



General Conference 2019 Outcomes and Discussion



General Conference 2019

Agenda

- Wespath legislation
- Clergy departures/terminations
- Local church exits
- What is next for the UMC?
- Feedback and discussion

For more information: wespath.org/WayForwardWespathFAQ





Wespath Legislation

Protecting Conferences (Petition 90016)



Departing church pays "fair share" to the Annual Conference

- A local church that withdraws from the UMC leaves a portion of its long-term pension obligations to the conference it is exiting from
 - Covers long-term costs of retirement benefits to clergy and beneficiaries
 - Conference determines "pro rata fair share" amount for local church that closes or exits
- Amendment during General Conference: Exiting local church may owe other payments to the conference
 - "Nothing in the forgoing prevents an annual conference from collecting other obligations from a church or charge."

Benefits Earned to Date Are Secure (Petition 90017)



Benefits for clergy who remain in the UMC connection continue as usual

- Active clergy who leave the UMC will not lose pension benefits they have earned—but the form of retirement benefits will change
 - Pension benefits earned to date of termination from defined benefit (DB) plans
 will be converted to an equivalent account balance, and then transferred to UMPIP
 - MPP account balances will also be transferred to UMPIP
 - Terminated clergy will not receive lifetime monthly pension payments,
 but can access the full UMPIP account balance at any time
- Benefits for clergy already retired are not impacted (even if they subsequently surrender credentials)



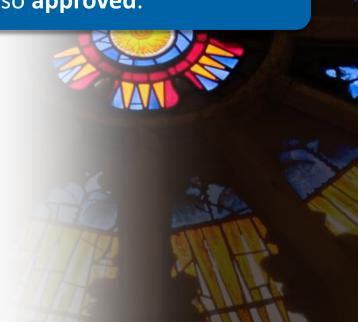
Other Related Legislation

Disaffiliation

A disaffiliation Petition 90066, sometimes called an "exit plan" or "gracious exit," was also approved.

- Allows local churches to leave the UMC "for reasons of conscience" regarding issues of human sexuality and keep their property
- Requires: discernment; 2/3 vote of church; pension and other payments; approval of conference board of trustees
- Effective date: February 26, 2019*

* To be reviewed by Judicial Council (April 23–26)





Implementation of Wespath Legislation

Petition 90017—DB to DC Conversion

- Revised communications to clergy surrendering or losing credentials
- Actuarial equivalent account balance calculation of terminated clergy accrued defined benefit
- Account balance addition to UMPIP account

Clergy leaving the UMC continue to follow processes of ¶360



Implementing Petition 90016

- Wespath will supply annual conference(s) with market basis pension net liabilities upon request
- Conference determines allocable share to local church based on reasonable factors such as (not limited to):
 - Apportionment decimal
 - Church's revenue relative to other churches
 - Local church membership relative to conference
 - Relative clergy compensation
- Wespath is available to consult with conferences or help with exit payment formulas upon request







Withdrawal Liability Calculation

Local Churches

Withdrawal Liability Calculation

Specified in *Discipline* ¶1504.23 as added by Petition 90016 during GC 2019

1. Wespath determines conference's pension underfunding

2. Conference determines local church's share

3. Local church makes payment to conference

Withdrawal Liability Calculation

1. Wespath determines conference's unfunded pension liability

- Based on "market factors similar to a commercial annuity provider"
 - I.e., the basis at which the obligation could be sold to an insurer
 - Interest rate on a market basis (derived from corporate bond rates)
 - 110% factor applied to liabilities to account for risk and administrative cost
- Results are based on the most recent actuarial valuation
 - Currently: January 1, 2018
 - Results may be "rolled forward" to more current date to account for asset returns and changes in interest rate environment.

Church Withdrawal Liability



Church Withdrawal Liability

2. Conference determines local church's share

- It can do so by any reasonable measure it chooses
 - Church Income
 - Church Expense
 - Clergy Salary
 - Apportionment Decimal
 - Church Membership
 - Etc.

