

Holston Conference

2018 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 2018

CRSP DB	\$2,246,943
CRSP DC	\$783,973
MPP	\$0
Pre-82	\$2,099,224
United Methodist Personal Investment Plan (UMPIP) Lay	\$81,192
UMPIP Clergy	\$0
Other DC Obligations	\$33,000
Other DB Obligations	\$0
Health--Active Participants	\$7,231,620
Health--Additional Sponsored Coverage	\$73,996
Post-Retirement Medical (PRM)	\$940,238
Comprehensive Protection Plan (CPP)	\$0

Ongoing Funding Contributions

Pre-82	\$0
PRM	\$1,172,369

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Conference Benefit Officer (or equivalent)	Kenneth Luton	05/15/2017
Conference Treasurer	Richard Cherry	05/25/2017
Conference Board of Pension Chair	Todd Chancey	05/23/2017
Council on Finance and Administration Chair		



Opinion on Holston Conference 2018 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
05/23/2017

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2018 Comprehensive Benefit Funding Plan

Accounts


Wespath Accounts		Market Value as of 12/31/2015		Market Value as of 12/31/2016
DEPOSIT ACCOUNT		\$61,838		\$208,734
Pre-82 allocated amount	\$0		Investment Objective	Short-term
PRM allocated amount	\$0		Target Allocation	Equity 0.15%
				Fixed 0.08%
				Short-term 99.77%
<hr/>				
 HEALTH INSURANCE RESERVE		\$10,290,498		\$8,301,905
Pre-82 allocated amount	\$0		Investment Objective	Long-term
PRM allocated amount	\$1,291,461		Target Allocation	Equity 61.36%
				Fixed 38.64%
				Short-term 0.00%
<hr/>				
HOLSTON SUPERANNUATE		\$146,542		\$167,926
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%
<hr/>				
 U M C PENSION AND ENDOWMENT		\$6,061,183		\$5,444,860
Pre-82 allocated amount	\$5,444,860		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

Non-Wespath Accounts		Market Value as of 12/31/2015	Market Value as of 12/31/2016
Foundation		\$1,275,811	\$1,366,849
Pre-82 allocated amount	\$1,366,849	Investment Objective	Long-term
PRM allocated amount	\$0	Target Allocation	Equity 65.00%
			Fixed 35.00%
			Short-term 0.00%
Holston Operating Accounts		\$0	\$744,181
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.*

Holston Conference
2018 Comprehensive Benefit Funding Plan

Incoming Money

Primary Sources

Estimated amount for 2018

Apportionments

\$9,074,601

Annual Apportionment \$9,355,259

x Apportionment Percentage 100%

x Expected Collection Percentage 97%

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.

Holston Conference
2018 Comprehensive Benefit Funding Plan

Allocate Funding Sources to Benefit Obligations

	Funding Sources	Holston Operating Accounts
	Available Balance	\$744,181
	Total Allocated	\$0
	Remaining Balance	\$744,181
Plan Contributions for 2018		
Pre-82	\$2,099,224	
Health Additional	\$73,996	
Health Active	\$7,231,620	
CPP	\$0	
CRSP DC	\$783,973	
UMPIP Clergy	\$0	
Post-Retirement Medical	\$940,238	
Retiree Moving Expenses	\$33,000	
UMPIP Lay	\$81,192	
CRSP DB	\$2,246,943	
MPP	\$0	
Ongoing Funding Contributions		
Pre-82	\$0	
Post-Retirement Medical	\$1,172,369	

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2018 Comprehensive Benefit Funding Plan

	Funding Sources	Health Plan Direct Billing
	Available Balance	
	Total Allocated	\$7,050,000
	Remaining Balance	
Plan Contributions for 2018		
Pre-82	\$2,099,224	
Health Additional	\$73,996	
Health Active	\$7,231,620	\$6,800,000
CPP	\$0	
CRSP DC	\$783,973	
UMPIP Clergy	\$0	
Post-Retirement Medical	\$940,238	\$250,000
Retiree Moving Expenses	\$33,000	
UMPIP Lay	\$81,192	
CRSP DB	\$2,246,943	
MPP	\$0	
Ongoing Funding Contributions		
Pre-82	\$0	
Post-Retirement Medical	\$1,172,369	

Holston Conference 2018 Comprehensive Benefit Funding Plan

	Funding Sources	Pension Direct Billing
	Available Balance	
	Total Allocated	\$3,814,889
	Remaining Balance	
Plan Contributions for 2018		
Pre-82	\$2,099,224	\$783,973
Health Additional	\$73,996	
Health Active	\$7,231,620	
CPP	\$0	
CRSP DC	\$783,973	\$783,973
UMPIP Clergy	\$0	
Post-Retirement Medical	\$940,238	
Retiree Moving Expenses	\$33,000	
UMPIP Lay	\$81,192	
CRSP DB	\$2,246,943	\$2,246,943
MPP	\$0	
Ongoing Funding Contributions		
Pre-82	\$0	
Post-Retirement Medical	\$1,172,369	

Holston Conference 2018 Comprehensive Benefit Funding Plan

	Funding Sources	Pre-82 Outside Assets
	Available Balance	\$6,811,709
	Total Allocated	\$1,315,251
	Remaining Balance	\$5,496,458
Plan Contributions for 2018		
Pre-82	\$2,099,224	\$1,315,251
Health Additional	\$73,996	
Health Active	\$7,231,620	
CPP	\$0	
CRSP DC	\$783,973	
UMPIP Clergy	\$0	
Post-Retirement Medical	\$940,238	
Retiree Moving Expenses	\$33,000	
UMPIP Lay	\$81,192	
CRSP DB	\$2,246,943	
MPP	\$0	
Ongoing Funding Contributions		
Pre-82	\$0	
Post-Retirement Medical	\$1,172,369	

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2018 Comprehensive Benefit Funding Plan

	Funding Sources	Apportionments
	Available Balance	\$9,074,601
	Total Allocated	\$538,188
	Remaining Balance	\$8,536,413
Plan Contributions for 2018		
Pre-82	\$2,099,224	
Health Additional	\$73,996	\$73,996
Health Active	\$7,231,620	
CPP	\$0	
CRSP DC	\$783,973	
UMPIP Clergy	\$0	
Post-Retirement Medical	\$940,238	\$350,000
Retiree Moving Expenses	\$33,000	\$33,000
UMPIP Lay	\$81,192	\$81,192
CRSP DB	\$2,246,943	
MPP	\$0	
Ongoing Funding Contributions		
Pre-82	\$0	
Post-Retirement Medical	\$1,172,369	

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2018 Comprehensive Benefit Funding Plan

	Funding Sources	Prm In-Plan & Outside Assets
	Available Balance	\$1,218,359
	Total Allocated	
	Remaining Balance	
Plan Contributions for 2018		
Pre-82	\$2,099,224	
Health Additional	\$73,996	
Health Active	\$7,231,620	
CPP	\$0	
CRSP DC	\$783,973	
UMPIP Clergy	\$0	
Post-Retirement Medical	\$940,238	
Retiree Moving Expenses	\$33,000	
UMPIP Lay	\$81,192	
CRSP DB	\$2,246,943	
MPP	\$0	
Ongoing Funding Contributions		
Pre-82	\$0	
Post-Retirement Medical	\$1,172,369	

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2018 Comprehensive Benefit Funding Plan

	Funding Sources	Deposit Account
	Available Balance	\$208,734
	Total Allocated	
	Remaining Balance	
Plan Contributions for 2018		
Pre-82	\$2,099,224	
Health Additional	\$73,996	
Health Active	\$7,231,620	
CPP	\$0	
CRSP DC	\$783,973	
UMPIP Clergy	\$0	
Post-Retirement Medical	\$940,238	
Retiree Moving Expenses	\$33,000	
UMPIP Lay	\$81,192	
CRSP DB	\$2,246,943	
MPP	\$0	
Ongoing Funding Contributions		
Pre-82	\$0	
Post-Retirement Medical	\$1,172,369	

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2018 Comprehensive Benefit Funding Plan

	Funding Sources	Health Insurance Reserve
	Available Balance	\$7,010,444
	Total Allocated	\$1,944,227
	Remaining Balance	\$5,066,217
Plan Contributions for 2018		
Pre-82	\$2,099,224	
Health Additional	\$73,996	
Health Active	\$7,231,620	\$431,620
CPP	\$0	
CRSP DC	\$783,973	
UMPIP Clergy	\$0	
Post-Retirement Medical	\$940,238	\$340,238
Retiree Moving Expenses	\$33,000	
UMPIP Lay	\$81,192	
CRSP DB	\$2,246,943	
MPP	\$0	
Ongoing Funding Contributions		
Pre-82	\$0	\$0
Post-Retirement Medical	\$1,172,369	\$1,172,369

Holston Conference 2018 Comprehensive Benefit Funding Plan

	Funding Sources	Holston Superannuate
	Available Balance	\$167,926
	Total Allocated	
	Remaining Balance	
Plan Contributions for 2018		
Pre-82	\$2,099,224	
Health Additional	\$73,996	
Health Active	\$7,231,620	
CPP	\$0	
CRSP DC	\$783,973	
UMPIP Clergy	\$0	
Post-Retirement Medical	\$940,238	
Retiree Moving Expenses	\$33,000	
UMPIP Lay	\$81,192	
CRSP DB	\$2,246,943	
MPP	\$0	
Ongoing Funding Contributions		
Pre-82	\$0	
Post-Retirement Medical	\$1,172,369	

Holston Conference
2018 Comprehensive Benefit Funding Plan

Plan Contributions for 2018		2018 Funding Needed
CRSP DB	\$2,246,943	\$0
CRSP DC	\$783,973	\$0
MPP	\$0	\$0
Pre-82	\$2,099,224	\$0
UMPIP Lay	\$81,192	\$0
UMPIP Clergy	\$0	\$0
Retiree Moving Expenses	\$33,000	\$0
Health Active	\$7,231,620	\$0
Health Additional	\$73,996	\$0
Post-Retirement Medical	\$940,238	\$0
CPP	\$0	\$0

Ongoing Funding Contribution for 2018		2018 Funding Needed
Pre-82	\$0	\$0
Post-Retirement Medical	\$1,172,369	\$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)	407.25
CRSP Defined Benefit (DB)	
Required contribution for 2018	\$2,246,943
CRSP Defined Benefit (DC)	
Expected average future annual increases	1.00%
Estimated contribution for 2018	\$783,973

CRSP DB Denominational Information as of 1/1/2016

Total plan liability	\$(1,422,046,473)
Total plan assets	\$1,530,170,830
Total plan funded status	\$108,124,357
Total plan funded ratio	108%
Plan sponsor's liability percentage	2.1219%

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2018 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, 2016.

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2018 Comprehensive Benefit Funding Plan

Ministerial Pension Plan (MPP)

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

Elections and Estimates

	Final
Required contributions for 2018	\$0

MPP Denominational Annuities Information as of 1/1/2016

Total MPP annuities liability	\$(3,122,459,580)
Total plan assets	\$3,508,946,228
Total plan funded status	\$177,299,252
Total plan funded ratio	105%
Plan sponsor's liability percentage	1.8624%

Future MPP Denominational Annuitants Information as of 1/1/2016

Total participant account balances	\$4,144,945,113
Plan sponsor's participant account balances	\$75,713,350

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2018 Comprehensive Benefit Funding Plan

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, 2016.

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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)	\$577
Estimated PSR cost-of-living increase	1.50 %
Contingent Annuitant Percentage (CA%)	70 %
Discount rate	6.6250 %
Minimum contribution for 2018	\$1,738,840
Advanced funding contribution for 2018 payable in 2017	\$360,384

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Funding Plan Contribution

Funding plan liability as of 1/1/2016	\$(30,396,999)
Total of in-plan and outside assets	\$25,541,751
Funded status	\$(4,855,248)
Funded ratio	84 %
Funded status projection as of 12/31/2017	\$(3,305,999)
Proposed ongoing funding contribution for 2018	\$0

Funding strategy

Additional funding to be provided by CPP Holiday and redirection of amounts continuing to be collected through direct billing

Pre-82 Denominational information as of 1/1/2016

Total plan liability	\$(2,319,842,242)
Total plan assets	\$2,510,501,904
Total plan funded status	\$(66,877,747)
Total plan funded ratio	97%

Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2016.

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2018 Comprehensive Benefit Funding Plan

Health--Active Participants

Elections and Estimates

	Final
Health plan offered to actives	Self-Funded - Non-HealthFlex
Actual annual plan benefit cost paid in 2016	\$7,733,375
Budgeted annual plan benefit cost for 2017	\$6,822,283
Projected annual plan benefit cost for 2018	\$7,231,620
Expected average future annual increases	6.00%

Rationale for each change

2016 equal actual cost. Decrease for 2017 projections based on claims cost reduction due to BCBS Network changes and premium increases.

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2018 Comprehensive Benefit Funding Plan

Health--Additional Sponsored Coverage

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

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

Coverage Obligations

Covered Category	Estimated obligation as of 12/31/2015	Estimated obligation as of 12/31/2016
Clergy or lay on disability (including pending disability)	\$129,216	\$131,712
Total	\$129,216	\$131,712

Annual cost calculation

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

Total estimated obligation as of 12/31/2016		\$131,712
Average number of years of remaining coverage	÷	2.0000
Estimated annual cost as of 12/31/2016	=	\$65,856
Expected average future annual increases	x	6.00%
Projected annual cost as of 12/31/2018	=	\$73,996

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Health--Claims Incurred But Not Reported (IBNR)

Elections and Estimates

	Final
Projected annual program plan benefit cost as of 2018	\$7,231,620
Percentage of total claims assumed for IBNR* value	5.00 %
IBNR Claims as of 2018	\$361,581

* 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 01/01/2016.
 Per *The Book of Discipline*, your next PRM biennial actuarial valuation is required as of 01/01/2018.

PRM Actuarial Valuation as of 01/01/2016

Valuation report (in-plan) assets	\$0
EPBO net plan sponsor cost	\$20,551,807
APBO net plan sponsor cost	\$18,453,875
Service cost net plan sponsor cost	\$310,593
Annual plan benefit cost	\$940,238
Intention regarding PRM	Change plan benefit

Participant counts by category	
Active participants	336
Active dependents	0
Retirees	494
Surviving spouses	0
Dependents of retired participants	0
Total participants	830

Key actuarial assumptions	
Census date	12/31/2015
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

Holston Conference 2018 Comprehensive Benefit Funding Plan

Elections and Estimates

Description of Benefit

	Final
Health plan benefit offered to retirees	Other
Expected average future annual increases	0.00%
Annual plan benefit cost as of 2018	\$940,238

Rationale for each change

Based on current projections of actual cost and collected participant premiums

Funding Plan Contribution

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

Funded status		\$(17,235,516)
Number of annual payments	÷	20
Portion of funded status payable	=	\$861,776
Service cost net plan sponsor cost	+	\$310,593
Ongoing funding contribution for 2018	=	\$1,172,369

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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 2018	\$0

Rationale for each change

The estimate for 2018 reflects the CPP holiday in the amount of \$783,973 which is still being collected through Direct Billings

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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.

UMPIP Lay

Elections and Estimates

	Final
Expected average future annual increases	2.00 %
Estimated contribution for 2018	\$81,192

UMPIP Clergy

Elections and Estimates

	Final
Expected average future annual increases	0.00 %
Estimated contribution for 2018	\$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 2018	\$33,000

Rationale for each change
