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 Wespath Benefits and Investments (Wespath), formerly known as General Board of Pension and Health Benefits. The Tennessee Conference’s retirement plans are projected to be funded at 105 percent – 109 percent in 2020.

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 2020, CFA approved apportionment funding to cover only 16 percent of our estimated pension obligations. The remaining 84 percent will be funded through withdrawals from the conference’s pension reserves. This is part of a 10-year plan to reduce the church’s apportionments by drawing down accumulated reserves, which through God’s blessings have grown more than anticipated.

The 2020 Comprehensive Benefit Funding Plan has been prepared and submitted to Wespath 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 for 2020 of $725 for pre-1982 service years. This represents a 1.5 percent increase over the 2019 rate ($714) and is 1.043 percent of the CAC.

The 2017 annual conference authorized the creation of a Pension Reserve Trust (“Trust”), with a goal of better protecting the pension assets that are held outside of our plans at Wespath. That was accomplished, with all assets being conveyed or redirected into the Trust. We have given Treasurer Jim Allen the authority to make routine, budgeted transactions into and out of the Trust as provided in our approved budget; but otherwise, the Trust assets are restricted to uses approved by its trustees.

The board expresses our thanks to the 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 Retirement Planning Seminar for clergy and lay staff considering retirement in October.

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

REMINDEERS
1. Wespath 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 2020 Tennessee Conference Comprehensive Benefit Funding Plan
2. A past service rate of $725 for pre-1982 service years, effective January 1, 2020