

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

This funding plan incorporates, to the best of our understanding, the plan sponsor's obligations and funding of the benefits provided to clergy and laity, as noted below.

It is understood by the signees that defined benefit plan liabilities [Pre-82 Plan, Ministerial Pension Plan (MPP) and Clergy Retirement Security Program Defined Benefit (CRSP DB) and other sponsored defined benefit plans] continue until the last benefit is paid to participants and their surviving spouses irrespective of the funding level of the plan. That is, even if the assets in the plan are larger than the liabilities in the plan, the plan sponsor still has a liability (obligation) and potential future contribution due to the plan.

Benefit Obligations Summary

Plan Contributions for 2023

| | |
|---|-------------|
| Clergy Retirement Security Program (CRSP) DB | \$2,206,499 |
| Clergy Retirement Security Program (CRSP) DC | \$1,062,056 |
| Ministerial Pension Plan (MPP) | \$0 |
| Pre-82 Plan (Pre-82) | \$0 |
| United Methodist Personal Investment Plan (UMPIP) Lay | \$103,534 |
| United Methodist Personal Investment Plan (UMPIP) Clergy | \$226,767 |
| Other Defined Contribution (DC) Obligations | \$24,697 |
| Other Defined Benefit (DB) Obligations | \$0 |
| Health—Active Participants | \$5,431,356 |
| Health—Additional Sponsored Coverage | \$505,117 |
| Post-Retirement Medical (PRM) | \$1,097,713 |
| Comprehensive Protection Plan (CPP) | \$1,066,033 |

Ongoing Funding Contributions

| | |
|--------------------------------------|-----|
| Pre-82 Plan (Pre-82) | \$0 |
| Post-Retirement Medical (PRM) | \$0 |

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

| | | |
|---|-----------------------|------------|
| Conference Benefit Officer (or equivalent) | Chris Lollis | 05/24/2022 |
| Conference Treasurer | E.G. Westbury | 05/24/2022 |
| Conference Board of Pension Chair | Valerie Brooks-Madden | 06/01/2022 |
| Council on Finance and Administration Chair | | |



Opinion on **South Carolina Conference 2023** Comprehensive Benefit Funding Plan

The funding plan meets the standards for a Pre-82 funding plan as established by Wespath Benefits and Investments and the favorable opinion requirements for a funding plan. Note: The statement above and any written opinion provided by Wespath do not imply any representation as to the ability or probability of the applicable plan sponsor to fulfill the obligations included in the funding plan.

Wespath Benefits and Investments

Wespath Benefits and Investments
1901 W Chestnut Ave
Glenview, IL 60025

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Accounts

| Wespath Accounts | | Market Value as of 12/31/2020 | Market Value as of 12/31/2021 | |
|---------------------------------|---------------------|--|--|--------|
| DEPOSIT ACCOUNT | | \$15,429,146 | \$16,590,907 | |
| Pre-82 designated assets | \$0 | Investment Objective | Intermediate-term | |
| PRM designated assets | \$0 | Actual Allocation | Equity | 55.11% |
| | | | Fixed | 29.68% |
| | | | Short-term | 15.21% |
| <hr/> | | | | |
| H M E P ACCOUNT | | \$20,920,180 | \$22,430,868 | |
| Pre-82 designated assets | \$0 | Investment Objective | Intermediate-term | |
| PRM designated assets | \$0 | Actual Allocation | Equity | 53.52% |
| | | | Fixed | 28.82% |
| | | | Short-term | 17.66% |
| <hr/> | | | | |
| \$ | RETIREE HEALTH CARE | \$24,716,935 | \$27,171,978 | |
| Pre-82 designated assets | \$0 | Investment Objective | Intermediate-term | |
| PRM designated assets | \$27,171,978 | Actual Allocation | Equity | 65.00% |
| | | | Fixed | 35.00% |
| | | | Short-term | 0.00% |
| <hr/> | | | | |
| SOUTH CAROLINA SUPERANNUATE | | \$1,201,280 | \$1,312,905 | |
| Pre-82 designated assets | \$0 | Investment Objective | Long-term | |
| PRM designated assets | \$0 | Actual Allocation | Equity | 65.00% |
| | | | Fixed | 35.00% |
| | | | Short-term | 0.00% |

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Non-Wespath Accounts

| | | Market Value as of 12/31/2020 | | Market Value as of 12/31/2021 |
|----------------------------------|-----|----------------------------------|-----------------------------|----------------------------------|
| Health Insurance Conference Held | | \$1,910,603 | | \$982,215 |
| Pre-82 designated assets | \$0 | | Investment Objective | Short-term |
| PRM designated assets | \$0 | | Actual Allocation | Equity 0.00% |
| | | | | Fixed 0.00% |
| | | | | Short-term 100.00% |

| | | | | |
|---------------------------------|-----|-----------|-----------------------------|--------------------|
| Pension Fund Conference Held | | \$833,564 | | \$475,108 |
| Pre-82 designated assets | \$0 | | Investment Objective | Short-term |
| PRM designated assets | \$0 | | Actual Allocation | Equity 0.00% |
| | | | | Fixed 0.00% |
| | | | | Short-term 100.00% |

\$ *A portion of this account has been designated as plan assets. The allocated amounts will be shown separately on the Allocation screen and will not be included in the Market Value for this account.*

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Incoming Money

Primary Sources

Estimated amount for 2023

Apportionments \$736,000

Annual Apportionment \$800,000

x Expected Collection Percentage 92.00%

Direct Billing

Refer to the following "Allocate Funding Sources" pages for actual amounts allocated from the above funding sources.

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Allocate Funding Sources to Benefit Obligations

| Funding Sources | | Deposit Account | H M E P Account | South Carolina Superannuate | Health Insurance Conference | Pension Fund Conference Held |
|---|-------------|-----------------|-----------------|-----------------------------|-----------------------------|------------------------------|
| Available Balance | | \$16,590,907 | \$22,430,868 | \$1,312,905 | \$982,215 | \$475,108 |
| Total Allocated | | \$0 | \$505,117 | \$0 | \$0 | \$0 |
| Remaining Balance | | \$16,590,907 | \$21,925,751 | \$1,312,905 | \$982,215 | \$475,108 |
| Plan Contributions for 2023 | | | | | | |
| CRSP DB | \$2,206,499 | | | | | |
| CRSP DC | \$1,062,056 | | | | | |
| MPP | | | | | | |
| Pre-82 | | | | | | |
| UMPIP Lay | \$103,534 | | | | | |
| UMPIP Clergy | \$226,767 | | | | | |
| Conference Lay Employee Death & Disability | \$16,638 | | | | | |
| Death Benefits for Pre BPP Retired Lay Employee | \$8,059 | | | | | |
| Health Active | \$5,431,356 | | | | | |
| Health Additional | \$505,117 | | \$505,117 | | | |
| Post-Retirement Medical | \$1,097,713 | | | | | |
| CPP | \$1,066,033 | | | | | |
| Ongoing Funding Contributions | | | | | | |
| Pre-82 | | | | | | |
| Post-Retirement Medical | \$0 | | | | | |

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Allocate Funding Sources to Benefit Obligations

| Funding Sources | | Apportionments | Direct Billing | Pre-82 Surplus | Prm In-Plan & Outside Assets |
|---|-------------|----------------|----------------|----------------|------------------------------|
| Available Balance | | \$736,000 | | \$33,291,433 | \$27,171,978 |
| Total Allocated | | \$736,000 | \$10,120,942 | \$0 | \$361,713 |
| Remaining Balance | | \$0 | | \$33,291,433 | \$26,810,265 |
| Plan Contributions for 2023 | | | | | |
| CRSP DB | \$2,206,499 | | \$2,206,499 | | |
| CRSP DC | \$1,062,056 | | \$1,062,056 | | |
| MPP | | | | | |
| Pre-82 | | | | | |
| UMPIP Lay | \$103,534 | | \$103,534 | | |
| UMPIP Clergy | \$226,767 | | \$226,767 | | |
| Conference Lay Employee Death & Disability | \$16,638 | | \$16,638 | | |
| Death Benefits for Pre BPP Retired Lay Employee | \$8,059 | | \$8,059 | | |
| Health Active | \$5,431,356 | | \$5,431,356 | | |
| Health Additional | \$505,117 | | | | |
| Post-Retirement Medical | \$1,097,713 | \$736,000 | | | \$361,713 |
| CPP | \$1,066,033 | | \$1,066,033 | | |
| Ongoing Funding Contributions | | | | | |
| Pre-82 | | | | | |
| Post-Retirement Medical | \$0 | | | | |

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

| Plan Contributions for 2023 | | Funding Needed |
|---|-------------|----------------|
| CRSP DB | \$2,206,499 | \$0 |
| CRSP DC | \$1,062,056 | \$0 |
| MPP | | \$0 |
| Pre-82 | | \$0 |
| UMPIP Lay | \$103,534 | \$0 |
| UMPIP Clergy | \$226,767 | \$0 |
| Conference Lay Employee Death & Disability | \$16,638 | \$0 |
| Death Benefits for Pre BPP Retired Lay Employees. | \$8,059 | \$0 |
| Health Active | \$5,431,356 | \$0 |
| Health Additional | \$505,117 | \$0 |
| Post-Retirement Medical | \$1,097,713 | \$0 |
| CPP | \$1,066,033 | \$0 |

| Ongoing Funding Contribution for 2023 | | Funding Needed |
|---------------------------------------|-----|----------------|
| Pre-82 | | |
| Post-Retirement Medical | \$0 | \$0 |

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Clergy Retirement Security Program (CRSP)

Plan Overview: The Clergy Retirement Security Program (CRSP) is an Internal Revenue Code section 403(b) retirement program providing lifetime income and account flexibility designed for those who serve as clergy of The United Methodist Church. The plan is designed to provide participants with one portion of their overall retirement benefits. CRSP replaced the Ministerial Pension Plan (MPP) effective January 1, 2007.

CRSP consists of two components:

- A defined benefit (DB) plan--provides a monthly benefit at retirement based upon years of credited service to the Church
- A defined contribution (DC) plan--provides a retirement account balance established and funded by the annual conferences

Elections and Estimates

| | Final |
|---|--------------|
| Eligibility requirement | 100% |
| Conference Full Time Equivalents (FTE) | 432.00 |
| CRSP Defined Benefit (DB) | |
| Required contribution for 2023 | \$2,206,499 |
| CRSP Defined Contribution (DC) | |
| Expected average future annual increases | 1.50% |
| Estimated contribution for 2023 | \$1,062,056 |

Rationale for each change

Estimated 2023 contribution reduced to reflect current census. Expected annual increases reduced to 1.5% due to churches reducing service time from full-time to less than full-time.

CRSP DB Denominational Information as of 1/1/2021

| | |
|-------------------------------------|-------------------|
| Total plan liability | \$(2,134,736,431) |
| Total plan assets | \$2,520,654,197 |
| Total plan funded status | \$385,917,766 |
| Total plan funded ratio | 118% |
| Plan sponsor's liability percentage | 2.7565% |

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Key Actuarial Assumptions Used in CRSP DB Cost Calculations

| | |
|--|--|
| Discount rate | 7.00% |
| Future Denominational Average Compensation (DAC) increases | 2.00% |
| COLA increases for actives | 2.00% |
| Mortality | Pri-2012 TQ Adj, generational projection using MP2020 |

Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2021.

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Ministerial Pension Plan (MPP)

Plan Overview: Supplement Three to the Clergy Retirement Security Program (CRSP), also known as the Ministerial Pension Plan (MPP) provides clergy with a pension benefit for their years of ministry with The United Methodist Church from 1982 through 2006. MPP is an Internal Revenue Code section 403(b) retirement plan. MPP requires that exactly 65% of the account balance must be annuitized when it is to be distributed. The remainder may be rolled over to UMPIP, another qualified plan or an IRA, or paid in a lump sum.

Elections and Estimates

| | Final |
|---------------------------------|-------|
| Required contributions for 2023 | \$0 |

MPP Denominational Annuities Information as of 1/1/2021

| | |
|-------------------------------------|-------------------|
| Total MPP annuities liability | \$(3,630,817,808) |
| Total plan assets | \$4,439,554,422 |
| Total plan funded status | \$808,736,614 |
| Total plan funded ratio | 122% |
| Plan sponsor's liability percentage | 2.5146% |

Future MPP Denominational Annuitants Information as of 1/1/2021

| | |
|---|-----------------|
| Total participant account balances | \$3,437,346,240 |
| Plan sponsor's participant account balances | \$96,541,235 |

Key Actuarial Assumptions Used in MPP Annuities Cost Calculations

| | |
|-------------------|---|
| Discount rate | 6.25% |
| Benefit increases | Based on increases selected by participant |
| Mortality | Pri-2012 TQ Adj, generational projection using MP2020 |

Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2021.

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Pre-82 Plan (Pre-82)

Plan Overview: Supplement One to the Clergy Retirement Security Program (CRSP), also known as the Pre-82 Plan, provides clergy with a pension benefit 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. If a clergyperson retires within the conference (and does not terminate), the minimum benefit payable is based on two factors:

- 1) Years of service with pension credit--approved by each conference on the recommendation of the Conference Board of Pensions (CBOP) in accordance with plan provisions and The Book of Discipline.
- 2) The conference pension rate (past service rate)--the dollar amount chosen by the conference as the amount payable for each approved year of service with pension credit (may change from year to year).

The number of years of service with pension credit is multiplied by the PSR, and the product is the minimum annual benefit payable to those clergy eligible for Pre-82 Plan benefits. In certain situations, the benefit received from the Pre-82 plan may vary based on the applicability of what is referred to as Defined Benefit Service Money (DBSM), which is the defined contribution feature of the Pre-1982 Plan. At the time that a participant retires, the DBSM account is converted to a life-based benefit. At that point, the clergy's benefit is the greater of the PSR benefit or DBSM benefit. If the conference increases the PSR, the clergy's benefit is recalculated; however the DBSM-based benefit does not change.

Elections and Estimates

| | Final |
|--|--------------|
| Past Service Rate (PSR) | 863 |
| Estimated PSR cost-of-living increase | 2.00% |
| Contingent Annuitant Percentage (CA%) | 75 % |
| Discount rate | 5.5000% |
| Minimum contribution for 2023 | \$0 |
| Advanced funding contribution for 2023 payable in 2022 | \$0 |

Funding Plan Contribution

| | |
|--|----------------|
| Funding plan liability as of 1/1/2021 | \$(48,228,175) |
| Total of in-plan and outside assets | \$75,267,051 |
| Funded status | \$27,038,876 |
| Funded ratio | 156% |
| Funded status projection as of 12/31/2022 | \$30,094,945 |
| Proposed ongoing funding contribution for 2023 | \$0 |

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Pre-82 Denominational information as of 1/1/2021

| | |
|--------------------------|-------------------|
| Total plan liability | \$(1,773,713,538) |
| Total plan assets | \$1,977,157,868 |
| Total plan funded status | \$203,444,330 |
| Total plan funded ratio | 111% |

Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2021.

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Health—Active Participants

Elections and Estimates

| | Final |
|--|--------------------------|
| Health plan offered to actives | Self-Funded - HealthFlex |
| Actual annual plan benefit cost paid in 2021 | \$4,943,650 |
| Budgeted annual plan benefit cost for 2022 | \$5,121,600 |
| Projected annual plan benefit cost for 2023 | \$5,431,356 |
| Expected average future annual increases | 8.00% |

Rationale for each change

Projected 2023 figures from HealthFlex 2023 rate sheet. The rate increase reflects expected future rate increases.

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Health—Additional Sponsored Coverage

Categories of participants who are provided health benefit coverage during periods of non-employment. Without plan sponsor-funded premiums, these participants would not be provided coverage or benefits.

| |
|---|
| <input checked="" type="checkbox"/> Clergy or lay on disability (including pending disability) |
| <input checked="" type="checkbox"/> Surviving spouses or children of deceased active participants |

Coverage Obligations

| Covered Category | Estimated obligation as of 12/31/2020 | Estimated obligation as of 12/31/2021 |
|---|--|--|
| Clergy or lay on disability (including pending disability) | \$159,588 | \$466,368 |
| Surviving spouses or children of deceased active participants | \$125,166 | \$61,072 |
| Total | \$284,754 | \$527,440 |

Annual cost calculation

The following calculations are not a present value of future costs.

| | | |
|---|---|-----------|
| Total estimated obligation as of 12/31/2021 | | \$527,440 |
| Average number of years of remaining coverage | ÷ | 1.2179 |
| Estimated annual cost as of 12/31/2021 | = | \$433,056 |
| Expected average future annual increases | x | 8.00% |
| Projected annual cost as of 12/31/2023 | = | \$505,117 |

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Post-Retirement Medical (PRM)

Valuation

The most recent actuarial valuation was provided by Willis Towers Watson as of 12/31/2021.
Per *The Book of Discipline*, your next PRM biennial actuarial valuation is required as of 12/31/2023.

PRM Actuarial Valuation as of 12/31/2021

| | |
|------------------------------------|-----------------------------|
| Valuation report (in-plan) assets | \$0 |
| EPBO net plan sponsor cost | \$20,078,235 |
| APBO net plan sponsor cost | \$17,220,587 |
| Service cost net plan sponsor cost | \$444,886 |
| Annual plan benefit cost | \$1,039,134 |
| Intention regarding PRM | Retain current plan benefit |

| Participant counts by category | |
|---------------------------------------|--------------|
| Active participants | 524 |
| Active dependents | 378 |
| Retirees | 247 |
| Surviving spouses | 66 |
| Dependents of retired participants | 92 |
| Total participants | 1,307 |

| Key actuarial assumptions | |
|--|------------|
| Census date | 01/01/2021 |
| Discount rate | 2.55% |
| Expected return on assets | 0.00% |
| Valuation year medical trend or inflation rate | 6.25% |
| Ultimate medical trend or inflation rate | 5.00% |
| Fiscal year for ultimate medical trend | 2027 |

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Elections and Estimates

Description of Benefit

\$200/ month subsidy for those retirees and dependents retiring prior to 2016. Those retiring after 2015 would be a \$100 subsidy for each retiree and dependent.

| | Final |
|---|--------------|
| Health plan benefit offered to retirees | Stipend |
| Expected average future annual increases | 2.78% |
| Projected annual plan benefit cost as of 2023 | \$1,097,713 |

Rationale for each change

Updated to reflect current census.

Funding Plan Contribution

The following calculations are not a present value of future costs.

| | | |
|---|---|--------------|
| Net PRM assets | | \$26,810,265 |
| APBO net plan sponsor cost | - | \$17,220,587 |
| Funded status | = | \$9,589,678 |
| Portion of funded status payable (\$0 if Funded status ≥ \$0) | | \$0 |
| Funding plan service cost (\$0 if Net PRM assets ≥ EPBO) | + | \$0 |
| Ongoing funding contribution for 2023 | = | \$0 |

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Comprehensive Protection Plan (CPP)

Plan Overview: 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. It is an Internal Revenue Code 414(e) “church plan” funded by plan sponsor insurance premiums. Generally, clergy are eligible to participate in CPP if they satisfy the eligibility requirements, including full-time appointment with plan compensation of at least 25% of the Denominational Average Compensation (DAC). Plan sponsors may elect to cover participants with three-quarter time appointments and/or to continue to cover clergy who, due to certain leaves or appointments, are not otherwise eligible to continue coverage.

The CPP adoption agreement executed by the SOUTH CAROLINA contains its elections to cover or not to cover categories mentioned above.

Elections and Estimates

| | Final |
|--|--------------|
| Expected average future annual increases | 5.00% |
| Estimated premium for 2023 | \$1,066,033 |

Rationale for each change

Change value to reflect current census in conjunction with eligibility. Percent increase has been increased to reflect inflation.

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

United Methodist Personal Investment Plan (UMPIP)

Plan Overview: The United Methodist Personal Investment Plan (UMPIP) is an Internal Revenue Code section 403(b) defined contribution retirement savings plan for clergy and lay employees of The United Methodist Church and affiliated organizations. Participants may make before-tax, Roth and/or after-tax contributions through payroll deductions. Participant contributions, various optional plan sponsor contributions and investment earnings comprise the individual's retirement account balance.

United Methodist Personal Investment Plan (UMPIP) Lay

Elections and Estimates

| | Final |
|--|-----------|
| Expected average future annual increases | 6.00% |
| Estimated contribution for 2023 | \$103,534 |

Rationale for each change

Estimated 2023 contributions reduced due to workforce reduction. Disaster recovery grant ended. Expected average annual increases value changed to 6% due expected raises due to inflation.

United Methodist Personal Investment Plan (UMPIP) Clergy

Elections and Estimates

| | Final |
|--|-----------|
| Expected average future annual increases | 6.00% |
| Estimated contribution for 2023 | \$226,767 |

Rationale for each change

2023 contributes reduced to reflect census. Expected annual increases changed to reflect projected salary increase due to inflation.

South Carolina Conference (741) 2023 Comprehensive Benefit Funding Plan

Other Defined Contribution (DC) Obligations

| Name | Estimated annual contribution |
|--|--------------------------------------|
| Conference Lay Employee Death & Disability | \$16,638 |

Description

Conference Lay Employee Death & Disability

| | Final |
|--|--------------|
| Expected average future annual increases | 1.00% |
| Estimated contribution for 2023 | \$16,638 |

Rationale for each change

Reduced 2023 contribution to reflect reduced census. Cost should remain near flat since the workforce is not expected to change.

| Name | Estimated annual contribution |
|---|--------------------------------------|
| Death Benefits for Pre BPP Retired Lay Employees. | \$8,059 |

Description

Death Benefits for Pre BPP Retired Lay Employees.

| | Final |
|--|--------------|
| Expected average future annual increases | 0.00% |
| Estimated contribution for 2023 | \$8,059 |

Rationale for each change

Should remain flat. There are no lay employees expected to retire.