Most of our full-time active and retired clergy participate in defined benefit (DB, or traditional pension) plans. Our plans were funded by the annual conference and are administered by the General Board of Pension and Health Benefits. The Tennessee Conference’s retirement plans are projected to be funded at 101 percent – 105 percent in 2018.

The annual conference, this board and their predecessors have been good stewards of the funds entrusted to us. As a result, the Tennessee Conference has pension reserves that should protect our retirees well into the future.

We are blessed that we can fund part of our current pension obligations from earnings on our reserves. For 2018, we have requested apportionment funding to cover only 35 percent of our estimated pension obligations. The remaining 65 percent will be funded through withdrawals from the conference’s pension reserves. This is part of a 10-year plan being developed by CFA to reduce the church’s apportionments by drawing down accumulated reserves.

The 2018 Comprehensive Benefit Funding Plan has been prepared and submitted to the General Board of Pension and Health Benefits as required by the Book of Discipline (2016), ¶1506.6. We have sufficient projected revenues and reserves to fully fund all the conference’s benefit obligations for the foreseeable future.

Years ago, the Conference Board of Pensions set a goal to maintain our Pre-82 Plan past service rate (PSR) at a minimum of 1 percent of conference average compensation (CAC). We recommend a past service rate of $703 for pre-1982 service years for 2018. This represents a 1.5 percent increase over the 2017 rate ($692) and is 1.037 percent of the CAC.

The Board of Pensions engaged the services of attorney Carolyn Schott to help improve the protection of the conference’s pension assets. Various options were considered, but the final decision was to create a Pension Reserve Trust. The board asks that the 2017 annual conference approve the creation of the Pension Reserve Trust and the conveyance of assets into that trust.

The board expresses our thanks to hard work of Jim Allen and Melinda Parker, who ensure the smooth working of our benefits plans and support of our retirees. Assistant Benefits Officer Melinda Parker organized the Board of Pensions’ annual Pre-Retirement Planning Seminar at Providence United Methodist Church on February 23, 2017, and at First UMC in Jackson, Tennessee on February 24. All clergy who were eligible to retire in the next five years were invited to attend. In January, Jim Allen and Janet Jamieson led a workshop on Clergy Taxes Using Tax Software, sponsored by our United Methodist Foundation.

I want to express my appreciation for the extraordinary commitment and dedication to the members of the Board of Pensions. Their service is utmost important and invaluable.

**REMINDES**

1) The General Board of Pension and Health Benefits offers a long-term care plan and optional (additional) life insurance for qualified participants.

2) The conference can provide grave markers for deceased United Methodist clergy. Requests should be made to the Office of Administrative Services.

**REQUEST FOR ACTION BY ANNUAL CONFERENCE**

The Board of Pensions recommends that the annual conference approve the following:

1. The 2018 Tennessee Conference Comprehensive Benefit Funding Plan
2. The creation of the Pension Reserve Trust and the conveyance of pension assets into that trust
3. A past service rate of $703 for pre-1982 service years, effective January 1, 2018
TRUST AGREEMENT

The Settlor, the Tennessee Conference, United Methodist Church, Inc. (the “Conference”), with an address at 304 S. Perimeter Park Drive, Nashville, TN 37211, by this Agreement, entered into as of June 13, 2017, hereby creates a religious and charitable trust and appoints the members of the board of pensions of the Conference (the “Board of Pensions”) as initial Trustees, to serve and manage this trust pursuant to the terms set forth herein.

ARTICLE I.
GENERAL PROVISIONS

1. Background. In 1976 and 1989, the Conference engaged in fundraising crusades in order to fund certain changes to the pension program. Each crusade exceeded its target and fully funded the pension changes identified in the crusade resolutions. Because the crusades exceeded their initial fundraising targets, the pension crusades also resulted in funds without defined use restrictions. Until the date of this agreement, these funds have been held and managed by the Conference. The Conference now wishes to place these funds into a trust, to be administered by the members of the Board of Pensions as trustees.

2. Name and Office. The Trust shall be known as the Pension Reserve Trust and is hereinafter referred to as the “Trust” or “this Trust.” The principal office of the Trust shall be 304 S. Perimeter Park Drive, Nashville, TN 37211.

3. Successor Trustees. ARTICLE III shall control the appointment and succession of the trustees (sometimes hereafter referred to as the “Trustees”).

4. Book of Discipline. The Conference is governed by the Book of Discipline of the United Methodist Church (2016) which, together with any and all current or future amendments thereto, is referred to in this Agreement as the “Discipline.” This Agreement shall in all events be superseded by the Discipline and nothing in this Agreement shall permit the Trustees to act in contravention of its terms.

ARTICLE II.
ADMINISTRATION OF TRUST

1. Tax Exempt Status. This Trust is formed for a nonprofit purpose. It is intended that this Trust shall have the status of an organization which is exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended (hereinafter referred to as the “Code”), and as an organization described in Section 501(c)(3) of the Code. Further, it is intended that the Trust shall be an integrated auxiliary of a church as described in Section 6033(a)(3)(i) of the Code.

2. Mission and Charitable Purpose. This Trust is organized exclusively to support the Conference’s pension, health and welfare benefit programs for clergy consistent with the meaning of Section 501(c)(3) of the Code (hereafter referred to as the “Mission and Charitable Purpose”). Every action of the Trustees in administering the Trust shall conform to and fulfill the Mission and Charitable Purpose. The Trustees may make payments or distributions from Trust income or principal, or both, in such amounts and for such purposes as the Trustees shall from time to time select and determine, subject to the limitations in this Agreement.

3. Material Purpose of Trust. A material purpose in creating the Trust is to endow funds to be used for the Mission and Charitable Purpose explicitly and unambiguously stated in paragraph 2 of this ARTICLE II. The Conference intends that there be no change, alteration or amendment to the Trust’s stated charitable purpose. In furtherance of this material purpose, the Conference directs the Trustees to take any appropriate action necessary to protect the charitable purpose.

4. Prohibited Actions. The Trust is organized to engage in any activity, and to exercise any and all powers, rights and privileges, afforded a nonprofit charitable trust consistent with its Mission and Charitable Purpose. Notwithstanding any other provision of this Agreement, the Trust shall not engage in any other activities which would be impermissible by any of the following: (i) an organization exempt from federal income tax under
Section 501(c)(3) of the code, or any corresponding provision of any future federal tax laws; (ii) an organization contributions to which are deductible under Sections 170(c)(2), 2055(a), and 2522(a) of the Code or any corresponding provisions of any future federal tax laws; or (iii) a charitable trust organized under the laws of the State of Tennessee. In addition, the Trust shall not engage in any activities in violation of (i) the Employee Retirement Income Security Act of 1974 or any future amendments thereof; (ii) the Health Insurance Portability and Accountability Act or any future amendments thereof; (iii) the Patient Protection and Affordable Care Act or any future amendments thereof; or (iv) any other state or federal law governing employee pensions or group health insurance, whether enacted as of the date of this Agreement or in the future.

5. No Private Inurement; No Legislative or Political Activity. The Trust is not formed for financial or pecuniary gain, and no part of the assets, income, or profits of the Trust shall be distributable to, or inure to the benefit of, the Trustees or any other private person, except (i) as reimbursement for expenses of the Trust; (ii) to make payments and distributions in furtherance of the Mission and Charitable Purpose of the Trust, as set forth in this Agreement; or (iii) as retirement, health or welfare benefits to the clergy members serving on the Board of Pensions, only to the extent such clergy members would be eligible for these benefits if they were not serving as a Trustee of this Trust. No substantial part of the activities of the Trust shall be the carrying on of propaganda, or otherwise attempting to influence legislation; and no part of the activities of the Trust shall be the participation in, or intervention in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

6. Transfer of Property to Trust. In consideration of the covenants herein contained, the Conference hereby conveys, grants, assigns and delivers to the Board of Pensions, as Trustees, that certain property described on the attached Exhibit A, to be held by the Board of Pensions pursuant to this Agreement. Subject to the Discipline, including, without limitation, Paragraph 1508, the Board of Pensions may receive and accept property, whether real, personal, or mixed, by way of gift, bequest, or devise, from any person, firm, trust, or corporation, to be held, administered, and disposed of in accordance with and pursuant to the provisions of this Agreement; but no gift, bequest or devise of any such property shall be received and accepted if it is conditioned or limited in such manner as to require the disposition of the income or its principal to any person or organization for other than the Mission and Charitable Purpose, or as shall in the opinion of the Board of Pensions or the Conference, jeopardize the federal income tax exemption of this Trust pursuant to Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

ARTICLE III.
TRUSTEES

The affairs of this Trust shall be managed by those members of the Board of Pensions who have accepted the position of Trustee pursuant to this ARTICLE III. The provisions of the Discipline and the Standing Rules of the Tennessee Annual Conference shall govern the appointment, election and succession of the members of the Board of Pensions and its officers. Each duly elected member of the Board of Pensions shall be eligible to become a Trustee of the Trust. Each new member of the Board of Pensions shall, upon their election, be given a copy of this Agreement and be asked to sign a written instrument accepting the position of Trustee for the duration of their term on the Board of Pensions. If a member of the Board of Pensions deems himself or herself unfit to serve as a Trustee of the Trust, he or she may decline the appointment and continue to serve on the Board of Pensions in all other capacities. Other than as used in this ARTICLE III, all references in this Agreement to the Trustees shall be understood to mean only those members of the Board of Pensions that have accepted their position of Trustee in writing. Each individual’s term as Trustee shall coincide with their term on the Board of Pensions, and shall automatically terminate at the conclusion of their term on the Board of Pensions.

1. Miscellaneous Provisions. No Trustee named herein or appointed under this Agreement shall be required to give bond or to file an inventory or accounting in any court, or to render any report in court upon final settlement of acts performed as Trustee, although the Trustees shall make out and keep an inventory and maintain records of all transactions relating hereto in accordance with paragraph 3 of ARTICLE IV and shall exhibit the same to any party in interest at any reasonable time. The initial Trustees shall be: Michael Ball, June Batsel, Laura Brantley, George Brown, Debbie Church, Dennis Covington, Steve Curry, Linda Furtado, Jim Norton, Celena Spiva, Mike Waldrop, and Debbie Woodward. Any succeeding Trustee shall, upon his or her appointment to the Board of Pensions and acceptance of the office of Trustee by written instrument, have the same powers, rights and
 duties, and the same title to the trust estate jointly with the remaining Trustees as if originally appointed. To the extent allowable by law, no Trustees shall be responsible or liable for the acts or omissions of any other of the Trustees or of any predecessor or of a custodian, agent, depositary or counsel selected with reasonable care. The Trustees shall serve without compensation for services rendered to the Trust. Subject to the provisions of paragraph 2 of ARTICLE IV each Trustee may be reimbursed for reasonable expenses incurred by the Trustee directly related to the affairs of the Trust upon prior approval by the Board of Pensions and proper substantiation of such expenses.

ARTICLE IV.

TRUSTEE POWERS AND DUTIES

1. In General. The Trustees shall, to the extent permitted by the Discipline, including, without limitation, Paragraphs 639, 1504, 1506, and 1508 thereof, have the following powers, and any others that may be granted by law, to be exercised as they, in their sole discretion and acting in a fiduciary capacity, may determine; provided the powers are exercised solely in furtherance of the Trust’s Mission and Charitable Purpose:

   (a) To invest and reinvest the principal and income of this Trust in such property, real, personal, or mixed, and in such manner as they shall deem proper, and from time to time to change investments as they shall deem advisable. No principal or income or any other Trust funds or assets may be loaned in any way to any party, whether the Conference, a Trustee or any other person. Loans from the Trust are expressly prohibited. Acting as a co-maker, guarantor, surety, or accommodation party (including the provision of an accommodation mortgage or other security interest) shall be deemed the making of a loan for all purposes in this Agreement and therefore shall be expressly prohibited.

   (b) To sell, lease, or exchange any personal, mixed, or real property, at public auction or by private contract, for such consideration and on such terms as to credit or otherwise, and to make such contracts and enter into such undertakings relating to this Trust property, as they consider advisable, whether or not such leases or contracts may extend beyond the duration of this Trust.

   (c) To execute and deliver deeds, assignments, transfers, mortgages, pledges, leases, covenants, contracts, promissory notes, releases, and other instruments, sealed or unsealed, incident to any transaction in which they engage.

   (d) To vote, to give proxies, to participate in the reorganization, merger or consolidation of any concern, or in the sale, lease, disposition, or distribution of its assets; to join with other security holders in acting through a committee, depositary, voting trustees, or otherwise, and in this connection to delegate authority to such committee, depositary, or trustees and to deposit securities with them or transfer securities to them; to pay assessments levied on securities or to exercise subscription rights in respect of securities.

   (e) To employ a bank or trust company as custodian of any funds or securities and to delegate to it such powers as they deem appropriate; to hold Trust property without indication of fiduciary capacity but only in the name of a registered nominee, provided the Trust property is at all times identified as such on the books of the Trust; to keep any or all of the Trust property or funds in any place or places in the United States of America; to employ clerks, accountants, investment counsel, investment agents, and any special services, and to pay the reasonable compensation and expenses of all such services.

   (f) The Trustees may engage attorneys to provide legal advice to the Trust and the Trustees. The engagement shall be through the Conference as the client, and all communications, advice, correspondences, memoranda and work papers generated in connection with such engagements shall be made fully available to the Conference. The attorney-client privilege shall, to the extent allowable by law, rest with the Conference as the client. No attorney may accept an engagement contrary to this provision, and the Trustees may not in any event engage any attorneys with a conflict of interest with the Conference. The legal fees for such engagement may be paid by the Trust.

2. Conflict of Interest Transactions. A conflict of interest transaction is a transaction effected or proposed to be effected by the Trust with respect to which a Trustee of the Trust has a conflict of interest. A conflict
of interest transaction is not voidable or the basis for imposing liability on the Trustee if the transaction was consistent with the Discipline and fair at the time it was entered into.

(a) Definitions. The following definitions shall apply to the determination of a Trustee’s conflict of interest:

(1) “Conflict of interest” means the interest a Trustee has respecting a transaction effected or proposed to be effected by the Trust, if:

(i) Whether or not the transaction is brought before the Trustees for action, the Trustee knows at the time of commitment that he or she or a related person is a party to the transaction or has a beneficial interest in the transaction the financial significance of which to the Trustee or related person would reasonably be expected to exert an influence on the Trustee’s judgment if the Trustee were called upon to vote on the transaction; or

(ii) Whether or not the transaction is brought before the Trustees for action, the Trustee knows at the time of commitment that any of the following persons is either a party to the transaction or has a beneficial interest in the transaction the financial significance of which to the Trustee or related person would reasonably be expected to exert an influence on the judgment of the Trustee if the Trustee were called upon to vote on the transaction: (i) an entity, other than the Trust, of which the Trustee is a trustee, general partner, agent, or employee; (ii) a person that controls one or more of the entities specified in (i) above or an entity that is controlled by, or is under common control with, one or more of the entities specified in (i) above; or (iii) an individual who is a general partner, principal, or employer of the Trustee.

(2) “Related person” of a Trustee means (i) his or her spouse, parent, or sibling; (ii) a child, grandchild, sibling, parent or spouse of the Trustee or any of the persons in (i); (iii) an individual having the same home address as the Trustee; (iv) a trust or estate of which the Trustee or any person in (i) through (iii) is a substantial beneficiary; or (v) a trust, estate, incompetent conservatee, or minor of which the Trustee is a fiduciary.

(3) “Required disclosure” means disclosure by the Trustee who has a conflict of interest of (i) the existence and nature of his or her conflict of interest; and (ii) all facts known to him or her respecting the subject matter of the transaction that an ordinarily prudent person would reasonably believe to be material to a judgment about whether or not to proceed with the transaction.

(4) “Time of commitment” respecting a transaction means the time when the transaction is consummated or, if made pursuant to contract, the time when the Trust becomes contractually obligated so that its unilateral withdrawal from the transaction would entail significant loss, liability, or other damage.


(a) Integral Part of Conference Financial Records. The Trust shall be fully included in any and all internal or external audits of the Conference. All records (including, but not limited to, notes, minutes, donor lists, privileged communications or memoranda, attorney or accountant work product, third-party agreements, insurance agreements, asset reports or evaluations, appraisals, deeds, records of any restrictions on any gifts, distribution records, and correspondences) of the Trust shall be the property of the Conference and shall be maintained at the Conference offices. To the extent, for any reason, any Trust records are not available at the Conference offices, the Trustees shall promptly provide such records to the Conference, and in all events the Trustees shall make all Trust records fully available to the Conference promptly upon request.
Annual Reports and Certifications. The Trustees shall include in its regular reporting to the Conference, but in no event less frequently than once per year, a report disclosing the investment performance of the Trust, all distributions from and contributions to the Trust, and the historical record of performance of the Trust, including income, gain, loss, distributions, contributions, and fair market value and any other reasonable information, including performance relative to comparable benchmarks. The Conference may request that the Trustees all certify annually in writing to the Conference and the Conference’s CPA that they have no knowledge of any Trust assets or transactions other than those that are shown on the ledgers, journals, statements and other work papers provided by the Trust to the Conference and the Conference’s CPA.

4. Certification of Trust. Any person may rely on a certification of this Trust regarding its existence and validity, signed by the Chair of the Board of Pensions (provided that such Chair is a Trustee), the Treasurer of the Conference, or a licensed attorney on behalf of the Conference. Alternatively, any person may rely on a copy, certified by a notary public, of the executed original of this Agreement, and of any of the notations on it and writings attached to it, as fully as one might rely on the original documents themselves. Any such person may rely fully on any statements of fact certified by anyone who appears from such original documents or from such certified copy to be a Trustee under this Agreement.

5. Meetings. The Trustees shall conduct the business of the Trust during the regularly-held meetings of the Board of Pensions, but may hold other meetings in their discretion. A majority of the total number of Trustees in office shall constitute a quorum for the transaction of business at any meeting of the Trustees.

6. Voting. Except as specifically provided elsewhere in this Agreement, the Trustees, shall act upon the consent of a majority of the Trustees. No meeting of Trustees may be held without proper notice to all Trustees.

7. Delegation. To the extent permitted by the Discipline, the each Trustee is authorized to delegate at any time or from time to time, any or all of the rights, powers, duties and authority granted to a Trustee herein, whether discretionary or ministerial, to any Trustee or Trustees then serving by an instrument in writing signed by all the Trustees; provided, however, that any such delegating instrument shall be revocable at any time.

8. Bylaws. The Board of Pensions shall have the power to adopt, revoke, or amend bylaws from time to time which may set forth policies and guidelines for the operation of the Trust, provided that such bylaws may in no event contradict or supersede the terms of this Agreement, the Discipline, or any applicable law.

ARTICLE V.
TRUSTEE LIABILITY AND INDEMNIFICATION

1. Waiver of Ordinary Liability. No Trustee or his or her heirs, executors, administrators, or legal representatives shall be personally liable for breach of fiduciary duty as a Trustee; provided, however, that such Trustee’s action does not constitute a breach of the Trustee’s duty of loyalty to the Trust, bad faith, intentional misconduct or knowing violation of the law.

2. Indemnification and Advancement of Legal Expenses.

(a) Trustees. If a current or past Trustee, by reason of his or her position as Trustee, or such Trustee’s heirs, executors, administrators or legal representatives, is threatened with or made a party to any action, suit or proceeding, whether threatened, pending or completed, whether civil, criminal, administrative or investigative, or whether formal or informal (a “Proceeding”), then the Trust shall indemnify and advance legal expenses for the defense of the Proceeding; provided, however, that the Trustee acted in good faith and in the belief the action taken was in the best interest of the Trust and not unlawful. Legal expenses shall include counsel fees, fines, judgments, penalties and settlements and the payment thereof shall not be conditioned on the outcome of the Proceeding. These rights are nonexclusive.

(b) Officers, Employees and Agents. If a current or past officer under the bylaws, or employee or agent of the Trust, by reason of his or her position as officer, employee or agent, or such
person’s heirs, executors, administrators or legal representatives, is threatened with or made a party to any Proceeding, then the Trustees, in their discretion, may cause the Trust to indemnify and advance legal expenses for the defense of the Proceeding; provided, however, that the officer, employee or agent acted in good faith and in the belief the action taken was in the best interest of the Trust and not unlawful. Legal expenses shall include counsel fees, fines, judgments, penalties and settlements and the payment thereof shall not be conditioned on the outcome of the Proceeding. These rights are nonexclusive.

(c) **No Indemnification Permitted.** The Trust shall not indemnify and advance legal expenses to any Trustee, officer, employee or agent (or a representative thereof) for acts that are determined in the Proceeding to be a breach of duty of loyalty to the Trust, bad faith, intentional misconduct or a knowing violation of the law; nor if such person shall be adjudged liable, whether or not in an official capacity, based upon receiving an improper personal benefit.

3. **Repeal Not Retroactive.** Any repeal or modification of this ARTICLE V shall not be retroactive.

**ARTICLE VI. DISSOLUTION**

The Trust shall continue in perpetuity unless (a) revoked and terminated upon completion of the following: (i) two-thirds (2/3) vote of the Trustees; and (ii) two-thirds (2/3) vote of the Conference at the Conference annual meeting, or (b) the Trust ceases to qualify as an organization which is exempt from federal income taxation under Section 501(a) of the Code and as an organization described in Section 501(c)(3) of the Code. On such termination, after paying or making provision for the payment of all liabilities of this Trust then outstanding and unpaid, the Trustees shall distribute the assets to the Conference exclusively in furtherance of the Mission and Charitable Purpose of this Trust within the meaning of Section 501(c)(3) and Section 170(c)(2) of the Code, or any corresponding provision of any future federal tax laws. If the Conference is not in existence or is not an organization described in Section 501(c)(3) and Section 170(c)(2) of the Code, then the Trustees, shall distribute the assets to the Southeastern Jurisdiction, United Methodist Church, Inc. Any assets not so disposed of by the Trustees shall be disposed of by a court having equity jurisdiction in the county in which the principal office of this Trust is then located, with the distribution of assets to be made for the Mission and Charitable Purpose as such court shall determine.

**ARTICLE VII. AMENDMENTS**

This Trust may be amended at any time or times only upon the affirmative vote of the following: (i) two-thirds (2/3) vote of the Trustees; and (ii) two-thirds (2/3) vote of the Conference at the Conference annual meeting. In no event may an amendment alter the Mission and Charitable Purpose of the Trust or alter or contradict, or purport to alter or contradict, any or all of the Discipline, or authorize the Trustees to conduct the affairs of this Trust in any manner or for any purpose contrary to the provisions of Section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code. All instruments amending this Agreement shall be noted upon or kept attached to the executed original of this Agreement held by the Trustees.

**ARTICLE VIII. MISCELLANEOUS PROVISIONS**

1. **Situs.** The original situs of the Trust shall be the State of Tennessee and the State of Tennessee shall continue as the situs of the Trust at all times.

2. **Governing Law.** The construction of this Agreement and the validity of the interests created hereby shall be governed by the laws of the State of Tennessee. The Trustees shall have the power to take action to apply the law of a jurisdiction other than the State of Tennessee but shall have no affirmative duty to do so and the Trustees shall be discharged from any and all liability for continuing to administer the Trust under the law of the State of Tennessee or for applying the law of any other jurisdiction. If any portion of this Agreement is held to be void or unenforceable, the remainder shall nevertheless be carried into effect.
3. **Code.** Unless specifically provided to the contrary, the term “Code” shall mean the federal Internal Revenue Code of 1986, as from time to time amended, or any successor federal laws thereto, and shall also include the Treasury regulations promulgated thereunder.

4. **Construction.** Throughout this Agreement, the singular number shall be deemed to include the plural, the plural the singular, and the use of any gender shall be applicable to all genders, as the context may require. Paragraph headings are used for convenience only, and shall not be resorted to for interpretation of this Agreement.

5. **Trustees.** Whenever in this Agreement reference is made to a “Trustee,” such reference shall be deemed to include not only the Trustees expressly named herein, but also any and all successors at any time qualified and acting hereunder.

IN WITNESS WHEREOF, the Settlor and the Trustees have executed this instrument as of the date and year first written above. [Signatures and Exhibits here]

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**2017 Comprehensive Benefit Funding Plan (for 2018)**

**Summary:** Sufficient funds have been apportioned, restricted, or designated to fully fund all of our current obligations and accrued benefit liabilities at or above the 100 percent level.

General Conference 2012 agreed with a recommendation by the General Board of Pension and Health Benefits (GBOPHB), now known as Wespath Benefits and Investments, that every annual conference should have a formal written and approved plan for funding its benefit-related liabilities. The Discipline, ¶1506.6 (2016). This expanded requirement grew out of the financial meltdown of 2008, that left many annual conferences unable to meet their current liabilities, and with no plan for covering their long-term liabilities. We of the Tennessee Conference continue to benefit from the foresight that led us and our predecessors to raise the funds necessary to fund our pension plans fully and to limit our health plan benefits for retirees to an amount that we could reasonably afford.

A detailed 2018 Comprehensive Benefit Funding Plan was approved by Wespath Benefits and Investments (Wespath) and the Conference Board of Pensions, and is recommended to the Annual Conference for its approval. A recap follows here; the full plan summary can be found on the conference website under Finance and Resources, Administrative Services tab, Conference Financials tab.

**Defined Benefit Corridor Funding (comprised of Clergy Retirement Security Plan Defined Benefit and MPP Annuities):** The Funded Ratio for Contributions for 2018 has been calculated by Wespath to be 105.9 percent. Since this exceeds 100 percent, the Tennessee Conference has no current unfunded liability.

**Pre-82 Plan (Supplement One to CRSP):** The PSR is set each year at an amount expected to exceed 1 percent of the Conference Average Compensation (CAC). Based on a PSR for 2018 of $703 (1.04% of CAC), the Pre-82 Plan will have a funded ratio of approximately 101 percent. Because of changes in plan design and funding, it is likely that the Tennessee Conference will be required to contribute new money to the Pre-82 Plan for the first time in years. The projected contributions will be $160,698 (12/31/2017) and $98,008 (12/31/2018).

**Post-Retirement Medical Benefits** are provided only to persons who are eligible and take full retirement at age 62, and continues only until those persons reach age 65. Assets set aside for this benefit exceed the liability by 17.3 percent (117.3 percent funded ratio).

**Conference Health Plan (Active)** is a self-funded plan. It was projected to receive 70 percent of its funding through apportionments in 2016, and as a result the plan had net loss of $424,553, which was funded from reserves. Because of the depletion of reserves built up in good years, the conference is being asked to increase its apportionment.
funding for the health plan. In addition to paying current expenses each year, the health plan seeks to have reserves on hand equal to at least 25 percent of annual expenses. Projected reserves for 2018 are 23 percent.

**Other benefits:** The Comprehensive Protection Plan (CPP) (for full-time clergy) and the UMPIP 403(b) retirement plan (for less-than-full-time clergy, and conference lay staff) are fully funded each year from a combination of pensions apportionments and from reserves.

Jim Allen
Conference Treasurer

Steve Curry
Chair, Conference Board of Pensions

**TO BE ADDED LATER:**
Board of Pensions Supplement Report
(Deaths, Grants & Incapacity Leave)