

SECTION IV

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 and the Episcopal Residence in Jackson. The two modular buildings remain in the Seashore District. One of the two modular buildings that was donated to the conference was partially destroyed by fire and has been disposed of. The other modular building continues to be utilized in the recovery effort.

There are two permanent buildings constructed by the recovery efforts. They are owned by the conference and were built on land contractually leased for 35 years from Vanclave UMC and Nugent UMC. When the Katrina recovery efforts are complete, the buildings may be utilized by those local churches where the property was constructed. In the event of a future recovery need, the property by contractual lease will temporarily revert to those recovery efforts.

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 wide insurance program 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 Ridgeland, MS continues to provide the program administration and risk management services for the conference wide program. The program is financially stable and continues to insure 857 of the 1,139 local churches. The program also continues to insure conference entities.

Minimum Coverage Standards

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

- | | |
|---|---------------------------|
| 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 |

The churches that are not insured by the conference wide program shall be required to submit their declaration page proving that they are in compliance with the minimum coverage standards as a part of their charge conference reports. To provide protection for the conference and all of the churches of the conference, churches not in the conference wide program shall be asked to list the Mississippi Conference United Methodist Church as an additional insured on their policy and submit proof to the Charge conference.

Debt on Conference Properties

There is no debt on any of the conference property.

Records and Legal Documents

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

Rev. Henderson Rasberry, Chair

BOARD OF PENSIONS

Report #1

Action Item for Service Rate and CPP/CRSP

We recommend the following for 2010:

Clergy Retirement Security Program (CRSP) defined contribution three-percent (3%). CPP funding rate of three-percent (3%). All optional coverage costs shall be borne by the insured.

Past Service Rate, \$476 per service year.

Approved Supply Service Rate, \$476 per service year.

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

Report of Direct Bill Phase One

The Board of Pensions began the Phase One of Direct Bill as directed by the 2008 Annual Conference. This phase was for the Comprehensive Protection Plan that covers only full-time clergy. There were 464 churches affected by the Phase One. The rate was set at \$1,630 annually per full-time clergy. Collection rate is favorable as of March 31, 2009. The collection rate as of May 31, 2009 will be shared with the annual conference during the presentation of the Pension Report.

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. Working in the Conference Benefits office is the pension liaison officer and a clerical billing assistant. At the present time, the conference benefits officer is David Stotts, the pension liaison officer is Byrd Hillman and the clerical billing assistant is Dee Harris. The Conference Benefits Office interfaces with the General Board of Pensions and assists the bishop and Cabinet in pension matters. The office is also available to assist participants with questions that relate to pensions and health benefits.

The benefits officer and clerical billing assistant 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 #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 and Direct Billings Must be Paid in Full

Each pastor and each church must understand the necessity of paying the pension apportionment and direct billing in full each year. The board must fund 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. 639.4(a), 2008 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. The Board of Pensions notified each church in the fall of 2008 of their unpaid pension apportionment. 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 \$702,000 invested with the General Board of Pensions and \$3,106,606 invested at the Mississippi UM 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 \$23,170.

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 has been presented for action at this session of annual conference. 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 direct bill to the local employing unit.

The board believes that coverage for death and disability should also be available to all eligible clergy who are on sabbatical leave, family leave, incapacity leave and 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 education on the pension plans. The conference Board of Pensions will be glad to arrange programming and education events 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. Contact the Conference Benefits Office to arrange one of these meetings.

In the fall of 2009 we plan to offer an education forum highlighting (1) structuring the salary compensation package, (2) explanation of the available retirement plans, (3) workshops for those contemplating retirement within the next 5 to 7 years, and (4) a lifetime planning seminars for interested pastors and their spouses. This event will be in coordinated with the conference Board of Ordained Ministry, the Stewardship Table, Mississippi United Methodist Foundation and various general church agencies.

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 named the Mississippi Conference Board of Pensions Endowment Fund. Adding this to the existing funds, the endowment was valued at \$349,325 as of December 31, 2008. The interest will be transferred annually to the board of pensions in an effort to begin to reduce the need of the apportionment and direct billing 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.

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.

2010 Funding Plan

The Conference Board of Pensions offers the following three (3) methods for the 2009 annual conference to determine which one will become the funding plan for 2010 totaling \$5,002,884.

1. Phase One be billed at three-percent (3%) of the plan compensation for each full-time minister with the apportionment to be \$4,102,884.

2. Phase One be billed at three-percent (3%) of the plan compensation for each full-time minister and Phase Two be billed at three-percent (3%) of the plan compensation for all participants in the Clergy Retirement Security Plan with the apportionment of \$3,202,884.

3. Phase One be billed at three-percent (3%) of the plan compensation for each full-time minister; Phase Two be billed at three-percent (3%) of the plan compensation for all participants in the Clergy Retirement Security Plan; and Phase Three be billed at 11.5-percent of the plan compensation for all participants in the Clergy Retirement Security Plan with the apportionment set at zero (0).

The Conference Board of Pensions recommends that the 2009 Annual Conference adopt Method Number Three (3) above.

Dr. G. E. Jones, Chairman

Report #2

Item No. 1

The following conference claimants have died as of March 17, 2009, during the 2008 – 2009 year:

MINISTER OF CONFERENCE	DATE OF DEATH
Ronald Jerry Barham	July 20, 2008
George Harold Fleming, Sr.	August 6, 2008
William Shelby Mainers	September 9, 2008
Marion Selby Alsworth	September 21, 2008
G. Eliot Jones	November 17, 2008
Burnell Phillips	December 28, 2008
Dolphus Paul Williamson	January 16, 2009

DECEASED SPOUSES	MINISTER OF CONFERENCE	DEATH DATE
Minta J. Pearson	William Lee Pearson	October 19, 2004
Sarah Jo Wilson Dyess	Arvah Eugene Dyess	July 10, 2008
Jewel Scott	Harry Scott	September 3, 2008
Ruth Koon Wilson	John Thomas Wilson	September 4, 2008
Geneva Taylor	Wendell P. C. Taylor	October 8, 2008
Hazel C. Fairchild	Ben Frank Fairchild	October 8, 2008
Mary Norwood	Wallace C. Norwood	November 4, 2008
Bill C. Flynn	Betty W. Flynn	November 11, 2008
India Walker Belle	Preston Charles Belle	November 20, 2008
Luquester Sherrod	John E. Sherrod	November 26, 2008
Barbara L. Linton	Louis Paul Linton	December 1, 2008
Nell Jernigan Butts	Stanton M. Butts	January 1, 2009
Mildred Causey Jones	G. Eliot Jones	January 10, 2009
Carolyn Sowell	Grady Sowell	January 22, 2009
Mary Vandiver	John T. Vandiver	February 7, 2009
Mamie Knox	Jesse J. Knox, Jr.	March 3, 2009
Rachel Lander	Percy W. Lander	March 8, 2009
Claudell (Dell) Moffat	Curtis Moffat	March 17, 2009

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 Darnell Bolton	Stephen G. Dial	Patrick Leon Phillips
John W. Bond	Dale F. Glenn	Thomas Lionel Samson
Cora Crumble	Thomas C. Hawks	Richard Ray Sebren, Jr.
John Clinton Burkes, Jr.	Donald Ray McCain	John Howard Staggs
Harry Bryan Davis	Carlos Perez-Bonilla	John Thomas Tucker
Stephen A. DeVore	Marilyn C. Perrine (<i>will retire July 1, 2009</i>)	David James Willoughby

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 2008-2009 served with pension responsibility on the conference:

Jerry Bostick Beam	Vera Hall-Stamps	Donald Wesley Merricks
Willis J. Britt, Jr.	Phillip W. Heidelberg	Robert Elliott Rambo
Steven Wayne Casteel	Richard Michael Hicks	Roger N. Shock
Sheila R. Cumbest	Embra Knox Jackson, II	Victoria Sizemore-Tandy
Dawn Douglas Flowers	William Giles Lindley	Timothy Charles Thompson, II
Michelle Lee Foster	Lionel Fitzgerald Lovett	William Edward Willis
Hugh Milton Griffith, Jr.	William T McAlilly	Victoria Leigh White
Carl W. Grubbs		

Item No. 5

The following ministers serving in Extension Ministries in 2008-2009 served with pension responsibility on the institution or agency served:

Martha Ann Alexande	Theodore James Giordano	Gregory Pittman r
Merlyn Jonathan Altman	John Robert Hall	Joseph T. Ranager
Kurt Thomas Appel	Hubert Dale Hathorn	Glenn Dale Ray
Terri K. Armstrong	Sherry Bryant Johnson	Joseph T. Reiff
Loye B. Ashton	Steven Paul Keen	James W. Richardson
Michael Ray Baker	Marvin R. King	John Richardson
Alicia Beam-Ingram	Gary Hilton Knight	Felix Lloyd Rollins
Jimmy Michael Boone	Walter N. Leverette	Sallie Fran Ross
Diane L. Braman	Toby Eugene Lofton	Casey Marion Smith, Jr.
Alice Carol Burnett	Gerald Douglas Lord	Richard E. Stoglin
Charles Burton Campbell	Kristen Williams Matheny	Paul Y. Tashiro
Jimmy L. Carr	Steven Charles McDonald	Eugene A. VanEvery
Victor R. Chatham	Tiffany Jo McDonald	Stephen L. Vinson
Julie Povall Collins	J. Ronald McDougald	Linda R. Whited
A W Crump, Jr.	William H. Miskelly	Susan Lee Woodard
Allison Carr Dickerson	Thomas Emory Miller	John W. Yeates
Dorothy Dickson-Rishel	Edward C. Norris	J. Daniel Young
Roger A. Flowers	Dale Y. Owen	Rebecca Carol Youngblood
Walter L. Frazier	Frank Larue Owen	
David Earl Fuqua	Tiffany Jo Padgett	
William Johnson Garrott	Nathan Joseph Payne	
Elisabeth Anne Garvin		

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, 2008, for 2009

The 2009 Past Service Rate (PSR) for the Mississippi Annual Conference is \$457 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-percent 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 2-percent 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 \$49,708,449 as of Jan. 1, 2008, based on seven-percent (7%) interest and a three-percent (3%) PSR increase assumption and a 2010 PSR of \$476. Plan funds currently held with the General Board of Pension and Health Benefits have a value of \$45,366,614 as of Jan. 1, 2008.

The difference between the total plan liability and current plan funding is \$4,341,835 as of Jan. 1, 2008. Projecting this amount forward to 2009, produces an unfunded plan liability of \$4,645,763. 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 13-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 \$702,000 as of January 1, 2009. 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 \$641,700 as of January 1, 2009. The original principal in this fund was \$146,247.
- The conference maintains an investment fund with the Mississippi United Methodist Foundation that has a value of \$2,757,281 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 \$1,030,891, which includes a deposit in transit of \$974,553, as of January 1, 2009. The account is available to meet future contribution requirements.

The funding plan as of January 1, 2009, is summarized below:

Supplement One Liability* of	
PSR Increase of 3%, 1/1/2008	\$49,708,449
Current Plan Funding, 1/1/2008	<u>45,366,614</u>
Unfunded Plan Status, 1/1/2008	\$4,341,835
Expected Interest at 7% to 12/31/2008	<u>303,928</u>
Unfunded Plan Status, 1/1/2009	\$4,645,763
Assets contributed but not yet included in	
Current Plan Funding as of 1/1/2008	<u>3,026,167</u>
Plan Funded Status including above assets	<u><u>\$1,619,596</u></u>
Additional Plan Assets, 1/1/2009:	
General Deposit Account	\$ 702,000
Superannuate Endowment Fund	641,700
Methodist Foundation Trust	2,757,281
Trustmark National Bank	<u>1,030,891</u>
Total Additional Plan Assets	<u><u>\$ 5,131,872</u></u>

*Assuming 7% and the RP-2000 mortality table

Signed and dated: March 31, 2009

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 Blue Cross Blue Shield, 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 plan amendments being recommended by the Board. The first deals with eligibility and the second deals with coverage limitations.

Action Item 1

Effective July 1, 2009, allow clergy in most cases who have a continuing relationship with the annual conference to continue their coverage at the established cost as a participant as the 2008 *Discipline* allows and not on a continuous coverage basis.

Rationale:

The 2008 *Discipline* allows clergy in most cases not in an active status to retain their benefits if approved by the benefits committee. If a clergy remains in a relationship in a time longer than one year, continuation coverage ends. This would allow the clergy to have access to coverage as long as they have a continuing relationship with the conference. A clergy whose relationship is severed will have 12 months for continuation coverage as provided by the plan at this time.

Action Item 2

Effective 1-1-10, coverage for mental health and substance abuse will be treated as any other item in accordance with federal law.

Rationale:

This is now required by law that if the coverage is provided, it must be paid as is any other illness.

Recommendation:

At the date of printing, the committee has not made a complete study to be able to make an informed recommendation. A study will be made and a recommendation will be made on the floor of annual conference when the report of the board is made.

2010 Apportionments and Rates Recommendation

The Board of Medical Benefits asked for the apportionments to be set at \$5,026,516. This represents approximately two-thirds of the cost of the program.

The remaining one-third of revenues required for meeting our obligations comes from participant payments both for a part of the individual coverage and for dependent coverage. As in the past, the board will recommend a maximum rate to the 2009 annual conference to cover the approximate one-third of the remaining cost of the plan. This allows the board an additional two months to study the effect of the BCBS network before proposing rates for 2010.

*Reverend Trey Harper, Chairperson
David Stotts, CPA, Conference Benefits Officer*