

1 **RECOMMENDATIONS**

3 **REC 12-1 PENSIONS RECOMMENDATION NO. 1**

5 SUBMITTED BY: Conference Board of Pensions

6 PREPARED BY: Conference Board of Pensions

7 ESTIMATED FISCAL IMPACT: Outlined in Recommendation

8 SOURCE OF STAFF TIME: N/A

10 **Recommendation No. 1**

12 The economic uncertainty has continued to have a significant impact on the Board and its work. Due to the 2008 market
13 downturn, the Conference had a temporary unfunded liability in both the pre-82 annuities and in the MPP (Ministerial
14 Protection Plan) annuities, requiring us in 2011 to make payments to the General Board of Pensions in the amount of
15 \$945,837 in order to meet these pre-CRSP (Clergy Retirement Security Program-Defined Benefit) obligations. The General
16 Board, cognizant of the impact this requirement has on our Conference (also true for most of the other Annual Conferences)
17 offered relief in the form of a 3-year CPP (Comprehensive Protection Program... our denominational death and disability
18 program) holiday. The General Board of Pensions' intent and purpose in providing this premium holiday was to create an
19 opportunity for conferences to redirect the money they would otherwise pay into CPP to pay for increased required pension
20 contributions.

22 Therefore, in 2012 we are direct-billing the local churches the amount of the CPP premium, designating it as "Pre-CRSP
23 Pension Obligation." With the up-turn of the market, both the pre-82 annuities and the MPP annuities are again fully-funded,
24 so there is presently no further need for additional contributions, although we are aware that future market swings could again
25 put these programs in under-funded status.

27 Therefore, we recommend that we continue billing the churches the amount of the CPP premium for one more year (2013),
28 designating these amounts for the "Pre-CRSP Pension Obligation." These funds will be responsibly invested in a designated
29 reserve account, allowing our Conference to more adequately cover future pension annuity requirements in times of volatile
30 market activity without adversely affecting the apportionment budget.

32 **2013 PENSION RATE FOR PRE-1982 APPROVED YEARS OF SERVICE**

34 The Conference Average Compensation (CAC) for 2013 is \$61,510, as determined by the General Board of Pension and
35 Health Benefits, an increase of 1.8% over 2011. For years, the Board maintained a pre-1982 pension service rate at 1% of the
36 CAC. An increase in the rate to 1.05% of the CAC was approved beginning in 2006. In 2011 and 2012, the Board
37 recommended slightly reducing the pre-1982 approved pension service rate to 1.04% of the CAC. The Board recommends
38 that the pension service rate continue for 2013 at 1.04% of the CAC. With the adoption of the 1.04% pension service rate in
39 2013 for each approved year of service prior to 1982, the pension service rate for 2013 will be \$641. This represents a 2%
40 increase over the 2012 rate of \$628. As approved by the 2006 Annual Conference, the past service rate for contingent
41 beneficiaries (surviving spouses), was increased from 85% to 100% effective January 1, 2007. The 100% contingent
42 annuitant rate will remain in effect for the life of the pre-82 plan, with no further action necessary from the Annual
43 Conference. The General Board of Pension and Health Benefits has advised us that the actuarial value of the January 1, 2011,
44 assets over liabilities (over-funded amount) in the Supplement One (pre-1982 defined benefit) plan, using the proposed
45 1.04% past service rate and 100% contingent annuitant rate, is \$10,430,827.

REC 12-2 PENSIONS RECOMMENDATION NO. 2

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3 SUBMITTED BY: Conference Board of Pensions
4 PREPARED BY: Conference Board of Pensions
5 ESTIMATED FISCAL IMPACT: Outlined in Recommendation
6 SOURCE OF STAFF TIME: N/A

Recommendation No. 2

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9 It is recommended that the past service rate (PSR) for calendar year 2013 be set at 1.04% of the Conference Average
10 Compensation (CAC) (\$641 per year) for pre-1982 approved years of service. The General Board of Pension and Health
11 Benefits is authorized and instructed to distribute this pension rate in accordance with provisions of the Supplement One
12 Adoption Agreement.

REC 12-3 PENSIONS RECOMMENDATION NO. 3

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18 SUBMITTED BY: Conference Board of Pensions
19 PREPARED BY: Conference Board of Pensions
20 ESTIMATED FISCAL IMPACT: Outlined in Recommendation
21 SOURCE OF STAFF TIME: N/A

Recommendation No. 3

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24 Beginning in 2002, each annual conference was required to develop, adopt and implement a formal funding plan for retiring
25 its pre-1982 pension obligation. A formal funding plan must be adopted in keeping with this requirement, and is included in
26 this recommendation.

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28 It is recommended that the California-Pacific Conference Funding Plan For Supplement One to the Ministerial Pension Plan,
29 which has been amended, restated, and preserved in Supplement One of the Clergy Retirement Security Program (CRSP), as
30 described below, be adopted.

California-Pacific Annual Conference 2013 Funding Plan For Supplement One of the Clergy Retirement Security Program As of January 1, 2011

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35 The Conference intends to set the PSR at 1.04% of the CAC for 2013. The PSR is an election that is made annually, but
36 cannot be reduced below \$641 (if approved) in the future. For the past 17 years, the CAC has had an average 2-3% increase
37 per year and we expect the pattern to continue at approximately 2-3% per year.

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39 Funding as of January 1, 2011, is summarized below.

40 Current assets	\$69,280,712
41 Present value of benefits*	\$58,849,885
42 Overfunded status	\$ 10,430,827

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44 Because Supplement One is currently over funded, no additional funding plan is required at this time.

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46 *Assumes adoption of Recommendation #2 and 2% increases thereafter, a 7% long term interest rate and the RP-2000
47 Mortality Table

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49 In the opinion of The General Board of Pension and Health Benefits of The United Methodist Church, the above funding plan
50 meets the funding requirements of Paragraph 1506.8 of The Book of Discipline of The United Methodist Church 2008. This
51 opinion applies only to the above funding plan.

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53 **The Plan Documents for the Clergy Retirement Security Program, the Comprehensive Protection Plan and the United**
54 **Methodist Personal Investment Plan provide that the annual conference has the right to periodically amend the**
55 **Adoption Agreements to the Plans.**

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REC 12-4 PENSIONS RECOMMENDATION NO. 4

SUBMITTED BY: Conference Board of Pensions

PREPARED BY: Conference Board of Pensions

ESTIMATED FISCAL IMPACT: Outlined in Recommendation

SOURCE OF STAFF TIME: N/A

Recommendation No. 4**CLERGY RETIREMENT SECURITY PROGRAM (CRSP)**

A new pension plan for clergy, called the Clergy Retirement Security Program (CRSP), became effective January 1, 2007. It offers a unique two-component core retirement benefit. The defined benefit (DB) component provides a monthly benefit equal to 1/12th of 1.25%, times the number of years of service, times the Denominational Average Compensation (DAC) at the time of retirement, plus a 2% increase annually thereafter. The defined contribution (DC) component allows participants to accumulate cash in a self-directed individual account at a rate of at least 3% of actual compensation annually. The two components are funded by the Annual Conference as plan sponsor. When the new plan became effective, clergy covered under the Ministerial Pension Plan (MPP), Pre-82 Plans and the Personal Investment Plan (PIP) carried forward account balances plus earnings for distribution at retirement. The CRSP plan covers all clergy under Episcopal appointment to local churches, the Conference and district superintendents.

A. Eligibility:

7. Clergy members serving in local churches in this Conference or on Conference staff, including deacons and members of another denomination (not covered under a retirement program of the other denomination), AND receiving compensation in connection with such appointment, will be eligible to participate in CRSP. Clergy on incapacity leave AND receiving CPP disability benefits are also eligible to participate in CRSP, with the Conference paying the cost of the DB component and CPP paying the cost of the DC component.
8. Full time and part time local pastors and student local pastors appointed at least 25% are eligible to participate in CRSP.
9. Eligible persons defined in paragraphs 1 and 2 above, but serving less than full time (75%, 50% or 25%), shall receive similar reduced service credit (75%, 50% or 25%). Also, such persons may elect NOT to participate in CRSP.
10. Clergy members of this Conference employed by general boards and agencies of the United Methodist Church will be covered by a separate pension plan called the Retirement Security Program (RSP), which will be sponsored and paid for by their salary paying unit. Therefore, they are NOT eligible to participate in CRSP.
11. Clergy members of this Conference appointed to sabbatical leave, family leave, attend school, leave of absence or incapacity leave NOT approved for CPP benefits are NOT eligible to participate in CRSP.
12. Clergy members of this Conference appointed to extension ministries are NOT eligible to participate in CRSP; however, they may participate in the United Methodist Personal Investment Plan (UMPIP), provided their salary paying unit agrees to become a plan sponsor of and make any required contributions to UMPIP.

B. Funding for 2013:

2. The DB component of CRSP for 2013 will be billed to the salary paying units (local churches and Conference) at a rate proportionate to the plan compensation for each active and appointed pastor.
2. The DC component of CRSP for 2013 will be billed to the salary paying units (local churches and Conference) at 3.1% of actual compensation, without any limit, which includes a small administrative charge. The actual DC component, 3% of actual compensation, without any limit, will be paid to the General Board of Pensions and Health Benefits on the last business day of each month.

REC 12-5 PENSIONS RECOMMENDATION NO. 5

SUBMITTED BY: Conference Board of Pensions

PREPARED BY: Conference Board of Pensions

ESTIMATED FISCAL IMPACT: Outlined in Recommendation

SOURCE OF STAFF TIME: N/A

Recommendation No. 5**COMPREHENSIVE PROTECTION PLAN**

1. Remittance: For 2011, 2012 and 2013, in line with the process outlined in Recommendation #1, CPP premiums for those enrolled (except on a voluntary basis as detailed below) have been and will be paid in full by the General Board of Pension and Health Benefits.

2. Mandatory Participation: Participation in CPP is mandatory, as required by plan rules, for those in the following categories: a clergy member who is (i) in full connection, (ii) a probationary member, (iii) an associate member of the Conference, (iv) a full-time local pastor of the United Methodist Church, in all cases serving under Episcopal appointment. Participation is also mandatory for clergypersons of another denomination who are appointed to a charge of a United Methodist Church if such person is not participating in a similar program of the denomination to which such person belongs. For 2011, 2012 and 2013, in line with the process outlined in Recommendation #1, CPP premiums for mandatory participants have been and will be paid in full by the General Board of Pension and Health Benefits. Complete information regarding eligibility and contribution requirements is available in the plan documents located in the Conference Board of Pensions office.

3. Elective Arrangements: The Conference Board of Pensions is hereby authorized, at its discretion, to arrange with the Board for active participation in CPP by eligible persons who are not otherwise required to participate. For any such persons to become enrolled and begin participation in the Plan, or to continue participation, the Conference (or Salary-Paying Unit) must take appropriate actions to enroll that person with the Administrator within 90 days of the date the person entered the category covered by the special elective arrangement.

a. Required Participation under Special Arrangement: The Conference elects to enroll or to continue the participation of all the participants in the following categories. For 2011, 2012 and 2013, in line with the process outlined in Recommendation #1, CPP premiums for participants enrolled under special arrangement in *required* categories have been and will be paid in full by the General Board of Pension and Health Benefits.

(1) Sabbatical Leave: Clergy Members in Full Connection and Associate Members appointed to a sabbatical leave (CPP §3.02a; *2008 Discipline* ¶352). Maximum eligibility shall be one year.

(2) Appointed 75%.

(3) Plan Compensation Below 60% of the Denominational Average Compensation: Full, Associate, and Probationary Members; Full Time Local Pastors and Clergy of Other Denominations IF appointed at least 3/4 time.

b. Optional Participation under Special Arrangement: The Conference elects to enroll or to continue the participation of electing participants in the following categories, for whom the participant shall contribute an amount equal to 4.4% of the Denominational Average Compensation, plus a small administrative charge.

(1) Appointed 50% or 25%: For Full, Probationary and Associate Members appointed 50% or 25%, participation shall be at the participant's own expense.

(2) Voluntary Leave of Absence (CPP §302.a, *2008 Discipline* ¶354): Full, Probationary and Associate Members appointed to volunteer leave under any of the following categories: personal leave [354.2(a)]; family leave [354.2(b)]; transitional leave [354.2(c)]. Participation shall be at the participant's own expense.

(3) Appointed to Attend School: Full, Probationary and Associate members appointed to attend school after having served under appointment in the Conference, other than an appointment to attend school, with no maximum number of years (CPP §3.02a). Participation shall be at the participant's own expense.

(4) Incapacity Leave NOT Approved for Benefits: Full, Associate and Probationary Members appointed to incapacity leave, but not approved for disability benefits payable under the Comprehensive Protection Plan (CPP §3.02c, *Discipline* ¶358). No maximum number of years. Participation shall be at the participant's own expense.

c. No participation: By plan rules, part-time local pastors and student local pastors are not eligible to participate in the Comprehensive Protection Plan (CPP).

REC 12-6 PENSIONS RECOMMENDATION NO. 6

SUBMITTED BY: Conference Board of Pensions

PREPARED BY: Conference Board of Pensions

ESTIMATED FISCAL IMPACT: Outlined in Recommendation

SOURCE OF STAFF TIME: N/A

Recommendation No. 6

Resolutions Relating to Rental/Housing Allowances for Retired or Disabled Clergypersons of the California-Pacific Conference

The California-Pacific Conference (the "Conference") adopts the following resolutions relating to rental/housing allowances for retired or disabled clergypersons of the Conference:

WHEREAS, the religious denomination known as The United Methodist Church (the "Church"), of which this Conference is a part, has in the past functioned and continues to function through ministers of the gospel (within the meaning of Internal Revenue Code section 107) who were or are duly ordained, commissioned, or licensed ministers of the Church ("Clergypersons");

WHEREAS, the practice of the Church and of this Conference was and is to provide active Clergypersons with a parsonage or a rental/housing allowance as part of their gross compensation;

WHEREAS, pensions or other amounts paid to retired and disabled Clergypersons are considered to be deferred compensation and are paid to retired and disabled Clergypersons in consideration of previous active service; and

WHEREAS, the Internal Revenue Service has recognized the Conference (or its predecessors) as the appropriate organization to designate a rental/housing allowance for retired and disabled Clergypersons who are or were members of this Conference;

NOW, THEREFORE, BE IT RESOLVED:

THAT an amount equal to 100% of the pension or disability payments received from plans authorized under *The Book of Discipline of The United Methodist Church* (the "*Discipline*"), which includes all such payments from the General Board of Pension and Health Benefits ("GBOPHB"), and any funds distributed from the Lynch Fund as a pension supplement during the year 2013, by each retired or disabled Clergyperson who is or was a member of the Conference, or its predecessors, be and hereby is designated as a rental/housing allowance for each such Clergyperson; and

THAT the pension or disability payments to which this rental/housing allowance applies will be any pension or disability payments from plans, annuities, or funds authorized under the *Discipline*, including such payments from the GBOPHB and from a commercial annuity company that provides an annuity arising from benefits accrued under a GBOPHB plan, annuity, or fund authorized under the *Discipline*, that result from any service a Clergyperson rendered to this Conference or that a retired or disabled Clergyperson of this Conference rendered to any local church, annual conference of the Church, general agency of the Church, other institution of the Church, former denomination that is now a part of the Church, or any other employer that employed the Clergyperson to perform services related to the ministry of the Church, or its predecessors, and that elected to make contributions to, or accrue a benefit under, such a plan, annuity, or fund for such retired or disabled Clergyperson's pension or disability as part of his or her gross compensation, which includes UMPIP contributions, and also applies to any funds distributed from the Lynch Fund as a pension supplement during the year.

NOTE: The rental/housing allowance that may be excluded from a Clergyperson's gross income in any year for federal income tax purposes is limited under Internal Revenue Code section 107(2) and regulations thereunder to the least of: (1) the amount of the rental/housing allowance designated by the Clergyperson's employer or other appropriate body of the Church (such as this Conference in the foregoing resolutions) for such year; (2) the amount actually expended by the Clergyperson to rent or provide a home in such year; or (3) the fair rental value of the home, including furnishings and appurtenances (such as a garage), plus the cost of utilities in such year.

REC 12-7 ELECT WELSEY FOUNDATION BOARDS OF DIRECTORS

SUBMITTED BY: Higher Education and Campus Ministry Council

PREPARED BY: Higher Education and Campus Ministry Council

ESTIMATED FISCAL IMPACT: None

SOURCE OF STAFF TIME: N/A

Whereas *The United Methodist Book of Discipline, 2008*, ¶(634.4.d)(9) directs the Annual Conference Board of Higher Education and Campus Ministry or equivalent structure to determine the policies for nomination and election by the annual conference of Wesley Foundation boards of directors; and

Whereas the insurance provider for the Cal-Pac Annual Conference requires that the boards of directors of bodies covered by the annual conference insurance policy be elected by the annual conference in order for these bodies to maintain their insurance coverage:

THE HIGHER EDUCATION AND CAMPUS MINISTRY COUNCIL NOMINATES THE FOLLOWING TO BE ELECTED BY THE ANNUAL CONFERENCE AS THE BOARDS OF DIRECTORS OF ITS VARIOUS WESLEY FOUNDATIONS:

Wesley Foundation at the University of Hawaii

Campus Minister: Rev. Charlene Zuill

Board: Linda Avegalio, Seth Buckley, Judy Cramer, Leslie Fine, Mark Hudson, Helena Ogle, Lynn Owan, Rev. Frances Wiebenga

Wesley Foundation, UCSD

Campus Minister: Rev. Gary Anderson

Board: B.J. Barclay, Rev. Christopher Chase, Rev. Ed Hoffman, Wesley Swords, David Kay, Christopher Oberle, Earl Saunders, Jana Severson, Annemarie Everett, Dr. Matthew T. Herbst

Wesley Foundation Ministries – SDSU, Inc.

Campus Minister: Rev. Dr. Beth Cooper

Board: Mernie Aste, Rev. Dr. Allyn Axelton, Patricia Bender, Bonnie Brown, Susan Farnsworth, Lynn Jenkins Feinberg, Shirley Ferrill, Rev. Charles Kishpaugh, Rev. Dr. Alice Knotts, Dr. Monica Murphy, Rev. Tom Zeigler

Wesley Foundation serving U.C.L.A.

Campus Minister: Deaconess Jeanne Roe Smith

Board: Carla Bailey, Martin Clajus, Richard Crawford, Rev. Janet Cromwell, Dr. Thelma Eaton, Karin Hilton, Dr. Dick Keagy, Ernesto Manacop, Jr., Rev. Greg Norton, Carlos Salinos, Christine Stumpf, Ernesto Zumaya

Wesley Foundation of San Luis Obispo

Campus Minister: Molly Stuckey

Board: Harold Cota, Bryce Donavon, Dan Jansen, Martin Lang, David Mason, Kristyn Mitchell, Jason Takagi, Jane Voigts, Mary Whiteford.

Please note: The District Superintendent of each district in which a campus ministry is located is an ex-officio member of the Campus Ministry Board of Directors without vote.

RESOLUTIONS

RES 12-1 SUPPORT OF THE NON-VIOLENT OCCUPY AMERICA MOVEMENT

SUBMITTED BY: Inspired by David DeBus; Signed by Theresa Basile, Rev. Richard Bentley, Rev. Rich Bolin, Rev. Jim Brooking, Dr. John Cobb, Rev. Jim Conn, Rev. Kathy Cooper-Ledesma, Rev. Catie Coots, Mary Larson, Rev. Alan Mark, Rev. Janet McKeithen, Krista McVey, Rev. Bill Miller, Rev. Thomas Reinhart-Marean, Rev. Sandie Richards, Rev. Lisa Gay Santiago, Jeanne Roe Smith, Susan Stouffer, Rev. Ginny Wheeler, Rev. Frank Wulf

ESTIMATED FISCAL IMPACT: No additional funds required

STAFF TIME: No additional staff time required

WHEREAS the Old and New Testaments contain over 5,000 references to the poor; the Old Testament stories regularly relate to how the divisions of wealth in ancient Israel broke the covenant between God and the people; the Gospels tell the story of a Jesus who fed the hungry, healed the sick and restored sanity to the unbalanced; and the Epistles explicate the meaning of love as ordering both life within the faith community and its work in the world outside, and

WHEREAS, United Methodists in their Social Principles "claim all economic systems to be under the judgment of God no less than other facets of created order" and that "we support measures that would reduce the concentration of wealth in the hands of a few." (*The Book of Discipline 2008*, ¶ 163. IV. *The Economic Community*, page 118), and we United Methodists are called upon by our order of membership to resist "evil, injustice, and oppression," and

WHEREAS, The non-violent Occupy America movement – started at Wall Street and spread to over 1400 communities across the United States and around the world – has forced attention of all Americans on the great and growing gap between the very rich and everyone else, and

WHEREAS, the gap between the richest one percent and the rest of Americans has been accentuated by public policy at all levels of government relating to taxes, investments, and banking that has concentrated wealth in the hands of the few, and

WHEREAS, this concentration of wealth has infiltrated our democratic system of government so that too many of our elected and appointed officials are beholden to the power of wealth, and

WHEREAS, this increased control of government by and for the wealthy has severely limited the efforts of ordinary citizens to effect changes that would make for a more just, sustainable and participatory society through the use of normal channels of the democratic process, and

WHEREAS, the non-violent Occupy America movement arose out of this stalemate to proclaim a need for all Americans to re-evaluate the role of wealth in the domination of power at all levels of government,

THEREFORE BE IT RESOLVED that the California-Pacific Annual Conference of the United Methodist Church expresses its strong support for the non-violent Occupy America movement, and

BE IT FURTHER RESOLVED that we encourage individuals and congregations within the United Methodist Church to join in that support, and

BE IT FURTHER RESOLVED that we advocate for non-violent and peaceful Occupy America movement participants who are hurt or arrested for their activities of non-violent civil disobedience.

