



Western North Carolina Annual Conference The United Methodist Church

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William C. Wyman, Jr.

Treasurer

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March 16, 2009

Senior Pastors
Chairperson, Pastor/Staff Parish Relations
Chairperson, Finance Committee

Re: Clergy Benefit Costs
2009- 2013

Ladies and Gentlemen:

We recognize the urgency in sharing information that shows the financial market's impact on your local church clergy benefits estimated costs over the next four years. We have received notice from the General Board of Pension and Health Benefits (GBPOHB) that the reduced value of our plan assets has created additional funding requirements in 2010 and beyond.

The assets of the CRSP-DB, MPP annuities, and the Pre-82 plan have been significantly reduced. GBOPHB **estimates** increased required funding of \$979,000 in the CRSP-DB and \$901,000 to fund MPP annuities. The Pre-82 plan requires no additional contributions. GBOPHB currently is using a seven year amortization period for an unfunded liability.

Therefore, we have prepared a table of **estimated benefit costs** for a clergy person making the average conference salary. The table is printed on the back of this letter. Specific 2010 pension and health benefit costs will be available in mid-July, 2009 via the conference web-site. As a simple guideline you could use an increase in benefit costs of approximately 18% for 2010. Further, in 2011 we will see the return of a conference-wide apportionment for the Unfunded Past Service Cost of MPP Annuities. Specific amounts for 2011 will be known in September, 2009 and made available to you for planning purposes.

Note that all the costs are estimates only and will be different than shown in the table. The hope is our estimates will benefit your planning for 2010 and beyond.

We understand the economic times facing local congregations. The funding of the clergy pension and health benefits as required by our plans is a priority. Viability and financial health of congregations is a connectional goal in our conference.

Therefore, we encourage you to use these **estimates** in planning the funding of your ministry in 2010 and beyond. These matters are of the highest priority and that is why we sense the urgency in sharing this information with you today.

Yours in Christ,

Larry M. Goodpaster
Bishop, Western North Carolina Conference

Mark B. Edwards
President, WNC Board of Pensions

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Information Sessions: We will offer information sessions in each District for Pastors, PPR Chairpersons and Finance Committee Chairpersons between April and August this year.

A Conversation Circle will be provided during Annual Conference with members of the Conference Pension Board and GBOPHB staff.

As Frequently Asked Questions arise answers will be provided over the next three months in written form and on the conference website.

Clergy Pension and Health Benefit Cost Calculations 2009 to 2013
Example assumes clergy earns Conference Average Compensation (CAC)

	2009	2010	2011	2012	2013
Pension Plan Compensation					
Cash Salary less Prof Exp	51,438	52,564	53,880	55,200	56,560
Housing Value added by GBOP	<u>12,860</u>	<u>13,141</u>	<u>13,470</u>	<u>13,800</u>	<u>14,140</u>
Total-Conf Ave Comp (CAC)	<u>64,298</u>	<u>65,705</u>	<u>67,350</u>	<u>69,000</u>	<u>70,700</u>
Clergy Benefit Costs					
Pension Plan Cost		estimated	estimated	estimated	est
CRSP - DC (3%)	1,928	1,971	2,021	2,070	2,121
CPP (3%)	<u>1,928</u>	<u>1,971</u>	<u>2,021</u>	<u>2,070</u>	<u>2,121</u>
Total based upon CAC	3,856	3,942	4,042	4,140	4,242
CRSP - DB	<u>4,161</u>	<u>6,277</u>	<u>6,763</u>	<u>6,987</u>	<u>7,220</u>
Total annual pension cost	8,017	10,219	10,805	11,127	11,462
Health Benefit Cost	<u>9,300</u>	<u>10,230</u>	<u>11,253</u>	<u>12,378</u>	<u>13,616</u>
Total Clergy Benefit Cost	<u>17,317</u>	<u>20,449</u>	<u>22,058</u>	<u>23,505</u>	<u>25,078</u>

Notes:

- (1) CRSP - DC is 3% of pension plan compensation with no limit as to amount of compensation.
- (2) CPP (Comprehensive Protection Plan) is primarily an insurance plan for disability coverage.
Coverage is provided for full time clergy whose compensation is at least 60% of Denominational Average Compensation (DAC). Premium cost is limited to 200% of DAC. (09DAC=\$58,226)
- (3) CRSP - DB is a defined benefit plan for clergy with benefit based on years of service and 1.25% of Denominational Average Compensation (DAC) (09DAC=\$58,266)
- (4) Health Benefits are the self-funded plan with a trend increase of 10% per year.
- (5) These estimates apply to a full time, active clergy person with a Plan Comp greater than 60% of the Denominational Average Com (09DAC=\$58,266)