# 2016 Annual Conference Legislation

## Action Items

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## Elected Leaders  (All lists will be available right before Annual Conference)

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*A- Adopted; AA-Adopted as Amended; R- Rejected; RRL- Recommended for Rejection List
$ 2016 Budgetary Implications

The Common Table encourages holy conferencing and respectful dialogue when the membership engages in consideration of all of these action items.
Action Items

Item 100  Illuminating Annual Conference Work Areas

Submitted by and contact information: Walter Lockhart, 651-263-0578, revwalt@juno.com

Action: Add a new paragraph to section 200 of the Policy and Procedures Manual of the Annual Conference, making this the new #12 and renumbering appropriately.

Announcements and agendas of all meetings of elected committees shall be published in advance, when possible, on the conference website. Minutes and handouts will be posted on the conference website after they are approved by the group. When legal, supervisory, or employment issues are discussed, the published announcements, agendas, and minutes should reflect the group entering into executive session. The Board of Ordained Ministry and the Human Resource Team are the only elected groups exempt from this requirement.

Relationship to the Scriptural Imperatives and Rationale: Transparency will foster trust in the process, allow the members of the conference to be better informed about the work of the Annual Conference, and ensure that committees are in fact meeting to provide leadership for our church.

Implementation: Meetings scheduled after August 1, 2016 will be required to follow these rules.

Outcome: The work of MN Annual Conference will be public.

Resources required and potential financial impact: Minimal readjustment of staff work priorities.
Submitted by and contact information: Council on Finance and Administration -- Gary Taylor, President, lpgeparish@embarqmail.com; Board of Pension and Health Benefits – Katherine Schill, 651-952-6872; Common Table – Bob Kutter, bkutter@meltel.net

Action: Substitute the language of Section 300.01.a.9 of the Policies and Procedures manual to read:
The total amount of the conference apportioned budget shall be increased annually by no more than 3% over the current year’s approved apportioned budget.

Relationship to the Scriptural Imperatives and Rationale: We have been investing in new initiatives tied to our Journey Toward Vitality strategic plan. These include Soul Leaders, Missional Church Consultation Initiative, adding staff in the areas of new church development and missional impact, community/school partnership grants, placing new church plants in high potential areas and reaching the next generation through camping, youth ministry and the ELI project internship program. But these exciting new and renewed initiatives are limited by our budget “ceiling”.

Our “ceiling” rule is a calculation to ensure that that annual conference budget will not increase at a higher rate than congregational giving. However, it has had some unintended consequences in recent years. During and after the “Great Recession”, we as an Annual Conference, chose to limit our approved budget to significantly less than the “ceiling” allowed in order to be responsive to economic conditions. The net effect is that we have reduced our apportioned budget ceiling from $7.2 million in 2008 to $5.9 million in 2017. We have now reached a point where our conference budget has little room for cost of living adjustments much less new or expanded strategic initiatives.

At the same time, in order to fund our Journey Toward Vitality initiatives, the Common Table asked the annual conference session in 2012 and 2015 to suspend the ceiling, and approve these additional investments, which they did. In 2017, the ceiling formula requires a 2% reduction of the 2016 apportion budget in order to be in compliance. In a season, when we are seeking to be “all in” on our Journey toward Vitality, and where we have reduced the apportioned budget significantly in recent years as good stewards of our resources, this seems arbitrary and not prudent to the mission. For the third time in five years, we will be requesting to suspend the ceiling, and this time to simply adopt a flat, 0% increase budget. This triggered the conversation in CFA whether there might be a better ceiling calculation that would achieve the end of putting a cap on annual conference budget increases but not force a cut based on data that is three years old.

The annual conference budget passes every year with a minimum of debate. We have worked hard to have a strong, collaborative budget process in building a budget, and have demonstrated that we are fiscally responsible. Therefore, the Council of Finance and Administration is requesting a revision to the ceiling rule to allow us the flexibility needed to manage the resources and make the strategic investments needed to accomplish our mission.

Implementation: The Council of Finance and Administration would apply the revised ceiling rule with the creation of the 2018 apportion budget.

Outcome: We have the capacity to make prudent investments in our missional pathways and do not need to make annual requests to the annual conference session to suspend the ceiling in order to consider an appropriate budget as determined by the Common Table.

Resources required and potential financial impact: None.
Consent Calendar/Recommended for Adoption List

Item 200  Designation of 2017 Conference Advance Specials  A  AA  R  RRL

Submitted by and contact information: Mission Promotion Team: Karen Thompson, Chair, karen@5oaksllc.com; Lyndy Zabel, Director of Missional Impact, Lyndy.Zabel@minnesotaumc.org

Action: The Minnesota Annual Conference of the United Methodist Church will approve the following groups or organizations to be designated as having Conference Advance Special Status for 2016. The Advance Special program exists to enable persons and churches to support mission and ministry projects within the bounds of the Minnesota Annual Conference and world-wide where there is a Minnesota UMC missional connection. Advance Specials are ministries, institutions and agencies that are a specific mission project, or a specific mission project of a broader mission agency requiring support beyond the capabilities of the parent ministry.

Camping and youth:
Camp Minnesota, Camping Retreat Board (CRB)
Camperships, Minnesota Conference Camping & Retreats Ministry, CRB
Camps Without Barriers-Integration, Minnesota Conference Camping & Retreats Ministry, CRB
Youth Leadership Team

Congregation-based ministries:
Care Crew, Sunrise United Methodist Church; Moundsview, MN
Dignity Center, Hennepin Avenue United Methodist Church; Minneapolis, MN
Family Table, Fridley United Methodist Church; Fridley, MN
God’s Closet, Epworth United Methodist Church; St. Paul, MN
The Mobile Ministry, Crane Lake Chapel; Crane Lake, MN
Mounds Park Community Ministries; St. Paul, MN
Multicultural Ministries, Living Spirit United Methodist Church; Minneapolis, MN
Southside Coalition; Minneapolis, MN
TEAM Tutoring/Mentoring, Living Spirit United Methodist Church; Minneapolis, MN

Congregational development advances:
Brooklyn UMC African Cultural Ministry; Brooklyn Center, MN
Good Samaritan Community Parenting Ministry; St. Peter, MN
Grace Korean United Methodist Fellowship, Hope United Methodist Church; Duluth, MN
Korean Evangelical United Methodist Church, Hopkins; MN
Korean Fellowship, Centenary United Methodist Church; Mankato, MN
La Puerta Abierta United Methodist Church; St. Paul, MN
La Puerta Abierta United Methodist Church Building Fund; St. Paul, MN
Life Rebuilders, Crossroads United Methodist Church; Lakeville, MN
Richfield Faith Vietnamese Fellowship, Richfield United Methodist Church; Minneapolis, MN
Wheelock United Methodist Church; St. Paul, MN

Ministry with native people:
All Feathers Ministry Inc.(In-dah-so Gwaa-nib); Cass Lake, MN
Department of Indian Work, St. Paul Area Council of Churches; St. Paul, MN
Other ministries;
Banyan Community; Minneapolis, MN
Center for Victims of Torture; Minneapolis, MN
Compatible Technology International; St. Paul, MN
Emma Norton Services, UMW National Mission Institution; St. Paul, MN
Feed My Starving Children; Coon Rapids, MN
Gathering House; Waterville, MN
Harbor House Crisis Shelter; Superior, WI
Imara International; Maple Grove, MN
International Child Care; Dominican Republic and Haiti
Metro West Builders; Minneapolis, MN
Metropolitan Interfaith Council on Affordable Housing (MICAH); St. Paul, MN
Midwest Mission Distribution Center; Chatham, IL
OC Ministries; Minneapolis, MN
P.E.T. Int’l (Personal Energy Transportation Mobility Device); Columbia, MO
Project AgGrad; Minneapolis, MN
Se Luz; Guatemala
Simpson Center for Servant Ministries; Minneapolis, MN
Simpson Housing Services; Minneapolis; MN
St. Paul Area Council of Churches; St. Paul, MN 55105;
Wesley Foundation, University of Minnesota-Twin Cities; Minneapolis, MN
World Beat; Minneapolis, MN

Relationship to Two Imperatives and Rationale: These various groups identify and respond to basic human and societal needs. A focus is new groups and populations whose needs can be addressed by these programs. A fundamental spiritual vitality is generated from within each organization, which is then extended to the client/recipient.

Conference policies require the annual Advance Special status designations be approved at each annual conference session. Contact information for these ministries will be available on the conference website or by contacting the Mission Promotion Team.

Implementation: Mission Promotion Team

Outcome: The churches of the Minnesota Annual Conference will be supportive of and involved in mission. The scriptural imperative to “Heal a Broken World” will be enhanced as our shared mission and vision are achieved.

Resources required: Local church mailing labels will be provided upon request of the CAS group or organization.
Submitted by and contact information: Council on Finance and Administration, Gary Taylor, President, lpgeparish@embarqmail.com

Action: The Council on Finance and Administration recommends Special Asking status for the year 2017 for Hamline University at $1 per member and Camping at $2 per member. “Special Askings” are institutions, agencies, or ministries that have been given the right to send, with apportionments to each church, a suggested amount for the ensuing year.

Relationship to the Scriptural Imperatives and Rationale: The Special Askings relate to both of the imperatives. The Special Askings provide funds for Hamline University and for the Camping Ministries of the conference that enable them to reach out to new people and to cultivate spiritual vitality in students and campers of all ages and backgrounds. The Hamline University Special Asking for 2017 is recommended at $1 per member.

Special Askings are those ministries that receive special recognition by having a suggested amount for churches to consider but are not apportioned funds. This designation as a Special Asking will allow them to be included in the annual mailing of the apportioned fund amounts to each church. The Camping Special Asking for 2017 is recommended at $2 per member.

Implementation: Council on Finance and Administration.

Outcome: The Special Askings will be included in the annual mailing to churches with the 2017 apportionment calculation.

Resources required and potential financial impact: Minimal staff time to implement with costs covered under current budget for conference staff and printing and mailing costs covered under current budget for postage and printing.
Submitted by and contact information: Conference Board of Trustees, Karen Andrew, Chair, karenandrew257@gmail.com

Action: The ceiling on the total amount that may be obligated by the Capital Facilities Finance & Development Commission for loan guarantees for the period ending July 1, 2017, be maintained at the lesser of $5,000,000 or the total of the following: Capital Facilities funds, Permanent Church Extension Fund balance, conference-owned properties, and assets pledged by churches of the Minnesota Conference at the time the guarantee is made.

Relationship to two Scriptural Imperatives and Rationale: The ability of local churches to borrow for building allows them to address their work of reaching out and cultivating spiritual vitality. The amount currently guaranteed is approximately $1,960,500.

Implementation: Capital Facilities Finance & Development Commission reviews applications for loan guarantees. Conference Board of Trustees authorizes use of conference assets for backing guarantees. Local churches pledge assets to the program.

Outcome: Churches needing additional security for building, expansion, or remodeling loans may apply for a guarantee from the conference.

Resources required and potential financial impact: Staff time, supplies, and meeting costs are covered under other budget areas and current amounts are adequate for supporting this work.
Submitted by and contact information: Conference Board of Pension and Health Benefits; Katherine Schill, 651-925-6872

Action: That the years of service and pension credit in the Minnesota Annual Conference as reported by the General Board of Pension and Health Benefits be approved for the persons who are requesting retirement at the 2016 annual conference session, as shown in the table below.

<table>
<thead>
<tr>
<th>Name</th>
<th>Retirement Date</th>
<th>Years Served Pre-82</th>
<th>Years Served Post-81</th>
<th>Total Years</th>
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<td>Ordained or Local Pastor w/ Pension Credit</td>
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<td>Other Conf.</td>
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*Service not in ¶358.2 includes service as a Student Local Pastor, Part-time Local Pastor, Diaconal Minister, in a Central Conference or under the Collins Pension Plan for Missionaries, and Pre-82 years served without Pension Credit.
Submitted by and contact information: Conference Board of Pension and Health Benefits, Katherine Schill, (651) 925-6872

Action: The 2012 Discipline ¶1506.6 requires each annual conference develop, adopt and implement a formal comprehensive funding plan or plans for funding all of its benefit obligations. “The funding plan or plans shall be submitted annually to the General Board of Pension and Health Benefits for review and be approved annually by the annual conference, following the receipt and inclusion of a favorable written opinion from the General Board of Pension and Health Benefits.” (GBOPHB) This summary document is only a portion of the information contained in the actual signed funding plan. As such, it might not contain all the information required for a comprehensive view of the benefit obligations of the conference. You may request the full contents of the 2017 comprehensive benefit funding plan from your conference benefit office.

The MN Conference submitted its 2017 Comprehensive Benefit Funding Plan (CBFP) and received a favorable written opinion from the GBOPHB. Following is the summary of the CBFP for the 2017 conference benefit obligations:

Relationship to the Scriptural Imperatives, Rationale and Resourcing:
Clergy Retirement Security Program (CRSP) Defined Benefit (DB) and Defined Contribution (DC)
Effective January 1, 2014, the Minnesota Annual Conference election for Fulltime Equivalent (FTE) eligibility requirement for CRSP-DB participation is 50% and greater. Based on the election of 50% and greater the required contribution as of 12/31/2017 and 12/31/2016 for CRSP-DB is $1,287,938 and $1,269,130 respectively, which will be funded by redirection of Pre-82 surplus. The portion of funds collected through conference billing to the local church for CRSP-DB will be held in the benefit reserve fund for future liability obligations of all pension benefits.

Effective January 1, 2014 the CRSP-DC was modified by action of General Conference to 2% of compensation non-matching contribution along with a matching contribution of up to 1% of compensation of the clergy's contribution to the United Methodist Personal Investment Plan (UMPIP), a 403(b) pension fund. The CRSP-DC non-matching portion (2% of compensation) is billed to/collected from the local church/salary-paying-unit and remitted to the GBOPHB monthly. The CRSP-DC matching component of up to 1% of compensation will be funded by conference benefit reserve funds in the Deposit account invested at the GBOPHB beginning in 2014 and continuing through 2017 with an estimated annual cost of up to $150,000 each year.

Ministerial Pension Plan (MPP)
The MPP Annuities as reported by the GBOPHB has a funded status as of 1/1/2015 of 112.4%, requiring no contribution in 2017.

Pre-82 Benefit
The 2017 Past Service Rate (PSR) will be $720, a 2% increase from 2016. The PSR increase is funded by the dedicated assets in the Pre-82 plan funds at the General Board of Pension and Health Benefits. For the foreseeable future, the PSR will increase at a rate of 2% until the pension plan funding for all plans are funded and sustainable. The Minnesota Annual Conference funded ratio as of 1/1/2015 for 2017 as calculated by the GBOPHB is 114% based on the conference funding plan of 2% PSR increases.

The Minnesota Annual Conference redirected Pre-82 surplus on 12/31/2015 of $1,322,971 for the 2015 CRSP-DB obligation. The redirection arrangement allows a conference with sufficient surplus to redirect surplus funding with the required contribution of for defined benefit obligations of the conference or another conference, if with another conference, and then receive the same amount of funds into a benefit reserve account under the control of the receiving conference. The Conference Board of Pension and Health Benefits recognizes the use of surplus redirection increases the possibility of future Pre-82 contributions.

Post-Retiree Medical Benefits
The MAC Plan is the self-funded health plan of the Minnesota Annual Conference. The retiree premium subsidy is based on a fixed rate or a fixed rate times years of service depending on the retirement date era. The retiree subsidy, averaging $605,000 annually beginning in 2011, is funded through benefit reserve funds for retiree benefits, both pension and medical. The Retiree Medical Valuation as of January 1, 2015 (updated May 19, 2015 for RP 2014 mortality
benefit costs of the appointed clergy.

January 1, 2014 for 2014 thru 201

Churches pay direct cost of clergy benefits with few subsidies:

Active Clergy Benefits

Lay employees are eligible if they work 30 or more hours per week the salary

The MAC plan reserves will fund an estimated $350,000 of the active plan cost when determining the 201

Current active participant premiums are paid by the local church and the clergy or lay employee participant. In 2017 the MAC plan reserves will fund an estimated $350,000 of the active plan cost when determining the 2017 premium. Lay employees are eligible if they work 30 or more hours per week the salary-paying-unit sponsoring the MAC Plan for their lay employees must fund at least the same cost of the single premium as they do for clergy.

Active Clergy Benefits

Churches pay direct cost of clergy benefits with few subsidies: MAC Plan subsidy for active participants is included in the calculation prior to determining the church and participant share and up to 1% CRSP-DC match subsidy effective January 1, 2014 for 2014 thru 2017 is funded by benefit reserve funds. The salary-paying-unit supports the remaining benefit costs of the appointed clergy.

Comprehensive Protection Plan (CPP)

The Comprehensive Protection Plan is directly billed to the local church based on appointments and compensation of clergy. The billing rate effective as of 1/1/2014 is 3% of compensation for all fulltime appointments. CPP eligible clergy appointed ¾-time have mandatory participation under special arrangements at an annual premium of 3.4% of the DAC billed on a monthly basis. Halftime appointed eligible clergy have optional participation under special arrangements at an annual premium of 4.4% of the DAC billed on a monthly basis. The General Board of Pension and Health Benefits has submitted legislation to General Conference for approval to remove the CPP special arrangements effective 1/1/2017 and allow conferences to elect CPP coverage for all ¾ time appointments with a billing rate of 3% of compensation, there would no longer be an option for ½ time appointed elders coverage under the Comprehensive Protection Plan.

UNUMLife Options

The UNUMLife Options welfare plan provides death and disability benefits to conference lay employees working 30 hours per week or more. The UNUMLife Options welfare plan also covers local pastors and ministers of another denomination appointed ¾ time in the local church as they are not eligible for the Comprehensive Protection Plan. The premiums for local church clergy participants are billed to the local church. The UNUMLife premiums for conference lay employees are funded through the human resources apportioned budget. The 2017 conference lay staff UNUMLife Option premiums will be funded by benefit reserve funds in the Deposit Account, the estimated cost is $14,700. The General Board of Pension and Health Benefits has submitted legislation to General Conference for approval to remove the special arrangements and allow conferences to elect CPP coverage for all ¾ time appointments with a billing rate of 3% of compensation, there would no longer be UNUMLife Options coverage for ¾ time appointed local pastors or ministers of another denomination since they would have coverage under the Comprehensive Protection Plan. UNUMLife Options may be available for clergy appointed ½ time that lose CPP coverage, at this time there are no specific details for ½ time coverage through UNUMLife Options.

United Methodist Personal Investment Plan (UMPIP)

The conference office lay employees working an average of 20 hours per week or greater are eligible, after six months of employment with at least 1040 hours, for a pension contribution of 6% of salary. Lay employees are encouraged to contribute personal funds toward their retirement through payroll reductions to the UMPIP. The conference lay employees working an average of 20 hours per week or more. The UNUMLife Options welfare plan also covers local pastors and ministers of another denomination appointed ¾ time in the local church as they are not eligible for the Comprehensive Protection Plan. The premiums for local church clergy participants are billed to the local church. The UNUMLife premiums for conference lay employees are funded through the human resources apportioned budget. The 2017 conference lay staff UNUMLife Option premiums will be funded by benefit reserve funds in the Deposit Account, the estimated cost is $14,700. The General Board of Pension and Health Benefits has submitted legislation to General Conference for approval to remove the special arrangements and allow conferences to elect CPP coverage for all ¾ time appointments with a billing rate of 3% of compensation, there would no longer be UNUMLife Options coverage for ¾ time appointed local pastors or ministers of another denomination since they would have coverage under the Comprehensive Protection Plan. UNUMLife Options may be available for clergy appointed ½ time that lose CPP coverage, at this time there are no specific details for ½ time coverage through UNUMLife Options.

Current active participant premiums are paid by the local church and the clergy or lay employee participant. In 2017 the MAC plan reserves will fund an estimated $350,000 of the active plan cost when determining the 2017 premium. Lay employees are eligible if they work 30 or more hours per week the salary-paying-unit sponsoring the MAC Plan for their lay employees must fund at least the same cost of the single premium as they do for clergy.

Active Medical Benefits

The Conference Board of Pension and Health Benefits (CBOPHB) projects a 0% premium increase for purposes of the 2017 conference budget process for Annual Conference. The CBOPHB looks at actual claims versus projected claims with projected trend and reserve levels to set each year’s premium. If claims continue at the current level and reserve funds continue to grow or remain stable the premiums are expected to stay flat. If there are reserve losses and/or high claims the premiums would need to be adjusted in kind.

Active Clergy Benefits

Churches pay direct cost of clergy benefits with few subsidies: MAC Plan subsidy for active participants is included in the calculation prior to determining the church and participant share and up to 1% CRSP-DC match subsidy effective January 1, 2014 for 2014 thru 2017 is funded by benefit reserve funds. The salary-paying-unit supports the remaining benefit costs of the appointed clergy.

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**Implementation:**

**Outcome:** The Minnesota Annual Conference participates in many clergy and lay employee benefit plans through the General Board of Pension and Health Benefits of the United Methodist Church as directed through the 2012 Book of Discipline and the plan documents. The Minnesota Annual Conference as an employer accepts the responsibility of providing adequate and sustainable benefits for the appointed and lay personnel of the district and conference offices. The Minnesota Annual Conference encourages all local churches to provide adequate and sustainable benefits for their lay employees.
Submitted by and contact information: Conference Board of Pension and Health Benefits, Katherine Schill, 651-925-6872

Action: That the 2017 year of service as calculated by the General Board of Pension and Health Benefits be counted towards retired clergy health insurance premium subsidy at the same subsidy rate as for years of service prior to 2017.

Relationship to the Scriptural Imperatives and Rationale: Additional time is needed for research and analysis for the Conference Board of Pension and Health Benefits to determine what retiree health insurance alternative will work best for the clergy and the Minnesota Annual Conference for those with active service beyond 2016. This one-year extension will allow additional time for review and analysis of an ever changing healthcare environment. The Conference Board of Pension and Health Benefits will continue to study the best approach for the Minnesota Annual Conference to provide medical subsidy in retirement. All eligibility, rates and determination of subsidy rates will remain as stated in Item #509 from the 2003 Annual Conference except that the years of service with subsidy of $4 per month per credited year of service will be extended to 12/31/2017.

Implementation: Conference and General Board of Pension and Health Benefits.

Outcome: Retired clergy will receive credit for the 2017 service year as calculated by the General Board of Pension and Health Benefits towards MAC Plan premium subsidy as approved in Item #509 at the 2003 Annual Conference.

Resources required and potential financial impact: The addition of one year of service will not significantly change the current requirement for retiree medical subsidy in the apportioned budget since it is funded by benefit reserves, and therefore no addition to the 2017 budget is required for this item. Adding the 2017 year of service will not increase the unfunded retiree health insurance subsidy liability above the 2003 actuarial projection of $12.1 million since actual premium rates have not increased as much as assumed in the actuarial projection at that time. The most recent Retiree Medical Actuarial Valuation date of January 1, 2015, completed by AonHewitt, used the updated RP2014 scale MP mortality schedule that increased life expectancy projecting the Expected Postretirement Benefit Obligation at $12.1 million (and, therefore, the unfunded liability is currently calculated to be the same, $12.1 million originally projected in 2003).
Submitted by and contact information: Conference Board of Pension and Health Benefits, Katherine Schill, 651-925-6872

Action: That an amount equal to 100% of the pension, severance, or disability payments received from plans authorized under The Book of Discipline of The United Methodist Church (the “Discipline”), which includes all such payment from the General Board of Pension and Health Benefits (“GBOPHB”), during the year of 2016 and 2017 by each active, retired, terminated, 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, severance, or disability payments to which this rental/housing allowance designation applies will be any pension, severance, 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, a terminated, 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, a retired, a terminated, or disabled Clergyperson’s pension, severance, or disability plan benefit as part of his or her gross compensation.

Relationship to the Scriptural Imperatives and Rationale: 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 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;

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 thereunder 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.

Implementation: The Minnesota Annual Conference adopts this resolution.

Outcome: The rental/housing allowance may be excluded from a Clergyperson’s gross income in any year for federal income tax purposes under IRS Code Section 107(2) for pension, severance, or disability payments from plans, annuities, severance, or funds authorized under the Discipline as a result of the Clergyperson’s service.

Resources required and potential financial impact: None
Submitted by and contact: Equitable Compensation Action Team (ECAT), Rod Stemme, Executive Secretary of the Equitable Compensation Action Team, (507) 964-2898 or stemme@usfamily.net

Action: The following be adopted as the Equitable Compensation Schedule.

Equitable Compensation Schedule for 2017

The minimum base compensation for 2017 is defined as the 2016 base compensation of $36,349 plus the Cost Of Living Adjustment (COLA) used by the federal government for the year we are in (that is, the Cost Of Living Adjustment announced last October for 2016 SSA which was 0.0%).

In addition, there is a step increase of $700 for years of service for the first 8 steps. In keeping with our ongoing policy, the first step normally begins on January 1 following 18 months of service in the Minnesota Annual Conference.

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In considering additional compensation beyond these steps noted above the Staff/Pastor–Parish Relations Committee is encouraged to consider the announced Cost Of Living Adjustment and merit increases in their mutual negotiation with the pastor.

Further, this proposal does not intend to reduce current compensation levels recommended by Staff/Pastor Parish Relations Committees and approved by the Church/Charge Conference during the ongoing tenure of a pastoral appointment.

Further, in recognition of the financial realities and to allow for flexibility in the appointment process, exceptions to above equitable compensation policy can be approved by a ¾ vote of the Cabinet and the voluntary consent of the pastor involved.

Seniority for clergy from other denominations and communions who have had their orders recognized by the Minnesota Annual Conference shall have their seniority status established by the Cabinet before their first appointment in the Minnesota Annual Conference. The Cabinet is urged to consider years of service in the ministry exercised in other denominations, especially those coming from the churches of the Commission on Pan-Methodist Cooperation and Union and other member churches of the Churches Uniting in Christ (See ¶625.10 in The 2012 Book of Discipline).

Relationship to the Scriptural Imperatives and Rationale: This proposed action does not have a direct relationship to the imperatives but does speak to the context of ministry in which the imperatives are to be implemented.

Each year the Equitable Compensation Team is to submit this legislation for Annual Conference action.

Implementation: The Equitable Compensation Action Team and the Cabinet will implement this policy and monitor its effect in light of the needs of congregations, the realities of appointments that are made by the Cabinet, and the resources of the annual conference for equitable compensation support.

Outcome: Having a schedule for equitable compensation can enhance the morale of pastors and congregations when there is some sense of collegiality and equity related to cash compensation whatever the setting of the appointment. Since we have an appointment system, rather than another system of clergy placement, a schedule does permit a pastor to serve where gifts and graces are needed without issues of compensation being the overriding concern.
Hopefully such a schedule allows focus on ministry and fulfilling the imperatives rather than undue focus on compensation issues.

**Resources required:** None required beyond support already included in the recommended annual conference budget with equitable compensation support funded through the Investing in Congregations Grant process (as authorized by 2007 Annual Conference Action).

**Elected Leaders**
These reports will be made available right before Annual Conference.

<table>
<thead>
<tr>
<th>Item 300</th>
<th>Elected Leader Nomination Report</th>
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<td>Item 301</td>
<td>District Leader Nomination Report</td>
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<tr>
<td>Item 302</td>
<td>Affiliate Leader Nomination Report</td>
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