

Holston Conference (781)

2020 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 2020

Clergy Retirement Security Program (CRSP) DB	\$2,045,332
Clergy Retirement Security Program (CRSP) DC	\$762,409
Ministerial Pension Plan (MPP)	\$0
Pre-82 Plan (Pre-82)	\$1,537,271
United Methodist Personal Investment Plan (UMPIP) Lay	\$84,472
United Methodist Personal Investment Plan (UMPIP) Clergy	\$0
Other Defined Contribution (DC) Obligations	\$36,000
Other Defined Benefit (DB) Obligations	\$0
Health—Active Participants	\$6,723,600
Health—Additional Sponsored Coverage	\$76,681
Post-Retirement Medical (PRM)	\$997,879
Comprehensive Protection Plan (CPP)	\$769,112

Ongoing Funding Contributions

Pre-82 Plan (Pre-82)	\$0
Post-Retirement Medical (PRM)	\$714,239

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Conference Benefit Officer (or equivalent)	Kenneth Luton	03/27/2019
Conference Treasurer	Richard Cherry	04/01/2019
Conference Board of Pension Chair	Todd Chancey	03/28/2019
Council on Finance and Administration Chair		



Opinion on **Holston Conference 2020** 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 12/31/2017	Market Value as of 12/31/2018
DEPOSIT ACCOUNT		\$32,399	\$17,580
Pre-82 designated assets	\$0	Investment Objective	Short-term
PRM designated assets	\$0	Target Allocation	Equity 2.01%
			Fixed 1.08%
			Short-term 96.91%
HEALTH INSURANCE RESERVE		\$8,158,362	\$7,682,572
Pre-82 designated assets	\$0	Investment Objective	Long-term
PRM designated assets	\$0	Target Allocation	Equity 60.86%
			Fixed 39.14%
			Short-term 0.00%
HOLSTON SUPERANNUATE		\$217,494	\$197,535
Pre-82 designated assets	\$0	Investment Objective	Long-term
PRM designated assets	\$0	Target Allocation	Equity 65.00%
			Fixed 35.00%
			Short-term 0.00%
 U M C PENSION AND ENDOWMENT		\$5,050,463	\$2,666,812
Pre-82 designated assets	\$2,666,812	Investment Objective	Long-term
PRM designated assets	\$0	Target Allocation	Equity 65.00%
			Fixed 35.00%
			Short-term 0.00%
Non-Wespath Accounts		Market Value as of 12/31/2017	Market Value as of 12/31/2018
 2018 CPP Holiday		\$0	\$706,560
Pre-82 designated assets	\$706,560	Investment Objective	Short-term
PRM designated assets	\$0	Target Allocation	Equity 0.00%
			Fixed 0.00%
			Short-term 100.00%

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Non-Wespath Accounts		Market Value as of 12/31/2017		Market Value as of 12/31/2018
 2019CPP Holiday		\$0		\$750,000
Pre-82 designated assets	\$750,000		Investment Objective	Short-term
PRM designated assets	\$0		Target Allocation	Equity 0.00%
				Fixed 0.00%
				Short-term 100.00%
<hr/>				
 Foundation		\$1,741,368		\$1,655,787
Pre-82 designated assets	\$1,655,787		Investment Objective	Long-term
PRM designated assets	\$0		Target Allocation	Equity 65.00%
				Fixed 35.00%
				Short-term 0.00%
<hr/>				
 Health Insurance Reserve Reimbursement		\$1,570,520		\$35,838
Pre-82 designated assets	\$0		Investment Objective	Intermediate-term
PRM designated assets	\$35,838		Target Allocation	Equity 65.00%
				Fixed 35.00%
				Short-term 0.00%
<hr/>				
 <i>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.</i>				

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Incoming Money

Primary Sources

Estimated amount for 2020

Apportionments		\$9,397,636
	Annual Apportionment	\$9,688,285
	x Apportionment Percentage	100%
	x Expected Collection Percentage	97%

Direct Billing

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	Apportionments	Direct Billing
Available Balance		\$17,580	\$7,682,572	\$197,535	\$9,397,636	
Total Allocated		\$0	\$1,048,930	\$0	\$197,153	
Remaining Balance		\$17,580	\$6,633,642	\$197,535	\$9,200,483	
Plan Contributions for 2020						
CRSP DB	\$2,045,332					
CRSP DC	\$762,409					
MPP						
Pre-82	\$1,537,271					
UMPIP Lay	\$84,472				\$84,472	
UMPIP Clergy						
Retiree Moving Expenses	\$36,000				\$36,000	
Health Active	\$6,723,600					
Health Additional	\$76,681				\$76,681	
Post-Retirement Medical	\$997,879		\$334,691			
CPP	\$769,112					
Ongoing Funding Contributions						
Pre-82	\$0					
Post-Retirement Medical	\$714,239		\$714,239			

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Allocate Funding Sources to Benefit Obligations

Funding Sources		Health Plan Direct Billing	Pension Direct Billing	Pre-82 Outside Assets	Prm In-Plan & Outside Assets
Available Balance				\$5,779,159	\$33,809
Total Allocated		\$7,386,788	\$3,576,853	\$1,537,271	\$0
Remaining Balance				\$4,241,888	\$33,809
Plan Contributions for 2020					
CRSP DB	\$2,045,332		\$2,045,332		
CRSP DC	\$762,409		\$762,409		
MPP					
Pre-82	\$1,537,271			\$1,537,271	
UMPIP Lay	\$84,472				
UMPIP Clergy					
Retiree Moving Expenses	\$36,000				
Health Active	\$6,723,600	\$6,723,600			
Health Additional	\$76,681				
Post-Retirement Medical	\$997,879	\$663,188			
CPP	\$769,112		\$769,112		
Ongoing Funding Contributions					
Pre-82	\$0				
Post-Retirement Medical	\$714,239				

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Plan Contributions for 2020		Funding Needed
CRSP DB	\$2,045,332	\$0
CRSP DC	\$762,409	\$0
MPP		
Pre-82	\$1,537,271	\$(1,537,271)
UMPIP Lay	\$84,472	\$0
UMPIP Clergy		
Retiree Moving Expenses	\$36,000	\$0
Health Active	\$6,723,600	\$0
Health Additional	\$76,681	\$0
Post-Retirement Medical	\$997,879	\$0
CPP	\$769,112	\$0

Ongoing Funding Contribution for 2020		Funding Needed
Pre-82	\$0	\$0
Post-Retirement Medical	\$714,239	\$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

Elections and Estimates

	Final
Eligibility requirement	50%+
Conference Full Time Equivalents (FTE)	375.25
CRSP Defined Benefit (DB)	
Required contribution for 2020	\$2,045,332
CRSP Defined Contribution (DC)	
Expected average future annual increases	2.00%
Estimated contribution for 2020	\$762,409

Rationale for each change

2020 estimated based on projected actual for 2019 at 2% increase

CRSP DB Denominational Information as of 1/1/2018

Total plan liability	\$(1,740,019,798)
Total plan assets	\$1,904,387,237
Total plan funded status	\$164,367,439
Total plan funded ratio	109%
Plan sponsor's liability percentage	2.1176%

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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 MP2016

Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2018.

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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 2020	\$0

MPP Denominational Annuities Information as of 1/1/2018

Total MPP annuities liability	\$(3,606,807,509)
Total plan assets	\$3,885,277,143
Total plan funded status	\$278,469,634
Total plan funded ratio	108%
Plan sponsor's liability percentage	1.8564%

Future MPP Denominational Annuitants Information as of 1/1/2018

Total participant account balances	\$3,803,548,721
Plan sponsor's participant account balances	\$76,592,752

Key Actuarial Assumptions Used in MPP Annuities Cost Calculations

Discount rate	6.00%
Benefit increases	Based on increases selected by participant
Mortality	RP2014, generational projection using MP2016

Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2018.

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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)	595
Estimated PSR cost-of-living increase	1.50%
Contingent Annuitant Percentage (CA%)	70 %
Discount rate	6.5000%
Minimum contribution for 2020	\$1,218,491
Advanced funding contribution for 2020 payable in 2019	\$318,780

Funding Plan Contribution

Funding plan liability as of 1/1/2018	\$(26,491,033)
Total of in-plan and outside assets	\$22,755,200
Funded status	\$-3,735,833
Funded ratio	86%
Funded status projection as of 12/31/2019	\$(672,212)
Proposed ongoing funding contribution for 2020	\$0

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Funding strategy

CPP Holiday 2019

Pre-82 Denominational information as of 1/1/2018

Total plan liability	\$(2,021,301,083)
Total plan assets	\$2,158,134,803
Total plan funded status	\$136,833,720
Total plan funded ratio	107%

Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2018.

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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 2018	\$6,113,481
Budgeted annual plan benefit cost for 2019	\$6,465,000
Projected annual plan benefit cost for 2020	\$6,723,600
Expected average future annual increases	4.00%

Rationale for each change

2018 essentially on target. 2019 and 2020 increases expected at 5% and 4% respectively do to normal medical cost increases

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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 12/31/2017	Estimated obligation as of 12/31/2018
Clergy or lay on disability (including pending disability)	\$82,080	\$70,896
Total	\$82,080	\$70,896

Annual cost calculation

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

Total estimated obligation as of 12/31/2018		\$70,896
Average number of years of remaining coverage	÷	1.0000
Estimated annual cost as of 12/31/2018	=	\$70,896
Expected average future annual increases	x	4.00%
Projected annual cost as of 12/31/2020	=	\$76,681

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Health—Incurred But Not Reported (IBNR) Claims

Elections and Estimates

	Final
Projected annual program plan benefit cost as of 2020	\$6,723,600
Percentage of total claims assumed for IBNR* value	5.00%
IBNR Claims as of 2020	\$336,180

* 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 01/01/2018.
 Per *The Book of Discipline*, your next PRM biennial actuarial valuation is required as of 01/01/2020.

PRM Actuarial Valuation as of 01/01/2018

Valuation report (in-plan) assets	\$0
EPBO net plan sponsor cost	\$13,564,463
APBO net plan sponsor cost	\$13,193,962
Service cost net plan sponsor cost	\$56,231
Annual plan benefit cost	\$997,879
Intention regarding PRM	Change plan benefit

Participant counts by category	
Active participants	193
Active dependents	0
Retirees	402
Surviving spouses	0
Dependents of retired participants	0
Total participants	595

Key actuarial assumptions	
Census date	01/01/2018
Discount rate	6.00%
Expected return on assets	0.00%
Valuation year medical trend or inflation rate	7.00%
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

Fixed \$ Subsidy for each year of service beyond 10, plus limited benefit dental plan - self-insured

	Final
Health plan benefit offered to retirees	Other
Expected average future annual increases	0.00%
Projected annual plan benefit cost as of 2020	\$997,879

Rationale for each change

Future participants have been limited to those in our regular health plan with 10 years of service as of January 1, 2018. Subsidy is fixed with all premium increases passed through to participants

Funding Plan Contribution

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

Funded status		\$(13,160,153)
Number of annual payments	÷	20
Portion of funded status payable	=	\$658,008
Service cost net plan sponsor cost	+	\$56,231
Ongoing funding contribution for 2020	=	\$714,239

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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	2.00%
Estimated premium for 2020	\$769,112

Rationale for each change

Based on 2018 actual with expected 2% annual increase

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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 2020	\$84,472

United Methodist Personal Investment Plan (UMPIP) Clergy

Elections and Estimates

	Final
Expected average future annual increases	0.00%
Estimated contribution for 2020	\$0

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Other Defined Contribution (DC) Obligations

Name	Estimated annual contribution
Retiree Moving Expenses	\$36,000

Description

Retiree Moving Expenses

	Final
Expected average future annual increases	5.00%
Estimated contribution for 2020	\$36,000

Rationale for each change

Expected increase in retiring clergy