

Holston Conference (781)

2019 Comprehensive Benefit Funding Plan

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

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

Benefit Obligations Summary

Plan Contributions for 2019

Clergy Retirement Security Program (CRSP) DB	\$2,146,561
Clergy Retirement Security Program (CRSP) DC	\$791,813
Ministerial Pension Plan (MPP)	\$0
Pre-82 Plan (Pre-82)	\$1,691,433
United Methodist Personal Investment Plan (UMPIP) Lay	\$82,816
United Methodist Personal Investment Plan (UMPIP) Clergy	\$0
Other Defined Contribution (DC) Obligations	\$33,000
Other Defined Benefit (DB) Obligations	\$0
Health—Active Participants	\$6,000,000
Health—Additional Sponsored Coverage	\$54,720
Post-Retirement Medical (PRM)	\$940,238
Comprehensive Protection Plan (CPP)	\$725,500

Ongoing Funding Contributions

Pre-82 Plan (Pre-82)	\$0
Post-Retirement Medical (PRM)	\$774,920

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Conference Benefit Officer (or equivalent)	Kenneth Luton	03/27/2018
Conference Treasurer	Richard Cherry	03/27/2018
Conference Board of Pension Chair	Todd Chancey	03/27/2018
Council on Finance and Administration Chair		



Opinion on **Holston Conference 2019** Comprehensive Benefit Funding Plan

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

Wespath Benefits and Investments

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

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Accounts

Wespath Accounts


		Market Value as of 12/31/2016	Market Value as of 12/31/2017
DEPOSIT ACCOUNT		\$208,734	\$32,399
Pre-82 allocated amount	\$0	Investment Objective	Short-term
PRM allocated amount	\$0	Target Allocation	Equity 1.16%
			Fixed 0.62%
			Short-term 98.22%

HEALTH INSURANCE RESERVE		\$8,301,905	\$8,158,362
Pre-82 allocated amount	\$0	Investment Objective	Long-term
PRM allocated amount	\$0	Target Allocation	Equity 61.06%
			Fixed 38.94%
			Short-term 0.00%

HOLSTON SUPERANNUATE		\$167,926	\$217,494
Pre-82 allocated amount	\$0	Investment Objective	Long-term
PRM allocated amount	\$0	Target Allocation	Equity 65.00%
			Fixed 35.00%
			Short-term 0.00%

 U M C PENSION AND ENDOWMENT		\$5,444,860	\$5,050,463
Pre-82 allocated amount	\$5,050,463	Investment Objective	Long-term
PRM allocated amount	\$0	Target Allocation	Equity 65.00%
			Fixed 35.00%
			Short-term 0.00%


Non-Wespath Accounts


		Market Value as of 12/31/2016	Market Value as of 12/31/2017
 Foundation		\$1,366,849	\$1,741,368
Pre-82 allocated amount	\$1,741,368	Investment Objective	Long-term
PRM allocated amount	\$0	Target Allocation	Equity 65.00%
			Fixed 35.00%
			Short-term 0.00%

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Non-Wespath Accounts

		Market Value as of 12/31/2016	Market Value as of 12/31/2017
 Health Insurance Reserve Reimbursement		\$0	\$1,570,520
Pre-82 allocated amount	\$0	Investment Objective	Intermediate-term
PRM allocated amount	\$1,570,520	Target Allocation	Equity 65.00%
			Fixed 35.00%
			Short-term 0.00%
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Holston Operating Accounts		\$744,181	\$750,000
Pre-82 allocated amount	\$0	Investment Objective	Short-term
PRM allocated amount	\$0	Target Allocation	Equity 0.00%
			Fixed 0.00%
			Short-term 100.00%

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

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Incoming Money

Primary Sources

Estimated amount for 2019

Apportionments		\$9,074,601
	Annual Apportionment	\$9,355,259
	x Apportionment Percentage	100.00%
	x Expected Collection Percentage	97.00%
CPP Premium Holiday		\$725,500

Other Sources

- Health Plan Direct Billing
- Pension Direct Billing

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

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Allocate Funding Sources to Benefit Obligations

Funding Sources		Deposit Account	Health Insurance Reserve	Holston Superannuate	Holston Operating Account	Apportionments
Available Balance		\$32,399	\$8,158,362	\$217,494	\$750,000	\$9,074,601
Total Allocated		\$0	\$1,715,158	\$0	\$0	\$170,536
Remaining Balance		\$32,399	\$6,443,204	\$217,494	\$750,000	\$8,904,065
Plan Contributions for 2019						
CRSP DB	\$2,146,561					
CRSP DC	\$791,813					
MPP	\$0					
Pre-82	\$1,691,433					
UMPIP Lay	\$82,816					\$82,816
UMPIP Clergy	\$0					
Retiree Moving Expenses	\$33,000					\$33,000
Health Active	\$6,000,000					
Health Additional	\$54,720					\$54,720
Post-Retirement Medical	\$940,238		\$940,238			
CPP	\$725,500					
Ongoing Funding Contributions						
Pre-82	\$0					
Post-Retirement Medical	\$774,920		\$774,920			

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Allocate Funding Sources to Benefit Obligations

Funding Sources		Cpp Premium Holiday	Health Plan Direct Billing	Pension Direct Billing	Pre-82 Outside Assets	Prm In-Plan & Outside Assets
Available Balance		\$725,500			\$6,791,831	\$1,481,623
Total Allocated		\$725,500	\$6,000,000	\$2,938,374	\$965,933	\$0
Remaining Balance		\$0			\$5,825,898	\$1,481,623
Plan Contributions for 2019						
CRSP DB	\$2,146,561			\$2,146,561		
CRSP DC	\$791,813			\$791,813		
MPP	\$0					
Pre-82	\$1,691,433	\$725,500			\$965,933	
UMPIP Lay	\$82,816					
UMPIP Clergy	\$0					
Retiree Moving Expenses	\$33,000					
Health Active	\$6,000,000		\$6,000,000			
Health Additional	\$54,720					
Post-Retirement Medical	\$940,238					
CPP	\$725,500					
Ongoing Funding Contributions						
Pre-82	\$0					
Post-Retirement Medical	\$774,920					

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Plan Contributions for 2019		Funding Needed
CRSP DB	\$2,146,561	\$0
CRSP DC	\$791,813	\$0
MPP	\$0	\$0
Pre-82	\$1,691,433	\$0
UMPIP Lay	\$82,816	\$0
UMPIP Clergy	\$0	\$0
Retiree Moving Expenses	\$33,000	\$0
Health Active	\$6,000,000	\$0
Health Additional	\$54,720	\$0
Post-Retirement Medical	\$940,238	\$0
CPP	\$725,500	\$0

Ongoing Funding Contribution for 2019		Funding Needed
Pre-82	\$0	\$0
Post-Retirement Medical	\$774,920	\$0

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Clergy Retirement Security Program (CRSP)

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

CRSP consists of two components:

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

Elections and Estimates

	Final
Eligibility requirement	50%+
Conference Full Time Equivalents (FTE)	390.25
CRSP Defined Benefit (DB)	
Required contribution for 2019	\$2,146,561
CRSP Defined Contribution (DC)	
Expected average future annual increases	1.00%
Estimated contribution for 2019	\$791,813

CRSP DB Denominational Information as of 1/1/2017

Total plan liability	\$(1,588,243,217)
Total plan assets	\$1,700,835,563
Total plan funded status	\$112,592,346
Total plan funded ratio	107%
Plan sponsor's liability percentage	2.1177%

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2019 Comprehensive Benefit Funding Plan

Key Actuarial Assumptions Used in CRSP DB Cost Calculations

Discount rate	7.00%
Future Denominational Average Compensation (DAC) increases	2.50%
COLA increases for actives	2.00%
Mortality	RP2014, generational projection using MP2014

Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2017.

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Ministerial Pension Plan (MPP)

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

Elections and Estimates

	Final
Required contributions for 2019	\$0

MPP Denominational Annuities Information as of 1/1/2017

Total MPP annuities liability	\$(3,532,916,942)
Total plan assets	\$3,701,460,997
Total plan funded status	\$168,544,055
Total plan funded ratio	105%
Plan sponsor's liability percentage	1.8578%

Future MPP Denominational Annuitants Information as of 1/1/2017

Total participant account balances	\$3,689,292,322
Plan sponsor's participant account balances	\$73,725,507

Key Actuarial Assumptions Used in MPP Annuities Cost Calculations

Discount rate	6.25%
Benefit increases	Based on increases selected by participant
Mortality	RP2014, generational projection using MP2014

Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2017.

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Pre-82 Plan (Pre-82)

Plan Overview: Supplement One to the Clergy Retirement Security Program (CRSP), also known as the Pre-82 Plan, provides clergy with a pension benefit for their years of ministry with The United Methodist Church prior to 1982. The Pre-82 Plan was replaced by MPP effective January 1, 1982. If a clergyperson retires within the conference (and does not terminate), the minimum benefit payable is based on two factors:

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

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

Elections and Estimates

	Final
Past Service Rate (PSR)	\$586
Estimated PSR cost-of-living increase	1.50%
Contingent Annuitant Percentage (CA%)	70 %
Discount rate	6.6250%
Minimum contribution for 2019	\$1,356,582
Advanced funding contribution for 2019 payable in 2018	\$334,851

Funding Plan Contribution

Funding plan liability as of 1/1/2017	\$(27,945,894)
Total of in-plan and outside assets	\$24,094,809
Funded status	\$-3,851,085
Funded ratio	86%
Funded status projection as of 12/31/2018	\$(1,174,874)
Proposed ongoing funding contribution for 2019	\$0

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Funding strategy

Out of fund assets sufficient to cover projected cost

Pre-82 Denominational information as of 1/1/2017

Total plan liability	\$(2,138,287,569)
Total plan assets	\$2,203,789,443
Total plan funded status	\$65,501,874
Total plan funded ratio	103%

Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2017.

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Health—Active Participants

Elections and Estimates

	Final
Health plan offered to actives	Self-Funded - Non-HealthFlex
Actual annual plan benefit cost paid in 2017	\$6,233,624
Budgeted annual plan benefit cost for 2018	\$6,003,287
Projected annual plan benefit cost for 2019	\$6,000,000
Expected average future annual increases	0.00%

Rationale for each change

Change in Network and benefit options combined with mandatory annual wellness monitoring have reduced and stabilized net Health Care cost

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Health—Additional Sponsored Coverage

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

<input checked="" type="checkbox"/> Clergy or lay on disability (including pending disability)
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Coverage Obligations

Covered Category	Estimated obligation as of 12/31/2016	Estimated obligation as of 12/31/2017
Clergy or lay on disability (including pending disability)	\$131,712	\$82,080
Total	\$131,712	\$82,080

Annual cost calculation

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

Total estimated obligation as of 12/31/2017		\$82,080
Average number of years of remaining coverage	÷	1.5000
Estimated annual cost as of 12/31/2017	=	\$54,720
Expected average future annual increases	x	0.00%
Projected annual cost as of 12/31/2019	=	\$54,720

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Health—Incurred But Not Reported (IBNR) Claims

Elections and Estimates

	Final
Projected annual program plan benefit cost as of 2019	\$6,000,000
Percentage of total claims assumed for IBNR* value	5.00%
IBNR Claims as of 2019	\$300,000

* IBNR Claims as of the funding plan year should be funded if the health plan benefit offered to active participants changes or terminates.

IBNR Claims represents the estimated ultimate cost of settling the claims pending as of the end of year. The estimate should be at net present value based on a % of total claims paid for the year. As a point of reference, an IBNR estimate could reasonably be expected to be in the 10% - 15% range of total claims.

For example, if your plan terminated on January 1, premiums would stop being collected from churches and/or clergy, but claims would continue to be paid to service providers for participants who began treatment prior to year end.

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Post-Retirement Medical (PRM)

Valuation

The most recent actuarial valuation was provided by USI Consulting Group as of 01/01/2017.
Per *The Book of Discipline*, your next PRM biennial actuarial valuation is required as of 01/01/2019.

PRM Actuarial Valuation as of 01/01/2017

Valuation report (in-plan) assets	\$0
EPBO net plan sponsor cost	\$16,278,744
APBO net plan sponsor cost	\$15,900,108
Service cost net plan sponsor cost	\$53,996
Annual plan benefit cost	\$940,238
Intention regarding PRM	Change plan benefit

Participant counts by category	
Active participants	238
Active dependents	0
Retirees	494
Surviving spouses	0
Dependents of retired participants	0
Total participants	732

Key actuarial assumptions	
Census date	01/01/2017
Discount rate	6.00%
Expected return on assets	0.00%
Valuation year medical trend or inflation rate	8.00%
Ultimate medical trend or inflation rate	5.00%
Fiscal year for ultimate medical trend	2022

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Elections and Estimates

Description of Benefit

	Final
Health plan benefit offered to retirees	Other
Expected average future annual increases	0.00%
Projected annual plan benefit cost as of 2019	\$940,238

Rationale for each change

Eligibility for subsidy will be limited to only those clergy having 10 yrs service credit in Holston as of 1-1-18. Additionally inclusion of dental benefits is subject to continuing review.

Funding Plan Contribution

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

Funded status		\$(14,418,485)
Number of annual payments	÷	20
Portion of funded status payable	=	\$720,924
Service cost net plan sponsor cost	+	\$53,996
Ongoing funding contribution for 2019	=	\$774,920

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Comprehensive Protection Plan (CPP)

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

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

Elections and Estimates

	Final
Expected average future annual increases	1.00%
Estimated premium for 2019	\$725,500

Rationale for each change

CPP Premium Collections

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United Methodist Personal Investment Plan (UMPIP)

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

United Methodist Personal Investment Plan (UMPIP) Lay

Elections and Estimates

	Final
Expected average future annual increases	2.00%
Estimated contribution for 2019	\$82,816

United Methodist Personal Investment Plan (UMPIP) Clergy

Elections and Estimates

	Final
Expected average future annual increases	0.00%
Estimated contribution for 2019	\$0

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Other Defined Contribution (DC) Obligations

Name	Estimated annual contribution
Retiree Moving Expenses	\$33,000

Description
Retiree Moving Expenses

	Final
Expected average future annual increases	0.00%
Estimated contribution for 2019	\$33,000