**  
**As of January 1, 2007**

The 2007 Past Service Rate (PSR) is \$590, or 0.99% of the Conference Average Compensation (CAC). The Conference intends to maintain the Past Service Rate around 1% of CAC. For the past several years, CAC has increased by an average of about 4.058% per year, and we not expect that pattern to continue. Therefore, we expect future Past Service Rates to increase by an average of about 4% per year.

As of January 1, 2006, assuming 4% annual Past Service Rate increases, the General Board of Pension and Health Benefits actuarial valuation of the plan for the Conference shows more assets than benefit obligations. The funding plan is summarized below:

Current Plan Funding	\$89,548,946
Supplement One Liability	<u>(63,442,489)</u>
A PSR Increase of 4.0%	
Funding Surplus as of January 1, 2005	\$26,106,457
Assuming 7.0% interest and the RP 2000 Mortality Table	

*David V. Braddon, Chairperson*  
*Sherry Eisom, Secretary*

**THE BOARD OF PENSION AND HEALTH BENEFITS**

**GROUP INSURANCE SECTION**

**Report Number One**

The insurance program of the South Carolina Conference is designed to provide its eligible employees (as defined herein) with a comprehensive plan for major medical benefits and a Medicare supplement. The following are eligible for coverage under the program:

1. Those fully employed and funded by a local church either as Elders in Full Connection, Deacons in Full Connection, Associate Members, Full Time Local Pastors, Probationary Elders, Probationary Deacons, Probationary Deacons/1992, Diaconal ministers and Student Local Pastors related to and serving a local church within the South Carolina Annual Conference and included in the Hospitalization and Medical Expense Program Adoption Agreement.
2. Ministers who are full time employees of and funded by the Annual Conference boards, councils or agencies.
3. District Superintendents.
4. Student local pastors appointed to and funded by a charge within the boundaries of the Annual Conference and actively at work.
5. Lay persons who are full time employees of and funded by the Annual Conference.
6. Retired clergy who have been under full time appointment to a local church with pension responsibility by the South Carolina Annual Conference, and who are immediately eligible to receive pension or incapacity benefits, and who have participation in the active group health plan of the South Carolina Annual Conference, the last ten (10) years of which were continuous and consecutive, shall be eligible for participation in the retiree health care program of the Annual Conference.
7. Retired lay employees who have attained age 62 and have been full time employees of the South Carolina Annual Conference or a local church of the South Carolina Annual Conference, and who are immediately eligible to receive United Methodist pension or incapacity benefits, and who have participation in the active group health plan of the South Carolina Annual Conference, the last ten (10) years of which were continuous and consecutive, shall be eligible for participation in the retiree health care program of the Annual Conference.
8. Those retired clergy or incapacitated employees, referred to herein as lay persons, immediately eligible to receive pension or disability benefits from the General Board of Pension and Health Benefits at the beginning of the month following the month in which the retired relation or disability leave with disability benefits takes place, and who had a minimum of ten (10) continuous and consecutive years of active participation in the South Carolina Annual Conference group health plan at the time of retirement or the granting of Basic Protection Plan incapacity benefits by the General Board of Pensions, and their respective spouses.
9. Ordained ministers from other United Methodist Annual Conferences and ordained ministers from other Methodist denominations, and other denominations, under episcopal appointment fully employed and funded by a local church or charge of the South Carolina Annual Conference under the provisions of Paragraphs 346.1 and 346.2 of the 2004 Book of Discipline.
10. Full-time employees, and their eligible dependents, enrolled and funded by a local church of the South Caro-

lina Annual Conference currently meeting the underwriting guidelines of the South Carolina Annual Conference group insurance plan. The salary-paying unit must establish the funding basis with the annual conference on the current advanced premium.

11. Funding for the group insurance plans upon retirement in benefit from the South Carolina Annual Conference shall be based on full time employment by the Annual Conference, full time appointment to a local church or eligible extension ministry with pension responsibility by the South Carolina Annual Conference, and shall be based on the following schedule:

10 continuous years of appointment and participation in the active plan	0%
11 continuous years of appointment and participation in the active plan	10%
12 continuous years of appointment and participation in the active plan	20%
13 continuous years of appointment and participation in the active plan	30%
14 continuous years of appointment and participation in the active plan	40%
15 continuous years of appointment and participation in the active plan	50%
16 continuous years of appointment and participation in the active plan	60%
17 continuous years of appointment and participation in the active plan	70%
18 continuous years of appointment and participation in the active plan	80%
19 continuous years of appointment and participation in the active plan	90%
20 continuous years of appointment and participation in the active plan	100%.

The categories of eligibility 1 -- 11 listed above are categories of access to the group insurance plan of the South Carolina Annual Conference. Funding of persons, other than those appointed as pastors or with pension funding responsibility by the South Carolina Annual Conference, is the responsibility of the salary-paying unit.

### **Report Number Two Major Medical Insurance Benefits**

The South Carolina Annual Conference will participate in Health Flex, the managed health care plan of the General Board of Pensions and Health Benefits of the United Methodist Church.

The South Carolina Annual Conference has elected HealthFlex BlueCross/BlueShield – Option B750 HealthFlex Pharmacy Plan 2 as the Health Care Plan. The yearly deductible is \$750 individual and \$1,500 for family.

The lifetime maximum coverage for each eligible insured and eligible dependent shall be limited to \$2,000,000.

The South Carolina Annual Conference will participate in the Healthflex incentive program in 2007. If an active participant completes their annual wellness exam and the health risk appraisal offered through WebMD via Healthflex; that covered person will receive a \$100 premium credit during the first quarter of 2008. The church will receive a corresponding \$100 credit for 2008. In order for the credit to be issued the South Carolina Annual Conference will have to meet the General Board of Pension and Health Benefits qualifying guidelines of 40% participation in completion of the health risk appraisal and 50% participation in having a wellness exam.

Additional information on the major medical expense plan is available from the Board of Pension and Health Benefits, Post Office Box 3787, Columbia, SC 29230.

### **Report Number Three Medicare Benefits**

The South Carolina Annual Conference has elected HealthFlex Medicare Companion Plan 2, HealthFlex Pharmacy Plan 2 as the Medicare Supplement Plan Option.

Eligible retired participants and their eligible dependents as well as active participants and their eligible dependents that have attained age 65 shall have benefits calculated by the Medicare Companion approach. This assumes eligible participants and dependents shall be enrolled in Medicare Part A and Part B immediately prior to reaching the age and status for Medicare eligibility.

A handbook explaining the provisions of Medicare is available from any district office of the Social Security Administration.

### **Report Number Four Administrative Procedures**

Enrollment in HealthFlex, the group insurance plan of the South Carolina Annual Conference must be made within the first thirty days of eligibility or the first day actively at work. Late enrollment or enrollment for January 1<sup>st</sup> of any year must be completed with the General Board of Pension and Health Benefits prior to November 30<sup>th</sup> of the preceding year.

Eligibility requirements are also set forth in the *HealthFlex Administrative Manual* published by the Health Care Division of the General Board of Pension and Health Benefits of the United Methodist Church, 1201 Davis Street, Evanston, IL 60201.

Billing: At the first of each month, the Board of Pension and Health Benefits will send premium statements to the

participants enrolled in the Conference Insurance Program and to participants with Flexible Spending Accounts. Payments for group health premiums and Flexible Spending Accounts premiums shall be made on a monthly basis.

**Cancellation of Coverage:** It is imperative that each participant in the Conference Insurance Program keeps his/her premium payments current. The Board of Pension and Health Benefits has instructed the benefits administrator to cancel the insurance coverage or the Flexible Spending Account of any participant who does not pay his/her premium by the end of the month for which he/she has been billed.

**Ministers Serving in Eligible Extension Ministries:** It is required that all Conference Boards and Agencies, served by ministers and others eligible for group insurance participation, pay for the "institutional share" of the insured's premium. This provision shall apply to the District Superintendents, Conference Staff and those serving United Methodist agencies for whom the South Carolina Annual Conference has pension responsibility. In every case the full cost of the group health premium must be paid by the insured, the employer, or through the combined payments of the insured and the employer. Premium payments shall be made in accordance with the instructions printed on the quarterly "Statement of Account". Premium payments are due at the first of the month for which the participant is billed.

Applications for enrollment in the Conference Insurance Program are available from the Board of Pension and Health Benefits, P.O. Box 3787, Columbia, SC 29230. The change enrollment form must be completed and in the hands of the benefits administrator within 30 days from the date of eligibility. If not, the applicant will be ineligible until the next following enrollment period.

The Board of Pension and Health Benefits is charged with oversight of the group insurance program of the South Carolina Annual Conference, the benefits of which program are outlined in the reports of the Board submitted to the Annual Conference. The Annual Conference approves the group insurance budget of the Board of Pension and Health Benefits. The Board is authorized to negotiate and contract with carriers or the Hospitalization and Medical Expense Program Administrator to maintain the level of benefits for the eligible participants, as defined by the Annual Conference.

**Report Number Five  
Group Health Insurance 2008 Operating Budget**

**Estimated Requirements**

Active Group	
Single	2,332,275.00
Family	4,765,128.00
Total Estimated Active Group	7,097,403.00
Retired Group	
Medicare Eligible Sub Group	
Participant	861,698.00
Participant +1	1,291,970.00
Participant less Part D Medicare	13,536.00
Total Estimated Medicare Eligible	2,167,204.00
Total Retired and Active Groups	9,264,607.00
Other*	
Incapacitation/Transition	188,544.00
Mandatory Coverage Charge	85,000.00
Total Estimated Other	273,544.00
<b>Total Estimated Requirement</b>	<b>\$9,538,151.00</b>

**Estimated Income**

Billing to salary Paying Units	4,977,904.00
Apportioned to Churches**	1,746,246.00
From Insured	2,129,221.00
From Medicare Participants	433,440.00
From Institutional Payments	251,340.00
<b>Total Estimated Income</b>	<b>\$9,538,151.00</b>

**Amount to be Apportioned**

Incapacitated and Transitional Funding *	188,544.00
Retiree Group Costs	1,733,764.00
LESS: Investment Income	(176,062.00)
<b>Total</b>	<b>\$1,746,246.00</b>

**Report Number Six**  
**2008 Group Health Costs**

The Board of Pension & Health Benefits makes the following recommendation for action by the 2007 South Carolina Annual Conference.

1. That the sum of \$5,229,244 be billed to the local church **charges** and salary paying units for the Conference Insurance Program.
2. The Board of Pension and Health Benefits requests an apportionment of \$1,746,246 and Investment Income of \$176,062.00 to be used as follows:
  - a. \$ 188,544.00 for incapacitated and/or suspended participants.
  - b. \$1,733,764.00 for retiree Group Medicare Supplement.
3. That participant premium payments be set as follows:
  - a. Personal group insurance premiums for eligible active clergy/survivor/conference lay employee categories shall be 30% of the single or family coverage premium.
    1. Effective January 1, 2008, the single premium shall be 30% of the rate; this 30% is expected to be \$169.00 per month.
    2. Effective January 1, 2008, the family premium shall be 30% of the rate; this 30 % is expected to be \$422.00 per month.
  - b. Medicare Supplement premiums for eligible fully funded participants shall be 20% of the rate; this 20% is expected to be \$70.00 per month per individual effective January 1, 2008.
4. In accordance with previous action of the Annual Conference and the Board of Pension and Health Benefits, retired participants and their eligible dependents shall have the Annual Conference contribution for group health premiums limited to the lesser of the employer contribution to the Medicare Companion Plan or the percentage indicated in the funding schedule found in Report One, item 11.
5. Active participants attained age 65, serving salary paying units that would otherwise qualify for a Small Employer Medicare Secondary Payer Exemption, and their eligible dependents, shall have the Annual Conference contribution for group health premium limited to the lesser of the employer contribution to the Medicare Companion Plan or the percentage indicated in the funding schedule in Report One, item 11.
6. The estimated 2008 monthly group health insurance premiums for persons with negotiated service, compensation and benefits, Deacons in Full Connection employed full time, full time Diaconal Ministers and full time Lay Employees of local churches, are expected to be: \$561.00 monthly (\$6,732.00 yearly) for single coverage and \$1,404.00 monthly (\$16,848.00 yearly) for family coverage. Enrollment must be made within 30 days of new hire status, or 60 days prior to January 1, 2008.

*David V. Braddon, Chairperson*  
*Sherry Eisom, Secretary*