

SECTION V



FINANCIAL AND
ADMINISTRATIVE
MINISTRIES
REPORTS

SECTION V

**FINANCIAL AND ADMINISTRATIVE
MINISTRIES**

BOARD OF TRUSTEES

Report #1 - Abandoned Property

Abandoned church property 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.

New Properties

The Mississippi Conference Trustees have received the gracious gift of 3 multipurpose buildings to be placed strategically in the Seashore District to be utilized currently and in the future for disaster recovery efforts. The land to place the buildings on was leased from Nugent UMC, Van Cleave UMC and Diamondhead UMC.

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. The outside storage room is being enlarged to provide additional file storage.

Insurance

All properties of the conference are properly insured. The conference insurance is adequate at the present time.

The conference in special session on October 22, 2005, approved a conference-wide insurance program and determined that UM PACT was the provider for the conference-wide program for 2006. The Trustees believe that a joint committee of the Trustees, CFA and Cabinet should be allowed to determine the providers for 2007 and future years. Care must be given to select providers who can deliver the best coverage for all areas of the conference.

The required levels of liability insurance adopted 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 / \$3,000,000 |
| 3. Bodily Injury and Property Damage Liability (limit per accident) | |
| Leased Vehicles/Hired and Non-Owned Vehicles | \$1,000,000 |
| Physical and Sexual Abuse Liability (Sexual acts liability) | \$1,000,000 |
| 5. Commercial Automobile Liability | \$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 have not entered into the conference wide program for any reason shall be required to take the following steps:

1. Provide proof of coverage to the conference trustees and District Superintendent that the local church is in compliance with the 2004 adopted liability limits. This shall be done no later than August 1, 2006 and annually thereafter on the policy renewal date.
2. In the event the church does not have the required limits of insurance, the Board of Trustees of the local church shall sign on behalf of the church and individually an indemnification to the annual conference Board of Trustees representing the coverage not obtained. That indemnification format shall be provided by the annual conference chancellor and shall become a part of the church board minutes on or before August 1, 2006 and each year thereafter at policy renewal.

The conference Trustees, conference treasurer and conference risk manager continue to work with those churches not in the conference-wide program. While the Discipline requires that the local church trustees determine the best insurance for their local church, the conference Trustees continue to believe that the conference-wide program is the best method to guarantee the best available coverage for all churches in our conference.

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 at the current level of \$39,512 until the \$140,242 is replaced in the reserve fund.

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

Recommendation for Service Rate and MPP/PPP

We recommend the following for 2007:

- Clergy Retirement Security Program (CRSP) will begin January 1, 2007.
- CPP funding rate of 3%. All optional coverage costs shall be borne by the insured.
- Past Service Rate, \$429 per service year.
- Approved Supply Service Rate, \$429 per service year.
- We recommend that surviving spouses support, for pre-82 years, be set at 75 percent of the minister's compensation.

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 Route 2, Box 446, 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. At the end of 2005, based on Jan. 1, 2005,

results, our unfunded liability is estimated at \$2,769,203 for the \$420 rate. The assets that we have under investment to apply to this liability are \$10,726,897. 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.

Our recommendation to the Council on Finance and Administration for the 2007 apportionment was based on a necessity to fund the CRSP and CPP payments with apportioned rather than borrowed funds or unrealistic projections of investment return. With the current situation in the Mississippi Conference as result of Hurricane Katrina, the Board of Pensions concurs with Council on Finance and Administration that the apportionments for 2007 remain the same as 2006. It should be fully disclosed that while receiving 100% of those 2007 apportionments, funding shall require the existing fund balances to pay the expected contributions in excess of \$460,793. The Board of Pensions recommends that in 2008 and forward, the apportionments equal the anticipated contributions and administrative expenses.

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.

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 \$6,484,774 invested with the General Board of Pensions and \$3,779,087 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 \$45,327.

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 no Social Security is 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 conference administration fund. Guidelines 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 spring of 2007 we plan to hold an informational workshop for those contemplating retirement. Also, we plan to offer, in cooperation with the conference Board of Ordained Ministry, Lifetime Planning Seminars for younger pastors.

Gifts and Wills

The conference Board of Pensions is keenly aware that the cost of pensions is expensive, and that the United Methodists of Mississippi have been most generous. We also know that you expect the board to provide a strong pension program for our retired ministers and their spouses. This we are seeking to do. At the same time we are working to keep down the cost as much as possible for the sake of the local church. Ministers and laypersons should be informed about the importance of endowments, gifts, and bequests designated for this purpose. We appeal to persons with large estates to make gifts and bequests for pensions.

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 \$3,685,789 be apportioned by the Council on Finance and Administration for pensions and benefit support for the calendar year 2007.

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

Report #2

Item No. 1

The following conference claimants have died during the 2005 – 2006 year:

<u>DECEASED CLERGY</u>	<u>DEATH DATE</u>
Clifford E. Davis, Jr	7/11/2005
Donald W Hagler	7/12/2005
Merlin Conoway	8/6/2005
Mary M. Hearn	8/23/2005
Betty Grisham	8/31/2005
Richard Hunter	9/24/2005
Daniel T. Jackson	10/9/2005
James W. Jackson	10/17/2005
Truman Brooks	11/21/2005
Jerry Salley	11/23/2005
Stanley Landrum	12/4/2005
Clarence J. Smith	1/14/2006
James F. Elliott	3/20/2006
Thomas L. Hollowell	5/5/06

<u>DECEASED SPOUSES</u>	<u>DEATH DATE</u>	<u>MINISTER OF CONFERENCE</u>
Marion Morrow	6/15/2005	John Morrow Jr.
Mildred Moore	8/10/2005	Bernard Moore
Ruby Andress	10/11/2005	Robert Andress
Ila Mae Breland	9/5/2005	William Breland
Helene Fleming	11/12/2005	G. Harold Fleming
Lorene Jones	3/6/2006	John H. Jones
Lawson Haley	3/12/2006	W. C. Haley
Iris Gaddy	3/19/2006	Shaw Gaddy
Monnie Hartsfield	3/21/2006	Wheeler Hartsfield
Lurline Cook	5/13/06	John H. Cook

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	Stephen G. Dial	Doyle Mitchell
John Bond	Dale F. Glenn	Ton Samson
Carlos Perez-Bonilla	Tom Hollowell	Richard Sebrén
Cora Crumble	Walter Hughley	Bobby Joe Shell
Harry Davis	Don McCain	John Thomas Tucker

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:

<u>CHILD</u>	<u>MINISTER</u>	<u>YEARS</u>
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 2005-2006 served with pension responsibility on the conference:

Willis Britt	Vicki Loflin Hughes	Samuel Andrew Ray
Embrea Jackson	Ann Kaufman	Lindsey R. Robinson

Charles B. Felder
Dawn Flowers
Carl Grubbs
Hugh Griffith
Phillip Heidelberg

LaVaughn Landry
Steve McDonald
John C. Moore
David Price

Victoria Sizemore-Tandy
Mark Jason Taylor
Raiford P. Wallace, Jr.
Jerry Beam

Item No. 5

The following ministers serving in Extension Ministries in 2005-2006 served with pension responsibility on the institution or agency served:

Kurt Appel
Terri K. Armstrong
Michael Baker
Ron Barham
Randolph Lee Barnes III
Alice Carol Burnett
Charles Campbell
Jerry Chapman
Victor Chatham
A. W. Crump, Jr.
Elvernice Davis
Dorothy Dickson-Rishel
Susan Nabors Eaton
Roger A. Flowers
David Fuqua
John Garrott
Theodore James Giordano
Waylin Hamlin

Hubert Dale Hathorn
Terry Hilliard
William Lester Jenkins, Jr.
Marvin R. King
Karen Koons
Walter N. Leverette
Gerald Douglas Lord
J. Ronald McDougald
Elijah Mitchell
William H. Miskelly
T. Jerry Mitchell
Albert D. Mosley
Edward Norris
Tiffany Jo Padgett
Nathan Joseph Payne
Dale Y. Owen
Gregory Pittman

Joseph Ranager
Eddie Rester
Mike Revord
James W. Richardson
Shane Stanford
Joey Shelton
Connie Mitchell Shelton
Judy Sibley
Casey Marion Smith, Jr.
Richard E. Stoglin
Ray Patrick Thompson
John W. Yeates
David White
Susan Lee Woodard
David Young
J. Daniel Young
Rebecca Carol Youngblood

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.

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
The Reverend Byrd Hillman, Jr., Liaison Officer

Report #3 - Mississippi Annual Conference Funding Plan to Supplement One to the Ministerial Pension Plan

As of January 1, 2005, for 2006

The 2006 Past Service Rate (PSR) for the Mississippi Annual Conference is \$420 or .89 percent of Conference Average Compensation (CAC). Our conference Board of Pensions will seek to maintain a PSR increase of 2.0 percent of CAC per year for the foreseeable future.

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 \$45,414,970 as of Jan. 1, 2005, based on 7 percent interest and a 2 percent PSR increase assumption and a 2006 PSR of \$420. Plan funds currently held with the General Board of Pension and Health Benefits have a value of \$41,923,899 as of Jan. 1, 2005.

The difference between the total plan liability and current plan funding is \$3,491,071 as of Jan. 1, 2005. Projecting this amount forward to 2006, recognizing the 2005 contribution of \$966,243 produces an unfunded plan liability of \$2,769,203. 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 16-year period, ending December 31, 2021. The annual contribution is currently estimated to be \$234,762 based on 2 percent PSR increases.

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 \$5,780,200 as of January 1, 2006. 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 \$704,574 as of January 1, 2006. 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 \$3,779,087 as of January 1, 2006. Both the interest and principal from these accounts are available to meet funding requirements. The conference maintains an account with Union Planters Bank that has a value of \$463,036, which includes a deposit in transit of \$452,091, as of January 1, 2006. The account is available to meet future contribution requirements.

The funding plan as of January 1, 2006, is summarized below:

Supplement One Liability* of PSR Increase of 2%, 1/1/2005	\$(45,414,970)
Current Plan Funding, 1/1/2005	41,923,899
Plan Funded Status, 1/1/2005	\$(3,491,071)
Expected Interest at 7% to 12/31/2005	244,375
Contribution for 2005	966,243
Plan Funded Status, 1/1/2005	<u>\$(2,769,203)</u>
Additional Plan Assets:	
General Deposit Account	\$ 5,780,200
Superannuate Endowment Fund	704,574
Methodist Foundation Trust	3,779,087
Union Planters Bank	463,036
Total Additional Plan Assets	<u>\$ 10,726,897</u>

*Assuming 7% and the RP-2000 mortality table

David Stotts, CPA, Conference Benefits Officer

BOARD OF MEDICAL BENEFITS

The conference group health plan has undergone many changes. The committee believes that a well-rounded program for managing health care and promoting wellness is now in place. The board continues to work to provide good health care benefits to eligible participants (active and retired) and their families. In order for this to continue, care must be given to personal healthcare, the paying of the insurance apportionment in full, and the sharing of the health care costs by the individual participants and their families.

The board is asking for no increase in the group insurance apportionment this year so as to be in support of the zero percent budget increase recommended by CFA. The board calls to your attention that funding for the health plan is approximately 67% from apportioned dollars. This means that given the anticipated cost of health care, reserves will have to be used to continue to fund the current health program. The total apportionment recommendation is \$4,624,997. Care will have to be given in future years

to apportion the needed amounts so as not to use reserves again. It will also be necessary to replace those reserves that will be used in the zero budget increase experienced in 2007.

The remaining 33% of revenues required to meet our obligations will have to come from participant payments. The board will recommend a rate increase to cover the approximate 33% remaining cost of the plan. As in 2005 projected rates will be presented at Annual Conference. We plan to ask permission as was done in 2005 to reduce the projected rates only if costs have not exceeded the current trends after a study of the first 9 months of 2006. The review will be made as of September 30, 2006, and the rates will be announced before November 1, 2006, to become effective January 1, 2007.

The following additions to the plan offering will be recommended at conference:

The Health Savings Account (HSA) which is a high-deductible medical insurance plan with a health saving account administered by US Bank. Attendance in an education event explaining this plan and the importance of funding the health saving account will be required before enrolling in this plan. The plan will become available January 1, 2007.

A voluntary fully insured vision plan provided through Eyemed will be available July 1, 2006. This plan is available only to those currently enrolled in the conference health plan.

A voluntary fully insured dental plan provided through Delta Dental will be available July 1, 2006. This plan is available only to those currently enrolled in the conference health plan.

Annual forums to review the status of the insurance plan, report the progress of the insurance program, and discuss the proposed changes in the plan were held in 13 different locations this spring. Due to a lack of participation and in an effort to better utilize cost and time resources, the board is planning to hold the forums in only three locations in spring 2007. We encourage better participation in these forums. As originally proposed at Annual Conference in 2002, this allows time to discuss the financial position and proposed changes of the plan in a setting where any additional needed changes can be heard and studied.

The wellness and disease management program offered by the board through Q-Element has gotten off to a good start. Participants who did not enroll this spring will have an opportunity to enroll in the fall of 2006 for the 2007 plan year. The board offered a premium savings of \$120 annually per adult participant for participating in the plan. Each enrolled participant should follow the advice of the wellness coach. Beginning in 2007 participation with the wellness coach is required to receive the \$120 annual premium credit. While the credit currently saves costs for the participants, the long-term goal is to improve health and better manage current and projected diseases of the participants, which will provide savings for the plan.

The board believes the decision to use the drug card for the Medicare A & B participants instead of the Medicare D was the proper decision. The board plans to continue to use the plan's drug coverage provider for drug coverage for the Medicare participants. Participants in this category should not sign up for the Medicare D coverage. Letters of credible coverage were provided in the fall of 2005. This letter should be retained by the participant. If you need an additional copy, contact the conference benefits office.

A study of sliding scales for premiums was called for at Annual Conference 2005. After extensive study, the board recommends to the annual conference non-utilization of this method.

The board is constantly seeking ways to improve the program. Healthcare is vital, and in our society the costs are rapidly increasing. The board is very pleased that the conference has adopted wellness as one of its initiatives. We wholeheartedly support the work of the committee leading that work. Please make suggestions to the medical insurance board about ways to improve the plan.

*Rev. Elvernice Davis, Chairperson
David Stotts, CPA, Conference Benefits Officer
Rev. Byrd Hillman, Jr., Liaison Officer*