

**THE BOARD OF PENSION AND HEALTH BENEFITS
PENSION SECTION**

Report Number One

A. Past Service Rate

The Board of Pension and Health Benefits requests that the South Carolina Annual Conference fix **\$1035** per service year as the rate for annuity payments to retired ministers under the Supplement One of the Clergy Retirement Security Plan (otherwise known as Pre-82) for 2027. (This rate was **\$1007** for the year 2026.) 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. This represents a 2.8% increase over 2026.

B. Direct Billing

1. The Board of Pensions requests that direct billings to salary paying units be made to give the Board of Pension and Health Benefits (The Pension Fund), **\$2,573,361** for the retirement program of the South Carolina Annual Conference for the fiscal year ending December 31, 2027, and that this sum be apportioned or billed to the churches of the South Carolina Annual Conference.
2. For 2027, 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 to **\$150** per month and **seven percent (7%)** of each appointed clergy person's Plan Compensation for full-time clergy for the Compass Plan. This includes all full-time 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. This includes an amount equal to four percent (4%) of the appointed participant's Plan Compensation for a dollar for dollar match. This amount must be matched by a contribution of 4% by the participating pastor in order to receive credit for the full 4% paid by the church. Any surplus funds collected will be used for actuarial and collection smoothing. The remaining three percent (3%) collected for the Compass plan will be remitted as a Non Matching Employer Contribution. An amount equal to 3% of the appointed participant's Plan Compensation, limited by 200% of the Denomination Average Compensation, shall be paid for Comprehensive Protection Plan funding or other benefit plan. Such payments shall be made for each minister so appointed, and paid monthly in twelve equal installments from deposits made in the Compass Account of the South Carolina Annual Conference with Wespath Benefits & Investments, by the treasurer of the South Carolina Annual Conference. **Churches/charges participating in ACH automated payment system (bank draft) may receive up to a \$150.00 per month discount on their Direct Bill payment.**
3. All eligible clergy personal contributions to the Compass Plan will be remitted to the Annual Conference. Eligible Clergy will be automatically enrolled at a 4% contribution which will automatically escalate each year on January 1st by 1% up to a 10% personal contribution. 10% is the maximum automatic escalation percentage, but an eligible clergy person can elect to contribute at a rate that is higher than 10% up to the IRS contribution limit. This contribution should be withheld from the pastor's pay and will be included with the monthly Direct Bill and Health Plan withholdings.
4. For 2027, the Board of Pension & Health Benefits recommends each institution, organization or district to which a part-time minister is appointed and enrolled contribute to a defined contribution 403(b) pension program called the United Methodist Personal Investment Plan (UMPIP). For all clergy who are under Episcopal appointment and considered part-time (receiving compensation) at a local church, charge, conference or conference-responsible unit or entity related to the South Carolina Annual Conference, the salary paying unit shall pay an amount equal to 9.0% of the appointed participant's Plan Compensation for the matching portion of the defined contribution portion of the UMPIP. The contribution by the church will be made if the clergy person contributes a minimum of 3% of his/her plan compensation in their United Methodist Personal Investment Account. Each church with a less than full-time clergy will be required to complete an adoption agreement with Wespath Benefits and Investments, a general agency of The United Methodist Church. The pension cost, both the church's share and the participant's match, will be billed from Wespath Benefits & Investments.

5. All churches with direct billing responsibilities will receive paperless statements. Statements will be emailed to the treasurer as reported during charge conference. The monthly statements will also be emailed to the pastor and any additional recipients upon request.

C. Fiscal Year

The fiscal year of the Board of Pensions shall be the same as that of the South Carolina Annual Conference.

D. Moving Expenses

The Board of Pension and Health Benefits authorizes one-time taxable moving and packing expense reimbursement, not to exceed **\$4,000** for newly incapacitated ministers receiving CPP Incapacity Benefits, surviving spouses of ministers, participants in the Voluntary Transition Program, or newly retired ministers in benefit, moving from the charge to which the clergy person was appointed. Persons moving must file for the one-time reimbursement grant no later than 90 days after first reception of pensions or disability benefits and may use the funds for moving expenses and/or for connection/tap on or hookup fees in the new residence. The reimbursement amount for 2026 was \$2,500.

E. Offset for the Expense of the Office of Pensions and Health Benefits

The Board of Pensions and Health Benefits will offset the cost of the Office Pensions and Health Benefits in 2027 by remitting \$200,000 to the Conference Council on Finance and Administration.

F. Resolution 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, terminated, and disabled Clergypersons are considered to be deferred compensation and are paid to active, retired, terminated, and disabled Clergy-persons 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 Wespath Benefits & Investments, during the years 2025, 2026, and 2027 by each active, retired, terminated, or disabled Clergy person 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 Clergy person; and

THAT the pension, severance, 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 Wespath Benefits/Investments and from a commercial annuity company that provides an annuity arising from benefits accrued under a Wespath plan, annuity, or fund authorized under the *Discipline*, that result from any service a Clergy person rendered to this Conference or that an active, a retired, or a disabled Clergy person 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 Clergy person 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 Clergy person's pension or disability as part of his or her gross compensation.

NOTE: The rental/housing allowance that may be excluded from a Clergy person'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.

**Report Number Two
2027 Pension and Welfare Operating Budget**

Requirement	2026 Budgeted	2027 Estimated
Compass Flat Dollar Contribution	\$500,400	\$432,000
Compass 3% Non Matching Contribution	\$850,929	\$783,993
Compass 4% Matching Contribution	\$1,147,81	\$1,402,368
CPP Welfare Plan (3%) Benefits Funding	\$850,929	\$793,074
Office of Pensions and Benefits Offset		\$200,000
Total Estimated Requirement	\$3,349,338	\$3,566,435
<u>Estimated Income</u>		
Direct Bill Payments	\$2,989,338	\$2,932,635
ACH Discount From Investments	\$360,000	\$433,800
Offset from Investments		\$200,000
Total Estimated Income	\$3,349,338	\$3,566,435

Rev. Jonathan Harris, Chairperson

**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), and their eligible dependents, with a comprehensive plan for major medical benefits and a Medicare supplement.

A. Eligibility: The following are eligible for coverage under the program:

1. Those employed and funded by a local church either as Full or Three-Quarter (3/4) time Elders in Full Connection, Associate Members, Local Pastors, Provisional Elders, *Non-retired Supply Pastors (lay persons; and clergy of other denominations)*, *Deacons appointed as pastor in charge*, within the South Carolina Annual Conference and included in the Hospitalization and Medical Expense Program Adoption Agreement. *The salary-paying unit must sign an adoption agreement prior to enrollment for supply pastors and Deacons appointed as pastor in charge.*
2. Ministers who are full time or three-quarter time employees of and funded by the Annual Conference boards, councils or agencies.
3. District Superintendents.
4. Lay persons who are full-time employees of and funded by the Annual Conference.
5. 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 2020/2024 *Book of Discipline*.
6. Full Deacons, Provisional Deacons, Provisional Deacons/1992, and Diaconal ministers related to and serving a local church enrolled and funded by a local church of the South Carolina Annual Conference currently meeting the underwriting guidelines of the South Carolina Annual Conference group insurance plan. The salary-paying unit will set the cost sharing and must sign a sub-adoption agreement.
 - a. **The Board of Pensions and Health Benefits of the South Carolina Conference has received Resolution 2026-1 as a referral from the Conference Secretary and has agreed to convene a task force to study the questions it poses under the parameters it outlines.**

B. Eligibility: The following are eligible for coverage under the retiree program:

1. 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 and their respective spouses if spouse is covered at least five continuous and consecutive years immediately prior to retirement. A Retired Participant at the time of his or her Early Retirement Date or Normal Retirement Date, will be allowed to be tolled if coverage under a previous employer's or spouse's group plan is available, during the period of time between the Termination of Employment and the Early Retirement Date or Normal Retirement Date and loss of such coverage.
2. Retired lay employees who have attained age 62 and have been full-time employees 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 and their respective spouses if spouse is covered at least five continuous and consecutive years immediately prior to retirement. A Retired Participant at the time of his or her Early Retirement Date or Normal Retirement Date, will be allowed to be tolled if coverage under a previous employer's or spouse's group plan is available, during the period of time between the Termination of Employment and the Early Retirement Date or Normal Retirement Date and loss of such coverage.
3. 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 Clergy Protection Plan incapacity benefits by the General Board of Pensions, and their respective spouses if spouse is covered at least five continuous and consecutive years immediately prior to retirement.

4. 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. Funding shall be \$100.00 per month for single participants and \$200.00 per month for married participants and an additional \$100 per month for dependents. (This funding is \$200.00 per month for single participants and \$400.00 per month for married participants and an additional \$200 per month for dependents for those retirees who retired in 2015 or earlier). This funding will be paid through a Health Reimbursement Account. This funding cannot be allowed to purchase an employer group policy other than one sponsored or administered by the Annual Conference or its designee. Enrollment in the HRA must be done through the AmWins Benefits Coordinator.

Report Number Two Major Medical Insurance Benefits

The Board recommends the following:

A. HealthFlex Exchange

The South Carolina Annual Conference has elected to participate in the HealthFlex Exchange, managed health care plan of Wespeth Benefits and Investments for active participants and eligible dependents. The HealthFlex Exchange provides an array of plans to help the needs of our appointed clergy and eligible lay employees. **In 2027 the Healthflex Exchange will no longer offer the C3000 and H2500 healthplans.** HealthFlex Exchange offers participants the ability to select between the remaining four medical, three dental, and three vision plans, and the ability to participate in health and dependent care reimbursement accounts. Plan summaries are located on the conference website at umcsc.org/healthflex.

B. Additional Information

Additional information on medical, dental and vision plans is available from the Board of Pension and Health Benefits by visiting umcsc.org/healthflex.

Report Number Three Retiree Medical Primary Benefits

A. Post 65 Retirees

The South Carolina Annual Conference of The United Methodist Church offers their post 65 retirees two group Medicare plans or the ability to choose a custom Supplemental plan through the Retiree Benefits Choice™ through AmWINS Group Benefits. The two group medical plans offered are: The Standard Plan and the Humana Advantage Plan. A custom option is also available and will be a hybrid Medicare Exchange by which a retiree can choose a plan from the Medicare Marketplace. There will be corresponding Rx options with the Standard Plan and the Humana Advantage Plan.

B. Administrator

AmWINS Group Benefits will be the administrator for the retiree benefit plans. AmWINS Group Benefits

specializes in retiree benefit programs for companies, municipalities and religious organizations. AmWINS Group Benefits has over 700 retiree benefit clients nationally.

C. Services Provided

AmWINS Group Benefits will provide the following services for retirees of the South Carolina Annual Conference of The United Methodist Church.

- Retiree communications enrollment kit
- Group retiree meetings
- Retiree call center services
- Retiree website
- Billing and collecting of premiums
- Ongoing service and support for retirees

D. Handbook

A handbook explaining the provisions of Medicare is available from the Social Security Administration office or by visiting medicare.gov.

Report Number Four Administrative Procedures

A. Enrollment

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 of any year must be completed with Wespeth Benefits & Investments during annual election, which is prior to November 30th of the preceding year. It should be noted that any continuation, changes, or initiation of Flexible Spending Accounts (Medical Reimbursement or dependent care accounts) must be done during this time through the open enrollment process and not on the ministerial support form. Health Savings Account amounts can be updated at any time (H2000 and H5000 plans only).

B. Eligibility Requirements

Eligibility requirements are also set forth in the *HealthFlex Administrative Manual* published by the Center for Health of Wespeth Benefits & Investments, 1901 Chestnut Avenue, Glenview, IL 660025-1604.

C. Billing

At the first of each month, the Board of Pension and Health Benefits will send premium statements to the salary-paying unit of the participants enrolled in the Conference Insurance Program and participants with Flexible Spending Accounts. Payments for group health premiums and Flexible Spending Accounts premiums shall be made on a monthly basis.

D. Cancellation of Coverage

It is imperative that each church/charge remit to the Annual Conference the participant's portion of the Health Benefits withheld from the participants compensation on a monthly basis. **The Board of Pension and Health Benefits has instructed the benefits administrator to cancel the Insurance Coverage, Medical Reimbursement Accounts, and/or Dependent Care Accounts of any participant whose payroll withholdings are not paid by the end of the month for which the church/charge has been billed. Clergy whose accounts are 60 days in arrears will be subject to immediate cancellation. Once cancelled the participant's coverage cannot be reinstated until the next open enrollment period, and then only if the unpaid balance has been paid. Churches or salary paying units are responsible for withholding premiums and other Flexible Spending Accounts from the compensation of participants and remitting payment to the Annual Conference when billed.**

E. 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 monthly "Statement of Account". Premium payments are due at the first of the month for which the participant is billed.

F. Applications for Enrollment

Applications for enrollment in the Conference Insurance Program are available from the Board of Pension and Health Benefits, 4908 Colonial Drive, Columbia, SC 29203. The changed 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.

G. Board Oversight

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 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.

H. Plan of First Refusal

The group health plan of the South Carolina Annual Conference (Conference Plan) shall be the plan of first refusal for covering dependents of clergy appointed to local churches in the Conference. Where covered clergy wish to cover their dependents, the local church will seek to cover such dependents through the Conference Plan, rather than purchasing outside health insurance. Local churches may be excused from this requirement in cases where such dependents may be covered through the employer of a covered clergyperson's spouse, or through a governmental plan, such as an SCHIP, and in cases of demonstrable financial hardship.

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

Requirements	2026 Budgeted	2027 Estimated
Active & Non-Medicare Retiree Group	\$6,546,252	\$6,728,052
Medicare Eligible Retiree Group	\$707,184	\$620,040
Other Benefit Obligations	\$50,000	\$50,000
<u>Total Estimated Requirements</u>	<u>\$7,303,436</u>	<u>\$7,398,092</u>
Estimated Income		
Billing to Salary Paying Units	\$6,213,118	\$6,372,699
Apportioned to Churches	\$0	\$0
HMEP Fund Investments	\$383,134	\$405,353
Retiree Medical Investments	\$707,184	\$620,040
<u>Total Estimated Income</u>	<u>\$7,303,436</u>	<u>\$7,398,092</u>

**Report Number Six
2027 Group Health Costs**

The Board of Pension & Health Benefits makes the following recommendation for action by the 2026 South Carolina Annual Conference.

1. Billing

The sum of \$6,372,699 will be billed to the local church/charge and salary paying units for the Conference Insurance Program in 2027.

2. Apportionment Request

The Board of Pension & Health Benefits requests an apportionment of \$0 for unfunded benefits such as Transitional Pension Funding and grants for incapacitated and/or suspended participants.

3. Premium Payments effective January 1, 2026

Active personal group insurance health premiums for eligible active clergy/survivor/conference lay employee categories (Categories delineated in A.1, A.2, A.3, A.4, and A.5 of Report Number One) shall be funded as shown below:

a. Health Benefit Fee

Churches/Charges who have an eligible appointed clergy/lay participants (see report Number One A.1) will be billed a health benefit fee of \$1,400.00 per month or \$17,400.00 annually. This fee *is an increase of \$150 per month or \$1800 per year* from 2026.

- i. **This fee will be billed regardless of the clergyperson/eligible participant's enrollment in coverage or waiving coverage.**

b. Premium Credit

The Premium Credit toward the HealthFlex Exchange according to coverage tier as shown below.

- i. Premium Credit for Participant Only coverage is expected to be \$1,194 per month (\$14,328 annually).
- ii. Premium Credit for Participant + one dependent coverage is expected to be \$2,204 per month (\$26,448 annually).
- iii. Premium Credit for Participant plus family coverage is expected to be \$2,933 per month (\$35,196 annually).

4. Total Premiums

Total Premiums for the 2027 HealthFlex Exchange Plans are outlined in the table below:

<u>Plan</u>	<u>Participant</u>	<u>Participant +1</u>	<u>Participant + Family</u>
B1000	\$1,617	\$3,072	\$4,204
C2000	\$1,504	\$2,857	\$3,910
C3000	No	longer	offered
H2000	\$1,455	\$2,765	\$3,784
H2500	No	longer	offered
H5000	\$1,220	\$2,317	\$3,171

5. Default Plan

If a participant fails to make an election during the annual election (open enrollment) period or within thirty (30) days of becoming newly eligible, that participant and any covered dependents will be automatically enrolled in the **H2000** plan. **Note: This does not constitute a recommendation by the Annual Conference; in fact, it may not be the right plan for most participants, but is merely a plan default.**

6. Optional Coverages

Participants have the option to select expanded Vision (Vision Core is included) and Dental Coverages.

7. Dental Care Premiums

<u>Plan</u>	<u>Participant</u>	<u>Participant +1</u>	<u>Participant + Family</u>
Passive PPO 2000	\$52	\$104	\$156
Dental PPO	\$43	\$86	\$129
Dental HMO	\$18	\$32	\$56

8. Vision Care Premiums

<u>Plan</u>	<u>Participant</u>	<u>Participant +1</u>	<u>Participant + Family</u>
Vision Core	\$0.00	\$0.00	\$0.00
Vision Full Service	\$9.00	\$14.00	\$22.00
Vision Premier	\$15.00	\$25.00	\$40.00

Retiree (Retiree Spouse) Premiums Non Medicare

Rates for pre-65 retirees covered under HealthFlex would be the premium found in section 4 of this report reduced by the Defined Contributions for retirees. For those retired before July 1, 2015, the Defined Contribution would be \$200 for single Participants and for a couple with a participating spouse it would be \$400 per month under the provisions of Report Number One Paragraph A.5. For those retiring after July 1, 2015, the Defined Contribution would be \$100 for single Participants and for a couple with a participating spouse it would be \$200 per month under the provisions of Report Number One Paragraph A.5.

9. Covered Participants with Negotiated Service, Compensation, & Benefits

The estimated 2027 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, premium for all the plans above and the church or plan sponsor will be billed the entire premium for dental and vision benefits (7-8) and the entire rate for health coverage (section 12). The cost sharing between the participant and the church or plan sponsor will be determined by the church or plan sponsor. Enrollment must be made within 30 days of new hire status, or 60 days prior to January 1, 2027.

10. Board of Pension & Health Benefit Authority

It is recommended that the South Carolina Annual Conference delegate to the South Carolina Annual Conference Board of Pension & Health Benefits the authority to adjust rates and plan designs to meet the requirements of the Patient Protection and Affordable Care Act.

11. 2027 HealthFlex Exchange Rates

**Proposed Monthly HealthFlex Rate Summary
for**

**Itinerant Clergy, Deacons Employed by the Annual Conference, Conference Lay Employees,
Non-retired Supply Pastors (lay persons; and clergy of other denominations), Deacons appointed as pastor in
charge.**

<u>Plan</u>	<u>Participant</u>	<u>2026</u>	<u>Participant +1</u>	<u>2026</u>	<u>Participant + Family</u>	<u>2026</u>
B1000	\$423	\$375	\$868	\$769	\$1,271	\$1,127
C2000	\$310	\$318	\$653	\$660	\$977	\$978
C3000	No	\$140	longer	\$322	offered	\$516
H2000	\$261	\$283	\$561	\$594	\$851	\$888
H2500	No	\$94	longer	\$235	offered	\$396
H5000	\$26	\$23	\$113	\$100	\$238	\$211

Proposed Monthly HealthFlex Rate Summary*
for

Deacons with Negotiated Service, Compensation, & Benefits; Lay Employees of Local Church

*Full Amount Billed to the Local Church/Plan Sponsor.

Actual Cost to participant is negotiated between participant and church/plan sponsor.

<u>Plan Elected</u>	<u>Participant</u>	<u>2026</u>	<u>Participant +1</u>	<u>2026</u>	<u>Participant + Family</u>	<u>2026</u>
B1000	\$1,536	\$1,361	\$2,918	\$2,587	\$3,994	\$3,540
C2000	\$1,429	\$1,307	\$2,714	\$2,483	\$3,715	\$3,398
C3000	No	\$1,138	longer	\$2,162	offered	\$2,959
H2000	\$1,382	\$1,274	\$2,627	\$2,421	\$3,595	\$3,313
H2500	No	\$1,094	longer	\$2,080	offered	\$2,845
H5000	\$1,159	\$1,027	\$2,201	\$1,951	\$3,012	\$2,670

12. Future Years Health Benefit Premium Increase: As most are aware, the cost of healthcare in the United States continues to rise at a rapid pace. While efforts are being made to reduce the cost to local churches and participants in the plan, the Board of Pension and Health expects rates to continue to rise as well. In 2027 our rates increased by 12.8%. **2028 rates are expected to rise by a minimum of 5% for both the health fee and personal portion of the participants.**

**THE BOARD OF PENSION AND HEALTH BENEFITS
WELFARE PLAN SECTION**

Report Number One

Welfare Plan Structure

The welfare plan made available to South Carolina Conference clergy is the Comprehensive Protection Plan (“CPP”) sponsored by Wespath.

The CPP disability benefits are as follows:

- Clergy disabled on or after January 1, 2002, the CPP disability benefit equals 70 percent of Plan Compensation, with compensation capped at 200 percent of the DAC (Denominational Average Compensation.)
- Clergy disabled prior to January 1, 2002, will continue to receive the same CPP disability benefit per the plan document in-force at the time of their disability claim originated.

The following generally describes the death benefit amounts payable under the CPP to eligible participants and their beneficiaries.

Active and Retired Participant Death Benefits: payable upon the death of an eligible active CPP participant, as follows:

- Active Participant: \$50,000, payable in 12 monthly installments or one lump sum
- Retired Participant: \$24,000
- Spouse of active and retired participant: \$16,000
- Surviving spouse of active and retired participant: \$12,000
- Child of active and retired participant: \$8500
- Annual surviving spouse annuity benefit of 20% of DAC, less the annuity benefit payable from CRSP.
- Annual surviving child benefit of 10% of DAC, payable in 12 monthly installments (for those age 17 and younger; benefits are paid through the month in which the child attains age 18)
- Annual surviving child educational benefit up to 20% of DAC, payable in equal installments (for those age 18 through 24 and attending school full-time)

Retired Participant Death Benefits: to be eligible for death benefits in retirement, a clergyperson must have been covered in CPP for a specified number of years. The 2012 General Conference approved a change to the CPP program which increases the length of service requirement for retirees. Retirees with 25 or more years of enrollment in CPP are eligible for the death benefits in retirement, and the eligibility for those with fewer than 25 years in CPP is phased in with one-year increments, as detailed on the following table. ****Those who retire under the 20-year rule are ineligible for CPP Death Benefit.**

Retirement Year	CPP Enrollment Requirement for Death Benefit Eligibility
2013	6 of last 10 years
2014	7 of last 10 years
2015	8 of last 11 years
2016	9 of last 12 years
2017	10 of last 13 years
2018	11 of last 14 years
2019+	12 of last 15 years

Denominational Average Compensation

Several of the pension and welfare plans incorporate the Denomination Average Compensation (“DAC”) into the formula for determining the plan benefit. Per the action of the 2020/2024 General Conference the DAC will increase 2% per year. The 2026 DAC is **\$81,603**. The 2027 DAC is **\$83,235**.

The Board of Pensions and Health Benefits Direct Bill Arrearage Report

A. Forgiveness

At the direction of the 2024 Session of the South Carolina Annual Conference all direct billing arrearages accrued by churches before March 1st, 2024 were forgiven. The total arrearage forgiven was \$3,463,097.09 for 90 churches. The benefits provided to clergy for which these arrearages were incurred were paid from the reserve investment accounts held by the Board of Pensions and Health Benefits at the time the benefits were provided. While this forgiveness did not impact our reserves at the time the forgiveness was executed, continued arrearages may impede the Board of Pensions and Health Benefits’ ability to provide the discounts and subsidies currently offered to all churches and participants in our benefit plans.

B. Current Arrearages

As of March of 2026 (two years after the direct bill arrearage forgiveness took effect), there are currently 20 churches who are in arrears on their direct billing, down from 29 churches in March of 2025 with a total arrearage of \$159,518.50, for a total current arrearage of \$223,606.07. Seventeen of those 20 churches had their direct bill arrearages forgiven by the Annual Conference in 2024. The total amount those 17 churches had forgiven in 2024 was \$707,059.91. Of the 17 churches who had their direct bill arrearage forgiven and who have current direct bill arrearages, all have paid something toward their direct bill since the forgiveness was granted.