

RETIREE BENEFIT PROGRAMS AND FUNDING

ACTION TO BE VOTED ON:

It is requested of the Annual Conference that pre-1982 past service funding be provided for retired clergy as well as those requiring special grants.

Section I - Past Service Funding (for service before January 1, 1982)

- A. The rate for 2009 will be **\$490.00** per service year (a 4.25% increase over 2008 rate).
- B. The same rate will be set for local pastors
- C. The rate for a surviving spouse will be 70% of the member's rate as required by the CRSP pension plan.
- D. The cost to the conference budget for 2009 for these rates is \$ 0

Section II - Rental/Housing Allowance

WHEREAS, the religious denomination known as The United Methodist Church, of which this conference is a part, has in the past and continues to function through ministers of the Gospel who were or are duly ordained, commissioned or licensed ministers of the church; and WHEREAS, the practice of The United Methodist Church was and is to provide active clergypersons with a parsonage or a rental/housing allowance as part of the gross

compensation; and

WHEREAS, pensions paid to active, retired and disabled clergypersons are considered as deferred compensation and are paid to active, retired and disabled clergypersons in consideration of previous active service; and

WHEREAS, the Internal Revenue Service has recognized the Rocky Mountain Annual Conference as the appropriate organization to designate a housing/rental allowance for clergypersons who are or were members of this Conference and are eligible to receive such deferred compensation;

NOW THEREFORE BE IT RESOLVED:

That an amount up to 100% (See NOTE at end of this section) of the pension or disability payments received from plans authorized under The Book of Discipline of The United Methodist Church which includes all such payments from the General Board of Pension and Health Benefits ("GBOPHB"), during the year 2009 by each active, retired, or disabled Clergyperson who is or was a member of the Conference, or its predecessors, be and hereby is designated as a rental/housing allowance for each such Clergyperson; and that the pension or disability payments to which this rental/housing allowance applies will be any pension or disability payments from plans, annuities, or funds authorized under the *Discipline*, including such payments from the GBOPHB and from a commercial annuity company that provides an annuity arising from benefits accrued under a GBOPHB plan, annuity, or fund authorized under the *Discipline*, that result from any service a Clergyperson rendered to this Conference or that an active, a retired, or a disabled Clergyperson of this Conference rendered to any local church, annual conference of the Church, general agency of the Church, other institution of the Church, former denomination that is now a part of the Church, or any other employer that employed the Clergyperson to perform services related to the ministry of the Church, or its predecessors, and that elected to make contributions to, or

45 accrue a benefit under, such a plan, annuity, or fund for such active, retired, or disabled
46 Clergy person's pension or disability as part of his or her gross compensation.

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48 *NOTE: The rental/housing allowance that may be excluded from a Clergy person's gross*
49 *income in any year for federal income tax purposes is limited under Internal Revenue Code*
50 *section 107(2) and regulations there under to the least of:*

51 *(1) the amount of the rental/housing allowance designated by the Clergy person's employer or*
52 *other appropriate body of the Church (such as this Conference in the foregoing resolution)*
53 *for such year;*

54 *(2) the amount actually expended by the Clergy person to rent or provide a home in such year;*
55 *or (3) the fair rental value of the home, including furnishings and appurtenances (such as a*
56 *garage), plus the cost of utilities in such year.*

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58 **Section III**

59 For 2009, the Conference Board of Pensions and Health Benefits will provide the following
60 grants:

61 Widow's benefits to Patricia Vick

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63 Anticipated cost to conference - \$3000.00

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66 **RATIONALE:**

67 This petition does three things --

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69 It sets the Past Service Rate for the pension funding provided to any clergy and surviving
70 spouses for service provided to this conference prior to 1982. The dollar amount (\$490) is a
71 4.25% increase over the amount voted on for 2008. Because the funding raised during the
72 1980's and 1990's has been well invested, all of the costs for this pension benefit are fully
73 funded and there is no cost to the conference.

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75 Retired and disabled clergy are entitled by IRS regulation to receive their pension as a non-
76 taxed housing allowance. This wording is provided by our General Board of Pension and
77 Health Benefits and is the same as last year. It allows commissioned clergy to receive this
78 benefit, and it also allows active clergy who are close to retirement to withdraw some of their
79 pension (UMPIP) funds for the purchase of a retirement home and declare those funds to fall
80 within the IRS guidelines.

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82 Over the years, our Conference Board of Pension and Health Benefits has provided special
83 grants in response to special requests and needs. This third section simply authorizes the
84 continuation of those grants.

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87 **PETITION INFORMATION:**

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89 **EFFECTIVE DATE:** January 1, 2009

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91 **TERMINATION DATE:** December 31, 2009

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93 **FINANCIAL IMPACT:**

94 Yes; a total of \$3,000 and it is included in the 2009 Budget Request.

95 Cost Period 1 Year

96 Funds provided by Annual Conference

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98 Reviewed by Council on Finance and Administration, March 18, 2008

99 Included in the Proposed 2009 Budget: Yes In the amount of \$3,000.

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101 Recommendation by Council concerning funding: The Council On Finance &
102 Administration endorses this Petition.

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104 **ORIGINATOR OF THE PETITION :**

105 Conference Board of Pensions and Health Benefits

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107 **PERSON TO PRESENT PETITION TO CONFERENCE:**

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