

1 **Report**

2 Parish and Community Development Committee

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4 The members of the Parish and Community Development Committee met on September 17, 2015, and
5 participated in the Conference's Board, Agencies and Committees Strategic Session on January 9, 2016. We
6 have reviewed our goals and affirm our recommendation to have them be examined by the Connectional
7 Ministries Team.

- 8 1. Find out how many of our churches would be considered local-community-churches verses mostly-
9 commuter-churches. This statistic would encourage conversations that would help us to define the very
10 terms parish and community as they present themselves within our conference, and would be beneficial in
11 the planning of effective clergy and laity peer group conversations and inter-congregational relationships.
12 2. Connectional Database for our Conference. We propose the creation of a database that would have
13 relevant reference information for ministry and outreach by offering a central place of parish-community
14 resources for our GNJUMC family. Our vision is that it would serve as a comprehensive connectional tool
15 that would help us to see the richness of gifts and experience that we already have in our churches and that
16 would encourage collaboration among our congregations. The purpose of the database would not be to
17 simply show success stories to be duplicated. We understand that every community and church is unique,
18 but we also know that we can learn from one another and that our ministries can be enriched by the sharing
19 of our experiences. Therefore, we propose the following:
20 a) Creation of a Connectional Database to include data to be sent by laity and clergy and to include
21 categories such as personal experiences, gifts and graces, areas of expertise, work experience,
22 success stories, and failures.
23 b) That the information inputted into the database would show anonymously and would be reviewed
24 prior to posting ideally by a lay person within our conference who has experience with statistics.
25 c) Care would be given to designing a system that allows contact with persons for additional sharing
26 without making their personal information public.

27 May the work of our Conference always be led by the Spirit of God with us.

28 Maylis de la Fe, chairperson

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30 **Report**

31 Board of Pension and Health Benefits

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33 The Greater New Jersey Conference Board of Pension and Health Benefits (the Board) is authorized by *The Book of*
34 *Discipline of the United Methodist Church* to contribute to the support, relief, assistance and pensioning of clergy and
35 their families, as well as other church workers and lay employees of the United Methodist Church.

36 Working with the General Board of Pension and Health Benefits, the Board endeavors to implement and interpret
37 national and conference policy.

38 PENSION

39 *Pre-1982 Pension Plan*

40 The 2016 Past Service Annuity Rate for pre-1982 annuitant payment is \$646 per year of pre-1982 service. The 2017
41 Past Service Annuity Rate for pre-1982 annuitant payment will be \$658. The pre-1982 pension program continues to
42 be fully funded and in a strong position.

Reports to the 2016 Annual Conference

1 CRSP/MPP and CPP

2 The General Conference's pension plan, Clergy Retirement Security Program (CRSP) is a hybrid of defined benefit and
3 defined contribution approaches which took effect in 2007. For 2016 churches pay CRSP at 12.5% of clergy plan
4 compensation and for the Comprehensive Protection Plan (CPP) at 3% of full time clergy's plan compensation, totaling
5 15.5% of plan compensation. For less than full time clergy, the CPP rate is 3.4% of Denominational Average
6 Compensation (DAC) for 3/4 time and 1/2 time, and 4.4% of DAC for optional coverage (1/4 time and leave status).

7 The 2012 General Conference enacted changes to the Clergy Retirement Security Program. Effective 1/1/2014 for all
8 contributions going forward, the CRSP Defined Benefit component was reduced from 1.25% of DAC to 1.0% of
9 DAC. Under the CRSP Defined Contribution component, contributions were reduced from 3% to 2% of clergy plan
10 compensation and, in addition, match up to 1% of compensation if clergy contributes 1% to UMPIP. Contributions
11 previously made will not be affected by this change and benefits paid upon retirement will be based on the previous
12 formula for all benefits accrued prior to 1/1/2014. Any benefits accrued from that date forward is based on the new
13 formula.

14 Additionally, the General Conference changed the participation requirements from all clergy under appointment to
15 only clergy under full time appointment. Clergy appointed to less-than-full-time (3/4 and 1/2-time) are eligible based
16 on the decision of the Annual Conference after approval of the Conference Board of Pension and Health Benefits. The
17 Board has voted to include those clergy appointed to less-than-full-time (3/4 and 1/2 time) appointments in
18 CRSP. For clergy appointed to 1/4 time appointments, a vote of the Board has made UMPIP available as a pension
19 option for those clergy. Please contact Alexa Taylor, Benefits Services Manager, for more information on this option.
20 These changes require Annual Conference approval.

21 The rates of remittance for the Clergy Retirement Security Program/Ministerial Pension Plan (CRSP/MPP) and
22 Comprehensive Protection Plan (CPP) increased from last year's rates to 95.93% and 95.58% respectively. Twenty
23 percent of churches were unable to pay these bills on time. Below is a summary of 2015 remittances:

Type	Remittances Rate	2014 Shortfall	# of Churches Paying < 100%	% of Churches Paying < 100%
CRSP	95.93%	\$105,461	63	13.67
CPP	95.58%	\$25,906		

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25 To maintain clergypersons' participation in CRSP and CPP, the Greater New Jersey Conference fully pays delinquent
26 church accounts using funds from the Reserve Account at the General Board of Pension and Health Benefits. We are
27 concerned that some churches are not fully meeting their obligations with the resulting decrease in the Reserve
28 Account.

29 By 2015 year-end the cumulative delinquent amount for years prior to 2015 was \$1,805,000 for CRSP/MPP and
30 \$385,000 for CPP - a total of \$2,190,000, an increase of \$43,000.

31 We thank those churches that maintained faithful stewardship, paying 100% of their obligation. We also appreciate
32 the continuing efforts of our district superintendents, Alexa Taylor, Benefits Services Manager, to collect the past due
33 balances. More than \$185,000 of the 2002-2014 shortfalls was collected in 2015.

34 Pre-Retirement Seminars

35 As in years past, the Board sponsored a retirement education session held at St. Mark United Methodist Church in
36 Hamilton on March 3, 2016. The pre-retirement seminar focuses on those anticipating retirement within five years.
37 Fifty-five persons were scheduled to attend. Presentations by Peter Hang of the General Board of Pension and Health
38 Benefits, a Social Security representative, and Barbara Gruezke, Insurance Coordinator, provided valuable guidance to
39 assist retirement planning. Special thanks go to Donna Hough for organizing these events and to St. Mark UMC for
40 their gracious hospitality. Thanks also to Alexa Taylor, Benefits Services Manager, and Barbara Gruezke, Insurance
41 Coordinator for their support.

HEALTH INSURANCE

For 2016, the Board continued Active health insurance under HealthFlex, the health insurance plan sponsored by the General Board of Pension and Health Benefits. The medical and prescription benefits changed from 2015, but still is the richest plan HealthFlex provides. The medical provider network is Blue Cross/Blue Shield PPO; the pharmacy benefits are provided through Catamaran. Beginning in 2015, the General Board no longer offers retiree health insurance. The Board implemented United HealthCare’s National Medicare Advantage PPO Plan which combines the participants’ Medicare A & B, supplemental coverage and Part D prescription plan.

The Board has again provided a contribution to participants’ Health Reimbursement Accounts for 2016 of \$1,250 for single and \$2,500 for all other plan types which can be used for qualifying medical expenses (such as co-pays and deductibles). These funds do not expire and are accessed through a MasterCard branded debit card, or via a reimbursement form.

Premiums and Remittances

The following chart shows church premium rates in effect for 2016. These rates reflect a Cabinet- requested blended rate for all categories, which the Board has been moving toward for several years, so that health insurance premiums are not a factor in determining clergy appointments.

Health Insurance Premiums for 2016	
Employee	\$14,000
Employee & Child(ren)	\$14,000
Employee & Spouse	\$14,000
Employee & Family	\$14,000

The Board thanks all churches that fully paid their health insurance premiums in 2015. Overall, churches paid 99% of the total \$4,276,240 health insurance billings, an increase from the 2014 remittance rate of 98%. The 2015 shortfall was approximately \$40,000. By 2015 year end, the amount owed from years prior to 2015 had been reduced by \$224,824 and the cumulative unpaid health insurance bills had increased to \$2,830,113 owed for years prior to 2015.

Churches failing to fully pay their premiums burden all churches and result in higher health insurance premiums for all. Thanks go to the Conference/BOPHB Treasurer John Cardillo, Insurance Coordinator Barbara Gruezke, and the Cabinet for their continued efforts to collect health insurance arrearages.

The Board and the Conference staff have continued their efforts to ease the continued transitions in healthcare. The Health Insurance Guidelines included in these 2016 Conference Reports and Recommendations have been updated.

Annuitant Health Care Liability

As of the end of 2014, the Financial Accounting Standards Board FAS 158 liability for annuitant healthcare costs in the amount of \$51.6 million was posted to the Conference balance sheet. This liability is the estimated present value of the future costs of annuitant healthcare. The Annuitant Health Insurance Contingency Fund described below has been set up to address this large liability over time.

Annuitant Health Insurance Contingency Fund

In 2002-2003 the Board, recognizing the growing magnitude of annuitant healthcare costs, together with the Centenary Fund, representatives of CFA, the Cabinet and the Association of Retired Ministers and Spouses (ARMS), developed a plan for a long term Annuitant Health Insurance Contingency Fund that begins to offset the liability and ensure that retirees continue to enjoy conference-paid health insurance. The Fund was initiated by the 2003 GNJ Annual Conference and earmarked exclusively for healthcare costs for annuitants to cover higher premium costs expected in future years. The plan for the Fund involves a multi-year period during which excess pre-1982 retirement funds would be used to pay CRSP defined-benefit requirements, and comparable funds from churches would be used to create a permanent retiree health fund. This is a critical initiative since it is clear that the Conference cannot continue to fund retiree health insurance on a cash basis out of the Conference Budget.

1 As of December 31, 2015, the Annuitant Health Insurance Contingency Fund held a balance of \$8,985,134 after
2 transferring \$467,618 to the Annuitant Health Insurance Account to avoid a negative balance in that account at year-
3 end. In 2015 approximately \$3,055,204 came into the Contingency Fund (representing the 2% clergy and staff salary
4 contributions toward the cost of health insurance) plus the Centenary Fund's annual contribution (in excess of
5 \$300,000, separate from their \$100,000 contribution directly to the Annuitant Health Insurance Account).

6 **The Board Itself**

7 The Conference Board of Pension and Health Benefits endeavors to serve the Conference and the needs of those in
8 ministry. There continues to be much to accomplish, especially in the challenging field of health insurance. Christ
9 strengthens us to meet these challenges and we pray for the Holy Spirit to guide and inspire our actions.

10 Current leadership is Rev. Paul Zorn, Chair; Donna Hough, Secretary.

11 Submitted by Paul Zorn, Chair

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15 **Report**

16 **Property and Liability Insurance Program of the Board of Trustees**

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18 **2016 Insurance Renewal:**

19 The 2016 insurance renewal process resulted in a \$129,721 premium increase or 3% versus the 2015 costs. This
20 includes a re-inspection of all conference properties which were completed by 12/31/15. In 2011, Hurricane
21 Irene damages, and a total fire loss, contributed to a 189% loss ratio for the property insurance. There were also
22 adverse claim developments for the workers' compensation coverage resulting in a 110% loss ratio for that line
23 of business. In 2012, Super Storm Sandy damages resulted in a Conference loss ratio of 129%. In addition, there
24 were several significant workers' compensation claims for the 2012 - 2013 policy term. The Conference has
25 been with Mercer Insurance Company for most of its coverage since 2004, and has an overall loss ratio of 80%.
26 The Board of Trustees believes the long term relationship with Mercer, and Sovereign's negotiations on our
27 behalf, allowed the Conference to avoid a steep premium increase or an outright non-renewal of insurance. In
28 2013, the wind damage deductible was increased from \$1,000 to \$5,000 for 98 churches that fall into the
29 insurers wind hazard zone. Most carriers are now imposing percentage deductibles for wind zones, such as 3%
30 of insured values, so the deductible increase is the better option for the Conference. In the event of a wind loss,
31 the Board of Trustees intends to cover the increased wind damage deductible for affected churches from its
32 surplus funds. The insurer continues to cover up to 25% more than the declared property value of any church,
33 providing a level of protection from unexpectedly high damage reconstruction costs. Mercer has re-inspected
34 and re-appraised all Conference owned properties.

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36 **Workers' Compensation:**

37 The Workers' Compensation coverage is with Church Mutual Insurance Company effective December 1, 2013.
38 Workers' Compensation premiums were increased from \$418,052 to \$629,426 due to a statewide rate increase
39 in New Jersey, adverse claims development, and an experience modification factor increase.

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41 **Automobile Insurance:**

42 The Board of Trustees continues to make available a voluntary automobile insurance program for church-owned
43 vehicles. The 2016 premium cost is just under 1% than in 2015. Each church has access to this insurance
44 program and pays the premium cost for any vehicle insured.