

SECTION II

FINANCIAL AND
ADMINISTRATIVE
MINISTRIES

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FINANCIAL AND ADMINISTRATIVE MINISTRIES

BOARD OF TRUSTEES

Report #1 - Abandoned and Discontinued Church Property

Abandoned and discontinued church property that belongs to the conference is being studied and tracked to determine that conference approved actions are followed.

Report #2 - Conference-Owned Property

The conference Trustees are entrusted with the care of all property that is in the service of the annual conference as a whole. These properties consist of the United Methodist Building, the Episcopal Residence and the multipurpose buildings in the Seashore District. Two other modular buildings that were donated to the conference are also being utilized in the recovery effort.

Maintenance of Properties

The Episcopal Residence is properly maintained. Any needs made known to the Trustees have been cared for. Parking during committee meetings in the headquarters building has been addressed by providing parking to the staff at a city-operated garage. The building is in good repair, and adequate office space for the current staff is available.

Insurance

All properties of the conference are properly insured. The conference insurance is adequate at the present time. The Trustees believe the conference as a whole is better protected as a result of the minimum coverage standards adopted in 2004 and the conference wide program adopted in 2005. Gallagher Risk Management located in Jackson has been engaged to provide the program administration and risk management services for the conference wide program provided through PACT.

The 2006 conference in session determined that the Trustees, CFA and Cabinet should determine the carrier for the conference wide program should there become a need to change from UM PACT. This group met in March 2008 and authorized the Trustees to review other proposals for the conference wide program provider. After consultation with an insurance professional and the Conference Chancellor, it was determined that UM PACT continued to be the best provider for the conference wide insurance plan.

The required levels of insurance approved at the 2004 Annual Conference are as follows:

Minimum Coverage Standards

1. Pastoral Professional Liability	
Limit Each Claim / Annual Aggregate	\$1,000,000 / \$3,000,000
2. Directors and Officers Liability – Claims Made Coverage	
Limit Each Claim / Annual Aggregate	\$1,000,000 / \$1,000,000
3. Bodily Injury and Property Damage Liability (limit per accident)	
Leased Vehicles / Hired and Non-Owned Vehicles	\$1,000,000
4. Physical or Sexual Abuse Liability (Sexual acts liability)	\$1,000,000
5. Commercial Automobile Liability	
Church Owned Vehicles	\$1,000,000
6. Volunteer Liability	
Church Members With Respect to Duties As Such	\$1,000,000
7. General Liability	\$1,000,000 / \$3,000,000

Debt on Conference Properties

The debt on the United Methodist Building has been retired. In an effort to maximum interest earnings the Council on Finance and Administration authorized use of reserve funds to pay the headquarters building debt. The principal shall continue to be apportioned until the \$140,242 is replaced in the reserve fund. The anticipated amount needed and recommended for apportionment for 2009 is \$5,785. If collected at 100%, then there will be no need for apportionment in the future to retire this debt.

Records and Legal Documents

The legal documents and records are held in the office of finance in Jackson.

Rev. Henderson Raspberry, Chair

BOARD OF PENSIONS

Report #1

Recommendation for Service Rates

We recommend the following for 2009:

- Clergy Retirement Security Program (CRSP) defined contribution 3%.
- CPP funding rate of 3%. All optional coverage costs shall be borne by the insured.
- Past Service Rate, \$457 per service year.
- Approved Supply Service Rate, \$457 per service year.

We recommend that surviving spouses support, for pre-82 years, be set at 75 percent of the minister's compensation.

Phase in of Direct Bill Process Beginning in 2009

Realizing that the direct bill process will affect churches in different ways and realizing that the true cost of clergy support is not fully understood by the funding of pensions and insurance through apportionments, the conference Board of Pensions recommends that the 2008 annual conference adopt a four phase process of direct bill as defined in CFA report number one. It will be necessary to do this in phases so as to allow the local church to prepare for the related cost. Request is also made of the appointive cabinet and Bishop to access the appointment where ever necessary to make this process work in a manner that will allow the church to continue to make disciples of Jesus Christ for the transformation of the world.

Pension: Benefits and Liaison Offices

The work of the Board of Pensions is carried out through the conference benefits officer who is also the conference treasurer and through the pension liaison officer. At the present time, the conference benefits officer is David Stotts and the pension liaison officer is Byrd Hillman. These two offices interface with the General Board of Pensions and assist the bishop and Cabinet in pension matters. These two offices are also available to assist participants with questions that relate to pensions and health benefits.

The benefits officer can be contacted through the conference treasurer's office at 601-354-0515 or 866-647-7486 or at P. O. Box 1201, Jackson, MS 39215. The liaison officer can be contacted at 662-289-2484 or 1-800-586-0113 or at 25274 Highway 19 North, Kosciusko, MS 39090.

Unfunded Liability

Virtually all of the United Methodist clergy appointed by the Mississippi Annual Conference prior to 1982 are covered by Supplement One to the Ministerial Pension Plan. All assets of the plan are available to pay all benefits of the plan regardless of the annual conference from which contributions came or under which the benefits accrued. However, because each annual conference controls certain benefit provisions of the plan, funding requirements are determined separately for each conference.

Each year the Actuarial Department of the General Board of Pensions values the benefits provided under the plan and reviews our conference funding plan. That General Board of Pension and Health Benefits approved plan may be read in its entirety in the conference Board of Pensions report number 3. Our liability increases when we increase the past service rate, and we reduce our liability when we make annual payments in accordance with our funding plan. Actuarial experience and investment performance are factors in this computation. Investment performance during the past year has challenged money managers to review long-term strategies. Your Board of Pensions is studying various plans to maximize return on invested funds. The revised plans will acknowledge reduced rates of returns for the short-term.

Pension Apportionments Must Be Paid in Full

Each pastor and each church must understand the necessity of paying the pension apportionment in full each year. The board must pay the retirement payment to ministers and their surviving spouses and dependent children as well as make the CRSP and CPP payments for active ministers who are presently serving. The General Church feels that the pension apportionment is of such importance that it ranks equal to the pastor's salary. If the pastor receives his/her salary, so should those who have retired. (Par. 636.4, 2004 *Discipline*) It is the plan of the Board of Pensions to keep careful records of non-payment and to contact pastors, churches, and district superintendents where this has occurred for the purpose of collecting arrearage. In January 2008, 223 churches were contacted that failed to pay the 2007 pension apportionment at 100%. The total unpaid was \$219,470. After the correspondence, over \$55,000 was received. The board will contact the churches again in 2009. The conference treasurer's office will also keep this issue before the churches through mass communications.

Investments

The money of the Board of Pensions is invested with the General Board of Pensions in what is called the Multiple Asset Account and the Short Term Investment Fund and with the Mississippi United Methodist Foundation. All of our investments are made with the consent of the conference board using the guidelines of the General Board of Pensions. At year-end, we had \$603,381 invested with the General Board of Pensions and \$4,041,093 invested at the Foundation.

General SEF

For several years we have received from the General Church an amount of money called the Temporary General Aid. This was to help with pension costs in conferences that merged with conferences of the former Central Jurisdiction. There is no longer a Temporary General Aid apportioned to the churches; however, a portion of World Service was designated for this purpose. Last year we received \$35,634.

Minister's Personal Contributions

Each minister is given the opportunity to participate in the United Methodist Personal Investment Plan (UM PIP) of the General Board of Pension and Health Benefits. Ministers can decide how much they want to invest each month. It can be tax paid or tax deferred. The minister may choose one of two ways to contribute the money: (1) salary reduction – The check must be sent by the church treasurer in order to qualify, and it should be so stated to the General Board. The amount is to be deducted from the W-2 form, and Social Security is not paid on this amount; the amount is not subject to income tax until withdrawn. (2) tax paid – Under this plan the minister must pay income tax on the amount contributed but will not pay tax on interest received until it is withdrawn.

If a minister moves he/she must make a new contract with the new church for his/her UM PIP and report it to the General Board.

Retired Ministers

Rental/housing allowances. A resolution in regard to a rental/housing allowance is part of this report. Each retired minister is requested to study this resolution carefully. Let it also be emphasized that adequate records must be kept in order to justify expenses claimed.

Should a retired minister die during the year, exclusion for rental/housing allowance is available with respect to the income of the minister during the time he or she was alive. However, the exclusion is not available to the surviving spouse.

Moving expense. It is our recommendation that the moving expense for retirees moving to their retirement home be paid out of the Board of Ordained Ministry fund based on the guidelines that have been recommended by CFA.

Special Arrangements for CPP and Death Benefit

The conference Board of Pensions acknowledges that the benefits for clergy should be provided on an equal basis for all. Therefore, to be uniform in providing the CPP death and disability benefits, the Board recommends that all full-time clergy covered by CRSP be covered in the CPP program with the cost paid by the apportionments.

The board believes that coverage for death and disability should also be available to all clergy who are on sabbatical leave, family leave, incapacity leave not receiving CPP benefits, leave of absence, attending

school, or appointed to less than full time service. The coverage is available through the General Board of Pensions CPP program. The conference Board of Pensions recommends that the coverage be made available to those listed and that the cost shall be paid by the insured participant.

Conference Authorization

It is the policy of the conference Board of Pensions, through its treasurer, to place with the General Board of Pensions such funds as it receives from time to time. Such funds are to be invested by the General Board of Pensions for the use and benefit of said conference Board of Pensions, to transfer from the deposit account and/or STIRA an amount required for the monthly and annual payments to the General Board of Pensions for the cost of our pension program.

Program on Pensions

We encourage districts to initiate programs for information on the new pension program. The conference benefits officer or the pension liaison officer and others representing the conference Board of Pensions and Health Benefits will be glad to explain any phase of the pension programs to district ministers and their spouses, and to any called meeting of ministers and laypersons. Adequate time for full presentation and questions should be allowed.

In the fall of 2008 and the spring of 2009 we plan to offer education forums in structuring the salary compensation package and the explanation of the CRSP plan. In the spring of 2009 we plan to hold an informational workshop for those contemplating retirement within the next 5 – 7 years. Also, we plan to offer, in cooperation with the conference Board of Ordained Ministry, Lifetime Planning Seminars for younger pastors.

Gifts and Wills

In 2007, the conference Board of Pensions was the recipient of the life insurance proceeds on the life of Mrs. Vivian Filgo. The conference was also one of the residuary beneficiary under the will of Mrs. Dorothy Truex. The total amount of \$60,316.52 was invested in the Mississippi United Methodist Foundation in an endowment fund. The endowment fund was named the Mississippi Conference Board of Pensions Endowment Fund. The interest will be transferred annually to the board of pensions in an effort to begin to reduce the need of the apportionment requirements. The conference Board of Pensions will begin an education process of encouraging others (both lay and clergy) to add to this endowment through their wills.

The conference Board of Pensions have acknowledged these gracious gifts and ask that the annual conference secretary on behalf of the 2008 annual conference session also acknowledge these gifts by contacting the donor's families.

Your board does not want anyone to give money for pensions and neglect the work of the local church and conference. However, every appeal possible must be made to faithful supporters of local churches who have large sums of money, real estate, bonds and equities, and who give liberally to other causes that appeal to them. If the church does not present itself as a worthy cause to such persons, then one can be sure that projects outside the Church will appeal and likely receive substantial contributions.

Social Security for Ministers

Social Security is a vital part of a minister's financial plan. This gives protection for retirement, disability, and survivor benefits, as well as Medicare. If a minister has any questions related to his/her relationship to Social Security, please contact your local Social Security office.

Apportionment

We recommend that \$4,592,977 be apportioned by the Council on Finance and Administration for pensions and benefit support for the calendar year 2009. We also understand and completely support reducing the amount by \$900,000 in the event the direct bill process is adopted.

*Dr. G. E. Jones, Chairman
Rev. Byrd Hillman, Pension Liaison Officer
David Stotts, Conference Benefits Officer*

*Report #2***Item No. 1**

The following conference claimants have died during the 2007 – 2008 year:

<u>MINISTER OF CONFERENCE</u>	<u>DATE OF DEATH</u>
B.P. Jackson	June 26, 2007
William Ford Pickens	July 5, 2007
William Breland	September 1, 2007
Rush Glenn Miller, Sr.	October 3, 2007
Huey E. Wood	October 13, 2007
Clinton Joe Collier	October 18, 2007
Doc Jeter	November 2, 2007
Elder Howell Sr.	November 6, 2007
John Ed Thomas III	November 24, 2007
Jesse C. Killingsworth	December 2, 2007
Harry Lee Cottrell	April 9, 2008
Henry L. Wigginton	April 21, 2008
Riley Burton	May 2, 2008

<u>DECEASED SPOUSES</u>	<u>DEATH DATE</u>	<u>MINISTER OF CONFERENCE</u>
Arville Campbell	May 8, 2007	Floyd Campbell
Helen Gower. Skelton	July 2, 2007	George A. Skelton
Vanilla Johnson	July 17, 2007	Allen Levi Johnson
Ruth E. Stokes	July 19, 2007	Wilmer V. Stokes
Alice Virginia Allen	July 28, 2007	Smith Willie Allen
Charlie Mae Herod	September 16, 2007	Arthur Herod
Larine P. Jackson	September 18, 2007	B. P. Jackson
Mamie Brothers Dement	October 7, 2007	Frank E. Dement, Jr.
Carrie Mainers	October 11, 2007	William Shelby Mainers
Aleen Payne	November 22, 2007	Howard Talley Payne
Cecelia Abel	December 6, 2007	Ferrell Leon Abel
Julia Long Schultz	December 19, 2007	Charles S. Schultz
Helen D. Phillips	December 26, 2007	Walter M. Phillips
Velma Duke	December 30, 2007	Fred E. Duke
Rosemary Stewart Lawrence	January 6, 2008	G. Roy Lawrence
Maxine Arender	January 11, 2008	Clyde T. Arender
Autra Barnes	January 12, 2008	Julius Kirk Barnes
Leola Speed Boone	January 18, 2008	Norman Uudell Boone
Mattie Inez Box	March 18, 2008	Dabney Box
Fannie Havens	April 17, 2008	Lyman E. Havens, Jr.
Susan Bond	May 6, 2008	John W. Bond
Mary Core Howell	May 11, 2008	L. Glenn Howell

Item No. 2

Incapacity leave and renewals are granted only if disability benefits are approved from the Comprehensive Protection Plan (CPP) by the Disability Committee of the General Board of Pensions. We recommend that incapacity leave be granted to the following ministers:

Larry Bolton	Dale F. Glenn	Richard Sebren
John Bond	Walter Hughley	Bobby Joe Shell –
Carlos Perez-Bonilla	Don McCain	(To retire in August, 2007)
Cora Crumble	Carlos Perez-Bonilla	John Staggs
Harry Davis	Marilyn Perine	John Thomas Tucker
Stephen G. Dial	Patrick Phillips	David Willoughby
	Tom Samson	

Item No. 3

The Board of Pensions recommends that the following dependent adult children of deceased ministers be granted a child's benefit based upon the pension credit of the minister:

CHILD	MINISTER	YEARS
E. Dean Gemeny	Edgar D. Gemeny	15.75
Beulah Irving	William R. Irving	4.75
Jo Ruth Lawhon	L. C. Lawhon	27.5
Isaac M. Leverette	Harold Leverette	18.5
Virginia Presley	Earl Presley	37.5

Item No. 4

The following ministers serving in Extension Ministries in 2007-2008 served with pension responsibility on the conference:

Jerry Beam	Carl Grubbs	David Price
Willis Britt	Vera Hall	Robert Rambo
Steve Casteel	Phillip Heidelberg	Roger Shock
Sheila Cumbest	Embra Jackson	Victoria Sizemore-Tandy
Dawn Flowers	Giles Lindley	Timothy Thompson
Michelle Foster	Fitzgerald Lovett	Eddie Willis
Hugh Griffith	William T McAlilly	Victoria White

Item No. 5

The following ministers serving in Extension Ministries in 2007-2008 served with pension responsibility on the institution or agency served:

Martha Alexander	Hubert Dale Hathorn	Jeff Prewitt
Kurt Appel	Sherry Bryant Johnson	Joseph Ranager
Loye B. Ashton	Rusty Keen	Joseph T. Reiff
Michael Baker	Marvin R. King	James W. Richardson
Ron Barham	Gary Knight	John Richardson
Alice Carol Burnett	Walter N. Leverette	Dorothy Dickson-Rishel
Charles Campbell	Gerald Douglas Lord	Sallie Fran Ross
Victor Chatham	Kristen Matheny	Connie Mitchell Shelton
Julie Porall Collins	Tiffany Jo McDonald	Joey Shelton
A W Crump, Jr.	J. Ronald McDougald	Casey Marion Smith, Jr.
Michael Culbreth	William H. Miskelly	Shane Stanford
Allison Carr Dickerson	Elijah Mitchell	Richard E. Stoglin
Roger A. Flowers	Tommy Mitchell	Paul Y. Tashiro
David Fuqua	Albert D. Mosley	Stephen L. Vinson
John Garrott	Edward Norris	David White
Lisa Garvin	Dale Y. Owen	Susan Lee Woodard
Theodore James Giordano	Larue Owen	John W. Yeates
John Robert Hall	Tiffany Jo Padgett	J. Daniel Young
Wayland Hamlin	Nathan Joseph Payne	Rebecca Carol Youngblood
	Gregory Pittman	

Item No. 6

The policy of the Board of Pensions in determining pension responsibility for Extension Ministries is the pension responsibility lies with the salary-paying institution or agency. If the appointment's salary support is paid by the conference, then the pension responsibility belongs to the conference. If the appointment's salary support is paid by the institution or agency, then the pension responsibility belongs to the salary-paying unit. Note that ministers who are serving in an Extension Ministry must assume responsibility to see that their pension is being cared for. The Board of Pensions has entered into agreements with those extensions ministries who desire to cover their clergy by CRSP. The cost shall be paid by the extension ministry.

Item No. 7

Annuity payments related to pre-1982 service in the Mississippi Annual Conference have been reviewed and have been found to be accurate. A copy of the detailed report has been filed with the Conference Benefits Officer, David Stotts, and is available for review upon request.

Dr. G. E. Jones, Chairperson
David Stotts, CPA, Conference Benefits Officer
Rev. Byrd Hillman, Jr., Liaison Officer

*Report #3 - Mississippi Annual Conference Funding Plan
for Supplement One to the Clergy Retirement Security Program*

As of January 1, 2007, for 2008

The 2008 Past Service Rate (PSR) for the Mississippi Annual Conference is \$441 or .80 percent of Conference Average Compensation (CAC). Our conference Board of Pensions will seek to maintain a PSR increase of 2.0 percent per year for the foreseeable future. Our historical CAC increases have averaged 3.5% when we only consider the years without corrections. However, we do not expect these increases to continue in the future. Due to increased local church, conference, and recovery efforts we would expect increases in the CAC to be in the 3% range.

The General Board of Pension and Health Benefits has determined that the portion of the pre-1982 plan liability attributable to Mississippi Annual Conference is \$50,347,728 as of Jan. 1, 2007, based on 7 percent interest and a 3 percent PSR increase assumption and a 2009 PSR of \$457. Plan funds currently held with the General Board of Pension and Health Benefits have a value of \$45,607,981 as of Jan. 1, 2007.

The difference between the total plan liability and current plan funding is \$4,739,747 as of Jan. 1, 2007. Projecting this amount forward to 2008, produces an unfunded plan liability of \$5,071,529. This unfunded liability will be provided through non-plan funds that are held in various investment sources. The conference intends for contributions to be made within the 14 year period, ending December 31, 2021.

Our conference funds plan benefits through several potential funding sources. Both the interest and principal of non-plan funds may be available for retirement funding needs. Below is a description of the non-plan assets available to pay the present value of future contributions:

- The conference maintains a deposit account with the General Board of Pension And Health Benefits that has a value of \$603,381 as of January 1, 2008. Both the interest and principal from this account are available to meet future contribution requirements.
- The conference maintains a Superannuate Endowment Fund with the General Board of Pension and Health Benefits that has a value of \$868,801 as of January 1, 2008. The original principal in this fund was \$146,247.
- The conference maintains two investment funds with the Mississippi United Methodist Foundation that have a value of \$4,041,093 as of January 1, 2008. Both the interest and principal from these accounts are available to meet funding requirements. The conference maintains an account with Trustmark National Bank that has a value of \$391,917, which includes a deposit in transit of \$318,186, as of January 1, 2008. The account is available to meet future contribution requirements.

The funding plan as of January 1, 2008, is summarized below:

Supplement One Liability* of	
PSR Increase of 3%, 1/1/2007	\$50,347,728
Current Plan Funding, 1/1/2007	45,607,981
Plan Funded Status, 1/1/2007	<u>\$4,739,747</u>
Expected Interest at 7% to 12/31/2007	331,782
Plan Funded Status, 1/1/2008	<u>\$5,071,529</u>
Assets contributed but not yet included in	
Current Plan Funding as of 1/1/2007	<u>3,817,372</u>
Plan Funded Status including above assets	<u>\$1,254,157</u>

Additional Plan Assets, 1/1/2008:	
General Deposit Account	\$ 603,381
Superannuate Endowment Fund	868,801
Methodist Foundation Trust	4,041,093
Trustmark National Bank	391,917
Total Additional Plan Assets	<u>\$ 5,905,192</u>

*Assuming 7% and the RP-2000 mortality table

Signed and dated: April 21, 2008

David Stotts, CPA, Conference Benefits Officer

BOARD OF MEDICAL BENEFITS

The Board of Medical Benefits believes that the conference is providing a financially sound and diverse benefit plan. With the addition of the Amazing Pace wellness and disease management program, the High Deductible Plan, and the dental and vision policies, the plan is well positioned for the future by providing a well-rounded program for managing health care and promoting wellness.

There are two types of plan amendments being recommended by the Board. The first type is those amendments that will have to be made whether we move the administration to Blue Cross Blue Shield or not. The second type is those amendments that will have to be made if we are to move into the Blue Cross Blue Shield administration and networks.

Plan Amendments Type 1

Action Item 1

Effective April 1, 2007, allow the employees of the Mississippi Conference UMC Disaster Response, Inc participation in the plan provided each participant meets the other requirements.

Rationale: These employees were conference employees and participated in the plan as such until April 1, 2007. At that time, they were allowed to stay in the plan on continuation coverage. Without this action, the continuation coverage would end and the employees would no longer have the coverage. This action would also allow those participants to have the one year continuation coverage when the recovery effort ends. Their participation has been good for the plan as well as the participants. The Board recommends approval of this amendment.

Action Item 2

Effective August 1, 2008, full time employees of a local church or other United Methodist entity would be included in the list of eligible employees provided:

- a. The employer is covered under the United Methodist group exemption letter ruling and is domiciled in the bounds of the Mississippi Conference, and
- b. 65% of the full time eligible employees of the salary paying unit enroll.

Rationale: It is important to have benefits for full time employees if the group is to attract the qualified and hope to have some stability in the job place. The General Board of Pensions and Health Benefits now offers retirement plans for the same group. This action will also allow the growth of the plan without negatively affecting the viability of the plan through adverse selection. The Board recommends approval of this amendment.

Action Item 3

Effective July 1, 2008, dependents will be allowed to remain on the policy until they reach the age of 25 provided they are not eligible for other coverage.

Rationale: There have been cases where dependents under the age of 25 and who are not attending school have not had health coverage. The plan currently requires the dependent to be in school to retain coverage after their 19th birthday. There have been cases where a dependent is not in school and not eligible for other coverage or unable to obtain other coverage because of pre-existing conditions which we were covering. The Board recommends approval of this amendment.

Plan Amendments Type 2

Action Item

The Board of Medical Benefits has studied our current providers of health care and administration and 2 other provider alternatives. Reasons for considering a change were (1) to obtain a larger network of providers of health care specifically in some outlying parts of the conference and (2) to reduce the cost of our plan.

The Board recommends that Annual Conference approve moving the administration and providers of the plan to Blue Cross Blue Shield network effective August 1, 2008.

Annual Conference will need to amend the plan in the following areas to adapt our plan to the Blue Cross Blue Shield administrative model. They are as follows:

- a. Utilize Healthy You as the wellness benefits.
- b. Standardize the co-pay amount for the drug coverage. The co-pays will be:
 1. Generic Drugs \$10
 2. Formulary Drugs \$25
 3. Non Formulary Level 1 \$40
 4. Non Formulary Level 2 \$40
- c. Provide outpatient substance abuse at 80% per visit for up to 50 visits and limited to the calendar year limitation of \$5,000 and lifetime benefit of \$50,000.
- d. Home Health Care benefits will be limited to 80% per visit up to 100 visits per year.

Rationale: The cost savings of the overall plan will be greatly enhanced. Our discounts could increase as much as 15 additional percentage points based on 2007 utilization. The number of providers would increase by as much as 50% and would give us better coverage in the outlying areas of the conference. The Board recommends approval.

2009 Apportionments and Rates Recommendation

In seeking to work with the Conference Council on Finance and Administration, the Board of Medical Benefits asked for the apportionments to be set at \$5,026,516, a reduction of \$ 129,341. Apportionments provide approximately 2/3 of the cost of the plan.

The remaining 1/3 of revenues required to meet our obligations come from participant payments both for a part of the individual coverage and for dependent coverage. The board will recommend a maximum rate increase to cover the approximate 1/3 remaining cost of the plan.

The rate increase if Blue Cross Blue Shield is approved is approximately 5%. If the Annual Conference rejects the Board's request to move to Blue Cross Blue Shield, the projected rate increase will exceed 22%. The difference in the increases is due to the savings that will be realized with the Blue Cross Blue Shield network. The board asks permission to reduce the projected rates after a study of the first 9 months of utilization of 2008. The rates will be announced before November 1, 2008, to become effective January 1, 2008. The maximum rates recommended for 2009 based on the move to the Blue Cross Blue Shield network is as follows:

Participant Class	2008 Rates	2009 BCBS Maximum Rates
Salary Paying Unit	\$ 617	\$ 764
\$600 Deductible Plan		
Participant	\$ 112	\$ 118
Spouse (Participant Cost Included)	\$ 529	\$ 560
Dependents(Participant Cost Included)	\$ 458	\$ 485
Full Family(Participant Cost Included)	\$ 700	\$ 735
Medicare Eligible Plan		
Retiree	\$ 345	\$ 360
Spouse of Retiree	\$ 236	\$ 250

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Participant Class	2008 Rates	2009 BCBS Maximum Rates
High Deductible Plan		
Participant	\$ 94	\$ 100
Spouse(Participant Cost Included)	\$ 457	\$ 480
Dependents(Participant Cost Included)	\$ 390	\$ 410
Full Family(Participant Cost Included)	\$ 595	\$ 625

*Debra Strong, Chairperson
David Stotts, CPA, Conference Benefits Officer
Jackie McGough, Administrative Assistant to CBO*