



AUMCPBO and NAACT—September 2019



**Wespath**

BENEFITS | INVESTMENTS

# Keeping Benefits Secure In an Era of Uncertainty

# The \$64 (Million?) Question

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What does the future hold  
for the UMC?

**United?** OR **Untied?**



# Our Present Condition

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*Dear friends,  
Now we are children of God,  
and what we will be has not yet been made known.*

**I John 3:2, NIV**

*... Who knows how we'll end up!*

**I John 3:2—The Message**

# What We Do Know

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- Continued uncertainty persists
- No one wants a St. Louis repeat
- Key leaders are:
  - Studying and discussing options
  - Consulting Wespath about benefits
- Wespath remains **neutral, objective** and **involved**





# 2020 General Conference

# Two Lanes of GC 2020 Preparation

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- ***Discipline*** changes  
Plan design petitions
- “Normal stuff”



**The Known**

- **Negotiated division**
- **Non-negotiated split**
- **Other contingencies**



**The Unknown**

# Wespath's Legislation

Wespath legislation positions our agency to continue our mission in a changing Church environment



**Disruption  
Contingencies**



***Discipline  
Updates***



**Wespath  
Governance**



**Plan Changes**



**Wespath  
Services**



**Church  
Investment  
Ethics**

# Wespath Legislation for 2020

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- New clergy retirement plan
- Other benefit plan revisions
- Governance matters
  - Amending clergy retirement plan
  - Wespath board of directors
- Contingency proposals for future scenarios



# Securing Benefits in a Season of Insecurity

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- No new long-term liability with proposed plan
- Potential reduction of MPP\* annuity obligations
- CPP\* as potential defense against retirement plan underfunding

\* MPP: Ministerial Pension Plan

\* CPP: Comprehensive Protection Plan



# Agency and Plan Governance for a New Day

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## Wespath Board of Directors

- Smaller board size
- More members elected by the board
- Option for representatives from other Methodist/Wesleyan churches

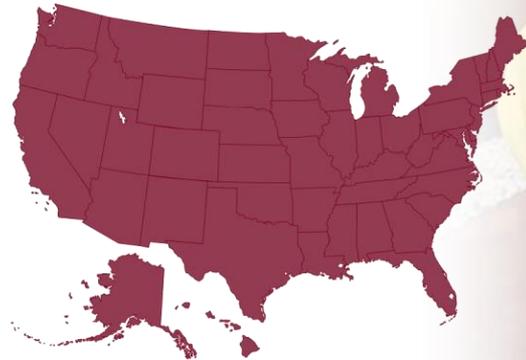


## Clergy Plan Amendments

- Key design features and benefit levels by legislation
- Administrative and other provisions by Wespath board

# Legislation from Others

- **Unhelpful:** Legislated investment prescriptions or proscriptions
- **Helpful:** Appropriate venue for U.S. benefit plan legislation



# Non-Wespath Special Interest Petitions



Calls for exclusion of ***“sovereign or government debt of states conducting prolonged military occupations.”***\* This is a new exclusion to ¶717, *Sustainable and Socially Responsible Investing*.

Two nearly identical petitions **seek to exclude government securities from states conducting prolonged military occupations.**\*

\* Affected countries include Israel, Morocco and Turkey

# Wespath Does Not Support the Petitions

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- Proposed language is overly broad and would create unintended harm
- Wespath's investment process identifies and excludes companies operating in countries posing excessive financial risk
- Petitions misrepresent Wespath's human rights guideline



# Wespath's Alternative

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- **Engagement**—Encourage UMC investors to engage government leaders and policymakers to support sustainable, socially responsible practices
  - Exclusion—**last resort**





Connectional Table Proposal

# Why a U.S. Regional Conference?

- **General Conference Petitions**
  - Many pertain largely or exclusively to the U.S.
  - General Conference time and resources spent on matters not relevant to entire UMC
- **U.S. Church**
  - Venue for U.S.-specific legislation
  - Decision-making authority like central conferences
- ***General Book of Discipline***

Current Model: **Inefficient** for the Church as a global body  
**Inconsistent** with Church governance outside U.S.



# Why Important for Benefit Plans?

- Clergy benefit plans incorporated by reference into *Discipline*
- Plan amendments by General Conference

**U.S. clergy plans are designed for...**



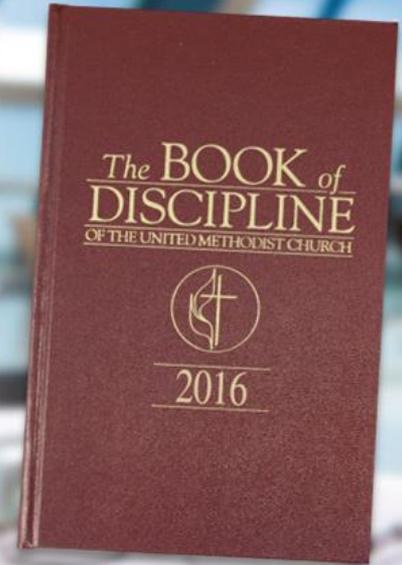
**U.S. Law**



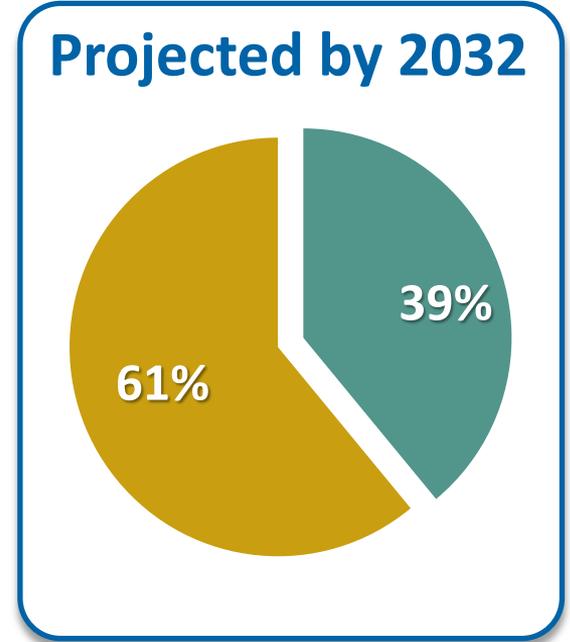
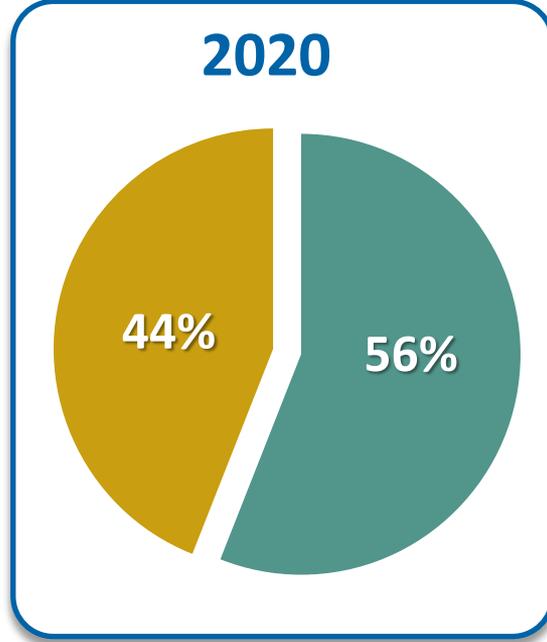
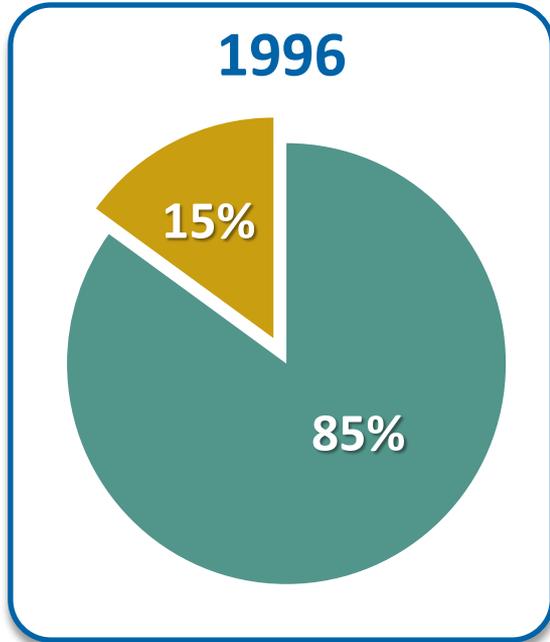
**U.S. Taxation**



**U.S. Social  
Security**



# General Conference Delegates



 **U.S. Conferences**     **All Other Conferences**

# Connectional Table Proposal Overview

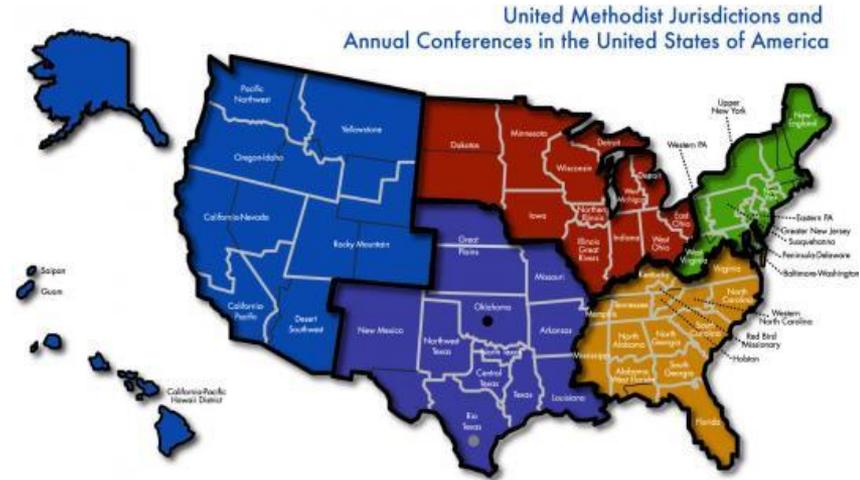
<b>Stage I: U.S. Regional Committee</b>	<ul style="list-style-type: none"><li>• Disciplinary and non-Disciplinary changes</li></ul>
	<ul style="list-style-type: none"><li>• Legislation for GC 2020</li></ul>
<b>Stage II: U.S. Regional Conference</b>	<ul style="list-style-type: none"><li>• Changes to the Constitution and <i>Discipline</i></li></ul>
	<ul style="list-style-type: none"><li>• More challenging approval requirements for Constitutional amendments</li></ul>

***Intended To Be  
Temporary Step***

- *Effective immediately following GC 2020*
- *In place **until** U.S. Regional Conference (Stage II) is functional*

# Stage I—U.S. Regional Committee

- Consists of all U.S. GC delegates
- Meets immediately prior to GC
- Assigned GC petitions and resolutions that are **U.S.-specific**
- Different rules from legislative committees for consent calendars



Potential to “fast-track” U.S. legislation on special consent calendar



# In Summary

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## Wespath seeks to...

- Keep benefits earned secure for clergy and affordable for conferences
- Serve all future expressions of the UMC
- Provide products and services that strengthen clergy, staff and institutions of these expressions



# Questions?





**Wespath**

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