Disaffiliation Packet

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Part 1: Congregational Guide to Disaffiliation

The Governing Body (church council/leadership team) of your congregation has made a formal request to the District Superintendent to explore disaffiliation from the United Methodist Church. This guide outlines the process and requirements.

It is our desire that every congregation would choose to continue as part of our collective mission and witness in the Minnesota Annual Conference and if there is anything we can do to restore and strengthen the relationship of this congregation to the annual conference, we would welcome that conversation.

However, if the leadership of this congregation has indeed concluded that due to matters of conscience, they are unable to live within the parameters as set by the General Conference of the United Methodist Church or within the vision of the Minnesota Annual Conference, then we ask the congregation to engage in the appropriate self-study and congregational discernment so that the congregation is well prepared for moving forward and charting a new future.

Disaffiliation requires the action of the annual conference session. Completed disaffiliation agreements need to be completed before the annual conference session commences in order to be considered for action. The process has several steps, and approvals that are required so please pay attention to your timeline in engaging in this process. The process can easily take up to 6 months to be done well if your congregation is just beginning their discernment process. The annual conference board of trustees will not consider a disaffiliation agreement where there is no evidence of congregational engagement and self-study so please do not neglect these steps. It is important that the congregation is fully aware and committed to the future it is choosing!

Step One: Leadership Team Meet With DS

The District Superintendent will meet with the pastor and leadership team after a formal request to the district superintendent by the governing body to outline the process of discernment and approvals for disaffiliation. The goal is to create a gracious, consistent and prayerful process for any church seeking to disaffiliate from the United Methodist Church. The information shared will include:

- Disaffiliation process and timeline
Financial obligations including apportionments, pension liability any other outstanding loans/grants made by the Minnesota Annual Conference that need to be re-paid.

The difference between disaffiliation and discontinuance and the implications of each, including all Minnesota Annual Conference services including clergy benefits, exclusion from the UMC Group 501c3 ruling, and ceasing use of the cross and flame logo.

Readiness assessment tools regarding congregational vitality and financial sustainability.

Communication tools and templates for communications with the congregation about the process.

Sample disaffiliation agreement.

**Step Two: Congregational Self-Study and Dialogue (45-60 days)**

The DS and Governing Board Leader jointly send a letter to the congregation informing them of the governing’s board decision to engage in discernment around disaffiliation and the steps in the process.

The Leadership Team discerns, along with the district superintendent or conference staff person assigned to work with the congregation, the level of discernment that has been done by the congregation. They will review the readiness assessment to determine what would be helpful next steps for the congregation in order to assess clarity of values and identity, readiness and sustainability as the congregation charts a new path.

Town hall gatherings are held with the congregation to share key information about the disaffiliation process, information gathered in the self-study process and engaging the congregation in discernment about denominational fit.

**Step Three: Approval Processes (45-60 days)**

The leadership team gathers the requested financial and property information (Exhibit E in the disaffiliation agreement template).
The pastor and church council chair, after approval by the church council to proceed with a congregational vote, complete the Request for a Church Conference to Vote on Intent to Disaffiliate and send to the DS.

The District Superintendent, having ascertained that the congregation has sufficiently completed their discernment process and fully aware of the implications for disaffiliation, will authorize and preside at a church conference, which the church must schedule within 120 days of the DS authorizing the church conference. The church must give 14 days notice of the conference via mailing to all congregants and announcements made over 2 Sundays from the pulpit with the stated purpose to vote on the intent to disaffiliate and giving authorization to the designated team comprised of trustee rep, lay leader, pastor, and finance chair or treasurer to complete a disaffiliation agreement with the annual conference. 2/3 majority vote of those present and voting is required.

Step Four: Creation of Disaffiliation Agreement (60 days)

The designated local church team meets with the Conference designated staff person and the annual conference trustee rep to draft an agreement.

The draft is sent to the annual conference board of trustees and to the local church board of trustees for approval.

The congregation initiates the necessary steps to separate their legal identity from the United Methodist Church including obtaining a new EIN from the Federal Government, creating new articles of incorporation and by-laws, and securing 501c3 status as a charitable organization.

After the local church and annual conference Board of Trustees have offered their approvals, a church conference is held to ratify the complete document. 2/3 majority of those present and voting is required for approval.

Step Five: Implementation of the Disaffiliation Agreement: (30 days)

The Annual Conference session will vote on the Disaffiliation agreement at their annual session. The Disaffiliation agreement must be submitted 30 days before annual conference session commences in order to be considered at that session. It will be the presumption that all disaffiliation agreements that have followed the process and have received the approvals of the
Conference Board of Trustees and the local church conference would be brought forward as a Cabinet recommendation for action and be ratified by the annual conference session without amendment.

☐ Upon Annual Conference approval and the requirements of the disaffiliation agreement having been met by the local church, the District Superintendent will write a letter stipulating all the requirements of the Book of Discipline and the Minnesota Annual Conference have been met, thereby releasing the congregation from the denominational trust clause and the conference chancellor will issue a quit claim deed to the church which the church can file with the county in which the property is located.

☐ Disaffiliation agreements will go in effect July 1, following the annual conference session. The congregation will cease to use United Methodist (or any successor name) in their name, materials or marketing. It will have secured all the necessary legal requirements to operate as a church independent of the United Methodist Church.
Part 2: Minnesota Conference Disaffiliation Process

What is disaffiliation?

It is a process created by the 2019 General Conference that allows individual churches to leave The United Methodist Church with their property for “for reasons of conscience regarding a change in the requirements and provisions of The Book of Discipline related to the practice of homosexuality or the ordination or marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Conference, or the actions or inactions of its annual conference related to these issues which follow” (¶2553).

The United Methodist Church is a connectional system in its governance. This means each local church has been chartered by the annual conference, and it has received its IRS ruling as a charitable organization as a part of the United Methodist group ruling. Clergy are credentialed by the annual conference and appointed by the bishop. All property of a local church, by The Book of Discipline, is held in trust for the “connection” and so if a church discontinues as a United Methodist Church (which usually occurs when it reaches the end of its life and closes), the property remains with The United Methodist Church for re-investment in our common mission. As the denomination recognized that separation was becoming inevitable around matters of human sexuality, it created a new, temporary, pathway for churches to leave to become independent or unite with emerging Methodist movements. This pathway balances the fiduciary responsibility to the annual conference with creating a gracious exit for churches to leave with their property. “Disaffiliation” is the term for separation from a connectional system, and it is a multi-faceted process.

What is the process for disaffiliation?

The local church leadership team notifies its district superintendent that the church wishes to explore disaffiliation. The congregation is given a resource guide to assess congregational readiness, as well as the amount of the required payments to meet the terms of the disaffiliation agreement. Congregational town halls are held to share the process, engage the congregation in discernment, and answer questions. A formal church conference is held to vote on the intent to disaffiliate. The vote must pass by 2/3 vote of professing members present and voting. A team from the congregation is appointed to complete the disaffiliation agreement with the Conference Board of Trustees. The completed disaffiliation form is approved by a second church conference, and again must pass by a
2/3 vote. The annual conference session ratifies the disaffiliation agreement at its annual session. Upon fulfillment of the terms of the disaffiliation agreement, the disaffiliation would be effective July 1 following the annual conference session.

**What are the terms of the disaffiliation agreement?**

Under Paragraph 2553 of *The Book of Discipline*, for the trust clause to be released, enabling the congregation to leave with its local church property, the congregation must meet the following obligations: the current year and succeeding year apportionments must be paid in full—and the congregation’s share of the aggregate unfunded pension obligation, any unpaid health or pension billing for clergy appointed to the congregation, and any other outstanding liens to the annual conference must be paid in full. The congregation also must pay any costs incurred related to required legal filings related to the disaffiliation.

**What is the aggregate unfunded pension obligation and how is it calculated?**

As a church, we have made promises to our clergy through our denomination pension plan. Our pension plan has changed over the years, but they all have some form of defined benefit and defined contribution portion. The defined benefit is a promise we make to our clergy that they will receive a certain lifetime monthly benefit for the clergy and spouse in retirement based on their years of service. This creates a liability for each annual conference based on their clergy and years of service. The liability fluctuates based on the stock/bond market. Each year, the Minnesota Annual Conference receives from Wespath (our denominational pension plan) a valuation that essentially states that if Wespath were to move the risk of the payments to a third party, such as an insurance company, this is the estimate of what we would need to pay in order to meet all our obligations to those who are currently vested in our pension plan until the last clergy and spouse died, which could last through 2090 or beyond. The amount for the annual conference is based on the current market valuation, is calculated annually, and has varied from $30 million to $55 million in recent years. We determined each church’s share of that valuation based on the amount of pension billed to a local church for the years of 2000-2020, plus a percent for closed churches/district superintendent/conference clergy staff. The Minnesota Annual Conference has been blessed in that we held a campaign for our unfunded obligation for our “pre-1982” pension plan, and we have adequate reserves to meet that need. The “pre-1982” pension obligation is NOT included in our calculations for the church share of our aggregate unfunded pension obligation.
Why do we need to pay this now?

Paragraph 2553 of the 2019 addendum to The Book of Discipline requires payment in full prior to the effective date of departure. But more importantly, you have had clergy serving your congregation throughout the years who will remain in the United Methodist Pension Plan even if your church disaffiliates. And if the clergy choose to go to another denomination, the amount they have vested in the United Methodist pension plan remains. We want to keep our promises to those clergy that no matter what happens to the Minnesota Annual Conference, they can count on their pension in retirement. The money you pay to the Minnesota Annual Conference for your share of the aggregate pension obligation will go into our pension reserves and be dedicated for this purpose.

What are the legal steps we need to take to continue as a church upon disaffiliation?

You would need to dissolve/amend your articles of incorporation to reflect that you are no longer a United Methodist Church. This would include applying for and receiving as new Employer Identification Number, and make sure you are complying with the federal government’s rules applying to churches for tax-exempt status since you will no longer fall under the group ruling of The United Methodist Church. If you plan to affiliate with the Global Methodist Church, the process to unite with that denomination can be found on its website. Any necessary name changes would need to be filed on property documents as well.

Other implications of disaffiliation?

All services and benefits of being a part of an annual conference would be discontinued. This includes the availability of our health, pension, and workers compensation plans for clergy and staff, future appointment of clergy, and other resourcing by our annual conference staff. Our conference camps are open to all, and workshops we sponsor as an annual conference are often open to others outside the annual conference. Please consult the document Annual Conference Services that was shared with your leadership team for a more complete list. Your clergy and staff who are enrolled in the United Methodist Personal Investment Plan (UMPIP) would remain vested. The congregation could become a plan sponsor in order for clergy and congregations to make continuing contributions to their UMPIP account. The clergy would no longer be enrolled in the defined benefit portion of the pension plan.
Clergy and staff enrolled in HealthFlex also have the option of paying for continuation coverage for the medical plan out-of-pocket with no conference subsidy up to 18 months.

**What will happen to my membership?**

If your church votes to disaffiliate, all members would no longer be considered members of The United Methodist Church. Your leadership team would determine the definition and process for membership in the congregation. If a member chooses not to leave The United Methodist Church with their congregation, we encourage you to be in conversation with your district superintendent, and we will assist you in transferring that person’s membership to a neighboring United Methodist Church.

1. Basis—Because of the current deep conflict within The United Methodist Church around issues of human sexuality, a local church shall have a limited right, under the provisions of this paragraph, to disaffiliate from the denomination for reasons of conscience regarding a change in the requirements and provisions of the Book of Discipline related to the practice of homosexuality or the ordination or marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Conference, or the actions or inactions of its annual conference related to these issues which follow.

2. Time Limits--The choice by a local church to disaffiliate with The United Methodist Church under this paragraph shall be made in sufficient time for the process for exiting the denomination to be complete prior to December 31, 2023. The provisions of ¶ 2553 expire on December 31, 2023 and shall not be used after that date.

3. Decision Making Process--The church conference shall be conducted in accordance with ¶ 248 and shall be held within one hundred twenty (120) days after the district superintendent calls for the church conference. In addition to the provisions of ¶ 246.8, special attention shall be made to give broad notice to the full professing membership of the local church regarding the time and place of a church conference called for this purpose and to use all means necessary, including electronic communication where possible, to communicate. The decision to disaffiliate from The United Methodist Church must be approved by a two-thirds (2/3) majority vote of the professing members of the local church present at the church conference.

4. Process Following Decision to Disaffiliate from The United Methodist Church--If the church conference votes to disaffiliate from The United Methodist Church, the terms and conditions for that disaffiliation shall be established by the board of trustees of the applicable annual conference, with the advice of the cabinet, the annual conference treasurer, the annual conference benefits officer, the director of connectional ministries, and the annual conference chancellor. The terms and conditions, including the effective date of disaffiliation, shall be memorialized in a binding Disaffiliation Agreement between the annual conference and the trustees of the local church, acting on behalf of the members. That agreement must be consistent with the following provisions:
a) Standard Terms of the Disaffiliation Agreement. The General Council on Finance and Administration shall develop a standard form for Disaffiliation Agreements under this paragraph to protect The United Methodist Church as set forth in ¶ 807.9. The agreement shall include a recognition of the validity and applicability of ¶ 2501, notwithstanding the release of property therefrom. Annual conferences may develop additional standard terms that are not inconsistent with the standard form of this paragraph.

b) Apportionments. The local church shall pay any unpaid apportionments for the 12 months prior to disaffiliation, as well as an additional 12 months of apportionments.

c) Property. A disaffiliating local church shall have the right to retain its real and personal, tangible and intangible property. All transfers of property shall be made prior to disaffiliation. All costs for transfer of title or other legal work shall be borne by the disaffiliating local church.

d) Pension Liabilities. The local church shall contribute withdrawal liability in an amount equal to its pro rata share of any aggregate unfunded pension obligations to the annual conference. The General Board of Pension and Health Benefits shall determine the aggregate funding obligations of the annual conference using market factors similar to a commercial annuity provider, from which the annual conference will determine the local church’s share.

e) Other Liabilities. The local church shall satisfy all other debts, loans, and liabilities, or assign and transfer them to its new entity, prior to disaffiliation.

f) Payment Terms. Payment shall occur prior to the effective date of departure.

g) Disaffiliating Churches Continuing as Plan Sponsors of the General Board of Pension and Health Benefits Plans. The United Methodist Church believes that a local church disaffiliating under ¶ 2553 shall continue to share common religious bonds and convictions with The United Methodist Church based on shared Wesleyan theology and tradition and Methodist roots, unless the local church expressly resolves to the contrary. As such, a local church disaffiliating under ¶ 2553 shall continue to be eligible to sponsor voluntary employee benefit plans through the General Board of Pension and Health Benefits under ¶ 1504.2, subject to the applicable terms and conditions of the plans.

h) Once the disaffiliating local church has reimbursed the applicable annual conference for all funds due under the agreement, and provided that there are no other outstanding liabilities or claims
against The United Methodist Church as a result of the disaffiliation, in consideration of the provisions of this paragraph, the applicable annual conference shall release any claims that it may have under ¶ 2501 and other paragraphs of The Book of Discipline of The United Methodist Church commonly referred to as the trust clause, or under the agreement.
Part 4: Annual Conference Services That Will be Discontinued Upon Disaffiliation

- Clergy Credentials: once a congregation disaffiliates, the clergy can no longer be appointed by the bishop to that congregation. The clergy must either request a new appointment if they wish to retain their United Methodist credentials, or if they wish to continue to serve the disaffiliated church, withdraw under the provisions of Paragraph 360 of the 2016 Book of Discipline.
- 501c3 Group Ruling: a congregation will need to secure individual IRS ruling to operate as a charitable institution as the group ruling only covers organizations within the UMC.
- Health insurance: a clergy person and lay staff on Health Flex can carry their health insurance for 18 months through continuation of coverage provisions at their own expense. After continuation of coverage expires, they are no longer eligible for health coverage through the UMC. The congregation is not eligible to be on the conference health plan so the coverage and costs shifts to the individual if they elect continuation of care.
- Pension: a clergy’s pension is vested. No more contributions would be made, but the asset accrued would remain invested in Wespath until retirement. If a church goes with the Global Methodist Church or other newly formed Methodist denomination, there may be an agreement with Wespath for a pension plan for clergy and lay staff. There may also be options for the local church to become a plan sponsor so that the clergy can continue to contribute to their personal UMPIP account. [5692.pdf (wespath.org)]
- Churches on the annual conference worker compensation coverage would no longer be eligible for continued coverage.
- Congregations would need to find and call their own clergy, complete the due diligence around background checks and assessment, and if not with a larger denomination that does credentialing, determine how they will credential their clergy in a way that is recognized by the state for officiating at weddings. They will also need to bear the full expense of moving the clergy which is now covered by the annual conference.
- There will no longer be access to the following resources provided by the Minnesota Annual Conference:
  - A district superintendent to help with clergy recruitment and placement, strategic planning and visioning, congregational conflict or clergy performance issues.
Grants such as investing in congregations for new ministries, coaching and consulting, continuing education for clergy, pulpit supply funds for maternity or paternity leave, medical leave coverage, clergy educational debt reduction, camperships, multiplication grants for digital campuses or satellite campuses.

Trainings for clergy and congregations such as clergy leadership academy as well as access to Safe Gatherings for lay volunteers (background checks and risk management training).

Individual consultation by conference staff around financial and administrative questions.

- Our camps remain open to any or all who wish to attend regardless of church affiliation.
Part 5: Disaffiliation Considerations: Potential Benefits, Challenges, and Unintended Consequences for Clergy and Local Churches Considering Disaffiliating

The reason for creating this list of benefits, challenges, unintended consequences, and other issues is to assist congregations that are considering disaffiliating. Some congregations that are considering disaffiliating see potential benefits, but they should also have their eyes open to potential unintended consequences. The reality is that all the congregations in our conference are in a season of discernment whether to stay, disaffiliate, or wait for the future to become clearer. Below is a list of variables that you will consider as you go through this list of benefits and challenges.

Variables

1. Independent or Another Denomination: There is a difference between being independent and being a part of a denomination. Being part of a denomination provides structure, guardrails, foundations, and an identity and sense of belonging. Churches considering going independent may be attracted to the freedom of making their own choices, but building a church’s congregational life from scratch will have challenges of its own. Whatever destination a disaffiliating church chooses, navigating from a connectional structure and belonging that has become familiar to something unfamiliar could bring unintended consequences unless these challenges are addressed in a congregation’s discernment.

2. Congregational Unity: Congregations need to consider how unified they are when considering whether to stay, leave, or wait. Being unified around the decision is important, but more is involved than just the decision. When a congregation leaves its current structure, foundations, and identity, it may expose an array of differences in opinion and belief beneath the surface among members. Changes that disaffiliating congregations undergo may cause some people to leave. Potential membership losses should be considered, along with a potential decline in program, ministry, and outreach. The congregation should make a realistic assessment of their potential to replace the potential loss of members. Family and friendships may suffer damage and harm. This is true for either side of the decision. Even staying requires unity. If a minority wants to stay, but more people are voting with their feet to leave, that is a problem. The unity of some congregations choosing to stay is often based on an ability to appreciate their diversity as an integral part of their unity.
3. Congregational Strength: Churches that are unified and strong when they move into the future they have chosen—whether staying or leaving—will most likely stay strong and unified. Churches that are not so strong should not think that leaving will cure all their problems. The number of unintended consequences of leaving will most likely be greater for churches that are not strong. Remember that large, medium, and small membership churches can be strong or weak. Congregational strength is not just about size, but vitality. While congregations have this internal conversation among their members, they should not lose focus on their relevance in the community, which often presents a more faithful barometer of a congregation’s strength.

**Potential Benefits of Leaving**

1. Each church and pastor can be completely independent or choose to align with another denomination whose theology more closely aligns with theirs.

2. The church may be able to make its own decisions related to its minister and other clergy staff, subject to the practice of the denomination it chooses or if it chooses to be independent. This includes the selection of its ministers and the decision to keep them if there is good alignment.

3. Ministers can seek out their church subject to the practice of the denomination they choose, or if they choose to be independent. If the minister and church are in good alignment, the minister can choose to remain.

4. The church may be able to work out its own benefits structures—retirement, health insurance, disability, continuing education, and compensation subject to the denomination they choose or if they choose to be an independent church.

5. The church will be able to retain and make decisions about their property.

6. The church may be able to make independent decisions about their missional giving subject to the denomination they choose or if they choose to be an independent church.

7. Independent churches will be able to determine the requirements for ordination and leadership.

8. Disaffiliating churches will be able to make decisions about their leadership structure and governance subject to the denomination they choose or if they choose to be independent.
Potential Challenges & Unintended Consequences

1. An independent church will have the responsibility of searching for, vetting, and selecting their own minister. They will be responsible for determining the educational standards of future clergy while perhaps not understanding fully the value of theological education and ministerial training.

2. Churches which align with another denomination may have a pool of clergy from which their pastor can come. Churches which go independent should consider where they will find clergy leadership.

3. Independent churches may lose momentum due to extended periods without pastoral leadership, which can take anywhere from 6-24 months during which time an interim person or a lay person leads.

4. United Methodist local pastors and provisional members who disaffiliate must surrender their pastoral license, and clergy who are ordained will no longer be considered ordained in the UMC. Former UM clergy will need to find and/or learn a path for clergy credentialing. Independent churches retaining or receiving these pastors will need to determine their own system of ordination/licensing for their pastors.

5. If a church votes to disaffiliate, they may lose a beloved pastor if the pastor chooses to stay in the United Methodist Church.

6. United Methodist clergy who leave the denomination may be responsible for finding their own ministry position unless the new affiliation provides the appointment. There is no guarantee that their current church will call them to continue to serve if the church also disaffiliates.

7. Clergy may have extended periods of unemployment, with the average being 6-24 months in non-itinerant systems.

8. The pastor and church will have to negotiate salary, benefits, medical leave, family leave, vacation leave, and housing without the structure and support they have relied on unless they join with a denomination that sets that structure.

9. Independent congregations have been known to go from having democratic processes to authoritarian processes (which may be headed by the pastor or powerful lay person). Deciding what church structure should look like will be important but also difficult as a church seeks to find consensus in these matters.
10. Deciding what theological perspective your church will stand on will be imperative. This is especially true for independent congregations, which have been known to go from Wesleyan theology to a Reformed or Pentecostal theology because they didn’t decide this and use it to vet their pastors and leaders. This decision will impact everything from selecting clergy to choosing Revival speakers and youth leaders to choosing VBS and Sunday School materials.

11. Familiarizing the leadership and/or whole congregation with the polity, doctrine, and theology of other denominations or affiliations will be a challenging task since these issues will be unfamiliar or unknown to many members, especially in relation to church polity.

12. Disaffiliating churches will be severing their church from the connectional benefits of the United Methodist Church (like UMCOR, World Service, Ministry Grants, Ministerial Education Fund) and the more localized benefits of our Conference staff and resources (like equitable compensation support, CLM training, other leadership training events, clergy continuing education, our online communications and resources, disaster relief, camps, campus ministry, conference-led missions, and shower trailers).

13. Disaffiliating churches will lose denominational and conference support for legal matters and strategic decisions concerning their property unless they join another denomination that provides such support.

14. There will be no access to the UMC Course of Study and this mode of ministerial education which has proved to be such an affordable and available alternative to seminary

Other Issues to be Considered

1. Parsonage—the conference has rules about pastoral housing and what is in the parsonage. How will that be handled in a new situation?

2. Churches are advised to incorporate. Incorporation may mean a new leadership structure. Someone must be responsible for maintaining the corporation. Incorporation also involves creating a set of by-laws which will govern how the congregation makes and implements decisions.

3. Church insurance may be impacted by loss of denominational affiliation. Consult your insurance agent.
4. Full-time and ¾ time clergy in the UMC have a death benefit and disability insurance provided through the CPP apportionment. They have access to group health insurance, including dental and vision. How will the church replace these benefits for their clergy?

5. The church should apply for its own 501(c)(3) and make sure it maintains its county tax exemption.

6. Churches should create a personnel policy manual, unless they join a denomination which provides such structure.

7. Churches should create a financial policy manual, unless they join a denomination which provides such structure.

8. Denominations typically have vetted international missions, where congregations sending support can be reasonably sure their funds will be used as intended. How will the congregation determine which international missions it can support, and that the funds they send are used as intended?

This Disaffiliation Considerations list is used here with permission from the South Georgia Conference of the UMC.
Part 6: Assessment of Congregation Health and Discernment Around Disaffiliation

This tool is a resource for congregational leadership team to gather key data around health, vitality and sustainability. This is helpful information for a congregation as they make decisions about becoming an independent church and leaving the umbrella of the Minnesota Annual Conference. It is strongly encouraged that the congregation take time to complete this self-study and share the information at a congregational town hall.

Markers of congregational health and vitality include:

- Clarity of mission and vision that drive ministry decisions, and for which there is shared excitement and ownership by the congregation.
- New people are connecting to the congregation, and new ministries are being initiated on a regular basis.
- Sufficient people and resources to sustain the ministry. Typically it takes 125-150 in average worship attendance to support a full time clergy, programming and building operation costs (presuming no mortgage.)
- People are growing in their discipleship, and the church is having a positive impact in the community.
- A persistent belief that God is up to something here, leading to hopefulness about the future and a genuine joy and love among the people.
- A balanced budget with the following percentages considered to be in the healthy range:
  - Staffing 45-55%
  - Benevolence/Missional Giving 10-15%
  - Building Expense, including debt no more than 30%
  - Ministry/Programming beyond staffing 10-20%
Warning Signs of Future Viability:

- A decline of giving units of more than 10% over the past three years
- More than 50% of the giving coming from 10% of the givers
- Relying on an endowment/savings to fund the operating budget, or cover a deficit for three years in a row.
- No new people in the past year connecting to the church.
- Persistent, unresolved conflict.

Congregational Vision and Mission:

How does the congregation understand its mission field and calling to that mission field?

The core functions of a church are to help people grow in love of God and neighbor; reach new people by offering Christ in relational ways; and join in God’s mission to heal a broken world. How is your congregation currently fulfilling these core tasks?

What is the congregation’s self-understanding as a church grounded in our Wesleyan theology and tradition, and its connection to the mission, vision, values of the Minnesota Annual Conference of the United Methodist Church?

Congregational Vitality:
What is the average worship attendance of the congregation?

What is the membership of the congregation?

What is the average age of the congregants?

How many children and youth under the age of 18 are currently participating in ministries of the congregation?

What are the projected trends for reaching new people over the next five years?

What is the expected immediate impact of disaffiliation, if that path is chosen, in terms of participation/affiliation with the congregation? How have you measured that (e.g. congregational survey)?

What are the signature ministries of this congregation? What, if any, impact could potential disaffiliation have on these ministries?

What percent of the membership is actively engaged in the mission and ministries of the congregation?
Describe the overall mood of the congregation. Are there any unresolved conflicts? What is the sense of optimism about the future in the congregation?

**Financial Sustainability:**

What is the annual operating budget of the church? What percent of the operating budget is dedicated to the following:
- clergy and staff
- building operation and maintenance
- debt service
- programming and outreach
- benevolence

What endowments/trust funds or other reserves does the church have? What percent is available for unrestricted use for congregational purposes?

Over the last three years did the church regularly receive sufficient funds from weekly/monthly giving to meet its financial obligations on time each month?

Did the church end the year in a deficit in any of the past three years? If so, how was it dealt with?

Is the church repeatedly relying on reserves, proceeds from sale of property or other assets to cover operating expenses? If so, what percentage of operating expenses are paid using such funds?
Does the church have outstanding debt (mortgage, lines of credit etc.)? Over the last three years has the amount of this debt increased, decreased or stayed the same?

What is the projected building maintenance/capital improvements/technology investments for the next five years?

What percentage of giving units provide 50% of the funding necessary to pay the church's salaries and operating costs?

How many contributors do you have in each age group currently, and what percent of the budget does their giving support?

<table>
<thead>
<tr>
<th>Age Group</th>
<th># of Contributors</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-29</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30-45</td>
<td></td>
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<tr>
<td>46-60</td>
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<tr>
<td>61-75</td>
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<td>76-90</td>
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<td>Over 90</td>
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Has there been a decline in giving units of more than 10% over the past 3 years? If so, what has that change been attributed to?

How is the congregation intending to meet the financial obligations of disaffiliation (apportionment, pension)?
How has the congregation assessed the potential financial impact of disaffiliation on its giving and expenses, and how are you planning for those impacts?

**Congregational Discernment:**

What is the leadership’s rationale for requesting disaffiliation?

Will the pastor continue with the congregation, and surrender their credentials to the UMC if the congregation votes to disaffiliate?

How will the congregation care for the continuance of health and pension benefits?

How have the staff been engaged in the discussion around disaffiliation including any implication for their employment? What is the staff’s commitment to continue with the congregation if it pursues disaffiliation from the UMC?

How has the congregation been informed about the disaffiliation process and its implications, the assessment of congregational vitality and financial sustainability, and been engaged in discussion about the future vision for mission and ministry of this congregation?

If a vote were held today on disaffiliation, what is your estimate of the percentage that would vote yes? How did you reach that determination?
As you review the above information, what is your overall assessment of the clarity of the congregational vision and mission, the strength of the congregational vitality and financial sustainability, and its discernment around denominational affiliation?

What are your next steps and timetable?
Part 7: Request for Church Conference to Vote on the Intent to Disaffiliate from the United Methodist Church

Having completed our congregational discernment, and reaching the conclusion that our local church meets the requirements of Paragraph 2553, and are therefore requesting to disaffiliate “for reasons of conscience” as enumerated in Paragraph 2553 of the 2019 addendum to the 2016 Book of Discipline. We have received the template for the congregational resolution and will work with the district superintendent to finalize the resolution to be sent to the congregation in advance of the church conference. We understand that we need to give written notice 14 days in advance over two Sundays of the agenda, that voting is limited to professing members present in person or via ZOOM, and that the resolution must be approved by a 2/3 majority.

Please share your responses for the following questions so the district superintendent can assess your readiness for the congregational vote.

What is the leadership's rationale for requesting disaffiliation from the United Methodist Church?

Will the pastor continue with the congregation, and surrender their credentials to the UMC if the congregation votes to disaffiliate?

How will the congregation care for the continuance of health and pension benefits of clergy and staff upon disaffiliation?

How have the staff been engaged in the discussion around disaffiliation including any implication for their employment? What is the staff's commitment to continue with the congregation if it pursues disaffiliation from the UMC?

How has the congregation been informed about the disaffiliation process and its implications, the assessment of congregational vitality and financial sustainability, and been engaged in discussion about the future vision for mission and ministry of this congregation?

What is your estimate of the percentage that would vote yes for disaffiliation at the church conference? How did you reach that determination?

How is the congregation intending to meet the financial obligations of disaffiliation (apportionment, pension)?

Pastor Signature: ____________________________

Updated 9/29/2022
Leadership Team/Board Chair: ____________________________
Date: ____________________________
Part 8: Church Conference Resolutions

1. Church Conference Resolution One for Disaffiliation:
The local church, ______________________, at this church conference resolves as follows:

1.1 Approving disaffiliation pursuant to ¶2553 of The Book of Discipline. After prayerful discernment and full consideration of the matter, including having fully studied the circumstances and potential consequences for our local church and ministry, and having asked and received satisfactory answers to all material questions from the District Superintendent, the Office of the Bishop, and other officers and agencies of the Minnesota Annual Conference of the United Methodist Church, we approve and instruct our local church, known as ________________________, the legal name of which is __________________________, to request disaffiliation from the Minnesota Annual Conference effective July 1, 2023 “for reasons of conscience” as stated in ¶2553.1. the 2019 addendum to the 2016 Book of Discipline.

1.2 Affirming satisfactory study and review of The Book of Discipline and the disaffiliation agreement template. We have had a satisfactory opportunity to study, review and ask questions about requirements of The Book of Discipline and the current disaffiliation agreement template provided by the Minnesota Annual Conference Board of Trustees, understanding that the current template is under review and may, within the confines of The Book of Discipline and subject to study of recent or future decisions by the Judicial Council, guidance from the Council of Bishops, guidance from Wespath, or other material information, be updated by the Minnesota Annual Conference in the near future, even during negotiation of a disaffiliation agreement with our local church.

1.3 Authorizing a designated team to negotiate, make property disclosures, conclude, execute, and implement a disaffiliation agreement. We fully authorize our local church Board of Trustees, or another designated team having authority to make binding legal decisions on behalf of our local church, to promptly and in every respect to negotiate, make full and complete disclosure of assets of all kinds, conclude, execute, and implement a disaffiliation agreement with the Minnesota Annual Conference and agreements with any other United Methodist Church and related agents or institutions, including Wespath, and other persons or entities outside the church, reasonably necessary to implement the disaffiliation agreement. We understand the disaffiliation agreement includes various commitments related to a full, complete, and permanent separation of property and other interests of our local church from the Minnesota Annual Conference, including making payment in full prior to disaffiliation of (1) our local church’s apportionments and (2) aggregate pension
liability, (3) paying off or satisfying prior to disaffiliation every lien, encumbrance, or other unpaid obligation owed to the Minnesota Annual Conference or for which the Minnesota Annual Conference may be liable, entered into or on behalf of our local church, and (4) all other financial and property obligations running from the local church to the Minnesota Annual Conference. In exchange, the Board of Trustees, on behalf of our local church, as part of the disaffiliation agreement, should receive from the Minnesota Annual Conference a release from the trust clause stated in The Book of Discipline, ¶2501, regarding the disclosed assets of our local church including buildings, land, and other assets of any kind.

1.4 Authorizing the designated team to organize a new legal entity and dissolve existing ones. We fully authorize the Board of Trustees or other designated team promptly to review, organize, and complete the required steps for our local church to operate as a new legal entity outside the umbrella of the Minnesota Annual Conference, obtain a new tax identification number and a new tax exemption from the Internal Revenue Service, and to dissolve the local church’s existing legal entity or entities.

1.5 Affirming procedures followed in this church conference. We confirm that this church conference complies with The Book of Discipline ¶246-248, meeting in special session and convened as the church conference extending the vote to all professing members of the local church present, is authorized and presided over by the District Superintendent or an elder designated by the District Superintendent, is held on sufficient notice and with the stated purpose to vote on the intent to disaffiliate, and this resolution is approved by at least a 2/3 majority vote of those present and entitled to vote as required by The Book of Discipline, ¶ 2553.

1.6 Designating the team to act on behalf of the local church regarding disaffiliation. The Board of Trustees, or other persons designated on behalf of our local church to negotiate, make full and complete disclosure of assets of all kinds, conclude, execute, and implement a disaffiliation agreement, are specifically identified here by name and contact information, including these persons:

IDENTIFY THE DESIGNATED TEAM HERE:___________________________________________________
____________________________________________________________________________________

CERTIFICATION:
This resolution as written above was approved by the church conference of our local church on _________________, 2022 and is an accurate statement of the action of said church conference.
Certified by ______________________, the recording secretary of the church conference, on this _______ day of ____________, 2022, on behalf of the local church.
Signed: __________________________

Approved by ______________________, ____________________ (printed name and official capacity) on this _______ day of ____________, 2022, on behalf of the District Superintendent of the Minnesota Annual Conference.
Signed: __________________________
Church Conference Resolution Two approving disaffiliation agreement:

2.1 Approval of final disaffiliation agreement. We approve the disaffiliation agreement, a copy of which is attached to this church conference resolution and thereby incorporated in this resolution, which was completed on behalf of our local church, known as __________________________, the legal name of which is _______________ __________________________, and we authorize the payment of funds and implementation of all other aspects of the disaffiliation agreement, upon ratification by the Minnesota Annual Conference at their annual session and further authorize the Board of Trustees to take all steps required or reasonably necessary to implement the approved disaffiliation agreement.

2.2 Affirming procedures followed in this church conference. We confirm that this church conference complies with *The Book of Discipline* ¶246-248, meeting in special session and convened as the church conference extending the vote to all professing members of the local church present, is authorized and presided over by the District Superintendent or an elder designated by the District Superintendent, is held on sufficient notice and with the stated purpose to vote on the intent to disaffiliate, and this resolution is approved by at least a 2/3 majority vote of those present and entitled to vote as required by *The Book of Discipline*, ¶ 2553.

ATTACHMENT: the disaffiliation agreement as approved

CERTIFICATION:
This resolution as written above was approved by the church conference of our local church on ____________, 2022 and is an accurate statement of the action of said church conference.
Certified by ________________, the recording secretary of the church conference, on this ________ day of ____________, 2022.
Signed: _____________________________

Approved by ________________, ______________ (printed name and official capacity) on this ________ day of ____________, 2022, on behalf of the District Superintendent of the Minnesota Annual Conference.
Signed: _____________________________
Part 9: List of Records Required for Retention by the Minnesota Annual Conference from Churches Disaffiliating from the Minnesota Annual Conference of the United Methodist Church

Request for Church Conference to Vote on the Intent to Disaffiliate from the United Methodist Church
Property and Contract Disclosures Required from the Local Church (including copies of any deeds which the church may have in hand)
Copies of all Membership and Baptism Records, Weddings, and Deaths
Copies of any photo directories which the church may have produced
Copies of all Official Minutes of Annual Charge/Church Conferences and any Special Charge Conferences which may have been held
Copies of any Charge Conference Booklets which may exist
Copies of any written histories which may have been produced and a listing of the pastors who have served the church, if one exists
Copies of any documents related to the formation of the church
Copies of Bylaws, if they exist
Copies of any other legal documents which may pertain to issues related to the Minnesota Annual Conference
Pictures of the current building and any earlier buildings, if they exist

PLEASE NOTE: Copies may be produced either in hard copy or digital. Please contact Conference Archivist Heidi Heller at heidi.heller@minnesotaumc.org if you have any questions. If you plan to provide digital copies of your records to the conference archives, please contact Heidi Heller and she will guide you through the process of how to produce digital records which can be accepted by the conference archives.

Developed by the New England Annual Conference 4/2021 and modified by the Minnesota Annual Conference 4/2022

Updated 9/29/2022
Part 10: Property Disclosure Template

PROPERTY AND CONTRACT DISCLOSURES REQUIRED FROM THE LOCAL CHURCH

The trust clause, ¶ 2501.1 of the Discipline, will not be released as to any property not fully identified and disclosed by the Local Church. Use extra pages to complete these disclosures as needed and include copies of documents as the Minnesota Annual Conference’s trustees may require to verify information supplied.

I. Real Property and Real Property Interests, including limited ownership interests such as life estates or remainder interests and mineral rights, mineral rights, etc.

For every real property interest, list, identify nature of ownership interest and title, identify exact name(s) of owners for each property identified, address, legal description, and whether you have an abstract of title or title commitment. Records must be made available for review by the Minnesota Annual Conference. Attach additional pages as necessary. Common examples of real property may include, but are not limited to, church buildings, parsonages, and cemeteries.

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2.
3.
4.

II. Personal Property and Personal Property Rights that may exceed $5,000 fair market value for individual items or collections, including financial assets and accounts, pledges, gifts, charitable trusts, intended or potential trust and estate distributions, memorial funds, memorial properties, artworks, instruments, intellectual property and property rights, royalties, mineral rights, investment funds, and vehicles, and all other types of personal property including those not specified here.

For financial accounts and investments, identify by including account holders, signatories, financial institutions and advisers, current balances, and restrictions, and other information sufficient to verify the asset.

For vehicles, identify by named owners, make and model, year, blue book value if available, and general condition, plus any liens or other restrictions.

For all other identified property, be specific enough to permit verification of the property, title (if any), ownership, liens on the property, and restrictions on its use.
Property gifted, pledged, or committed to be gifted or transferred to the Local Church must be disclosed and identified even if it has not yet been received by the Local Church.

1.
2.
3.
4.
5.

III. Liens, judgments, mortgages, taxes, covenants, restrictions, memorials, pledges of property, contracts regarding property rights, encumbrances on property, promissory notes, and all other indebtedness exceeding $5,000. Identify the property to which each relates, if it does relate to specific property.

1.
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IV. Unpaid loans or other unpaid obligations to United Methodist entities.

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3.

V. Identify all gifts, sales, or transfers of Local Church property, real or personal, having more than $5,000 fair market value, occurring on or after February 1, 2019.

1.
2.
3.

VI. Contracts to which the Minnesota Annual Conference or other United Methodist entities are signatories, parties, obligors, obligees, or beneficiaries and all gift instructions related to endowments, memorial bequests, and donations not expressly limited to the benefit of the Local Church.

1.
2.