



IOWA ANNUAL CONFERENCE



TREASURY NOTES

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Annual Conference

At this time of year, we are preparing for Annual Conference. Even though the budgets have been worked on and the plans made, it is the time for helping us all become more informed about the issues brought to the lay and clergy members of the Annual Conference for a decision. Please check with your district office for the time and place they have scheduled for pre-conference training and review of all the issues. In this edition, I will outline the issues related to the Conference Board of Pensions as it funds the retirement plans for clergy. In the May edition, I will include a report on recommendations regarding funding for the active and retired clergy health insurance plans.

Over the last few years, the economy has taken a major impact on the work of the Conference Board of Pensions. The affect of the equity market in late 2008 and 2009 influenced the 2011 budget of the Board. Because of the need for planning and the time process required for building a budget with the Board of Pensions there is always a two-year time lapse. For example, when the 2011 (CAC) Conference Average Compensation is announced it is based on the actual salaries paid to the clergy of the Conference for the year 2009. The reason for the delay is very simple. The Board plans the 2011 budget based on actual numbers. The budget-building process for 2011 begins in the fall of 2009 (*even before Charge Conferences meet to set 2010 Compensation for clergy*). The budget and legislation is developed in early 2010 so the Board and other groups can review it. After that, it is sent to the printer for publication in the Pre-Conference Manual for action in June. Thus, there is always a two-year lag in pension projections and in pension needs.

The time lag is important to understand because it means that what happened to the stock market and other investments in late 2008 and 2009

affects the Conference Pension budget in 2011. The repercussions of the economy down-turn has affected Pensions just as it has affected so many other funds throughout the country. The following are the Board of Pensions recommendations to the Annual Conference:

First, the Pre '82 Pension Plan: The Pre '82 Plan is a defined as a benefit plan. Clergy are entitled to a monthly pension benefit at retirement, calculated as years of service times an annuity rate. Each year, the Annual Conference sets this rate and the recommendation for 2011 is \$593, which is 1% of the Conference Average Compensation for 2011. Remember, the 2011 Average Compensation is based on actual clergy compensation for 2009.

A number of years ago, the Annual Conference voted to sell most of the farms it owned in order to fund the Pre '82 Plan at 100%. The money from the sales were invested in this fund. On January 1, 2008, the Iowa Conference Pre '82 pension was funded at 121%. January 1, 2009, the Pre '82 Plan was funded at 90% because of the change of investments. As a result, a contribution needs to be made by December 31, 2011 to help recover the change in status. The contribution required is amortized over the next ten years. Thus, the Board of Pensions recommendation is that \$1,000,000 be apportioned to the congregations of Iowa to help recover this fund. Part of the rationale for this recommendation is that every congregation in Iowa has benefited from the clergy who are now retired and now rely on this pension plan for part of their retirement income.

Second, the Ministerial Pension Plan: The pension plan for January 1, 1982 through December 31, 2006 is a defined contribution plan where employers contributed to the pension plan for their clergy. Upon retirement, the clergy would convert these contributions into an annuity, which

is a guaranteed stream of payments for the clergy. January 1, 2008, the assets of this plan were 120% or 20% greater than the annuity liabilities. On January 1, 2009, the assets of the plan were 91% or 9% less than the liabilities. Each Conference was assigned a share of this deficit based upon its clergy enrollment. Therefore, in 2011, the Iowa Conference must contribute \$825,070 into this plan. Over the years, the Conference Board of Pensions invested funds in which the income has been used to offset the cost of the many pension obligations. The investments like all others have decreased in value; however, the Board recommends that this deficit be funded from its own investments even if it means the corpus of the investment will be invaded.

The third, component of the clergy retirement plan is the current plan commonly referred to as CRSP (Clergy Retirement Security Program). It is a combined defined benefit and defined contribution plan for active clergy. The plan also includes the cost of a death and disability insurance plan for clergy. The anticipated total cost of this plan for 2011 is \$5,220,954. The recommendation for funding the plan in 2011 is that each congregation will be direct-billed 17% of the clergy compensation that is set for 2011. This is a 3% increase from the year 2010. Even with this increase, it is expected that the Conference Board of Pensions will need to use money from its investments to help fund the cost at 100%.

These recommendations are for the year 2011 only. What happens to the economy in late 2009 and early 2010 will affect what the Board may need to recommend at the 2012 Annual Conference.

2010 Journal Order Form

In your 2010 Pre-Conference Manual you will find the 2010 Journal Order Form. If you would like to order journals please fill out the form and send it in with a check made out to the Iowa Annual Conference c/o Jill Stanton, 2301 Rittenhouse St., Des Moines, IA 50321. The Journal is available in book or CD form. Books are still \$20.00 and CDs are still \$7.00.

The deadline for ordering is the last day of annual conference, which is June 8. If you have any questions, you can contact Jill by either calling

(515) 974-8917 or by emailing her at Jill.Stanton@iaumc.org.

March Receipts

I don't know how many ways to say "Thank You" for the apportionment receipts for 2010. As you can see from the chart below, so many of you have been faithful in sending the receipts to the conference office. Not only is the increase in percentage good but the actual dollar amount as well. In addition, we have received \$266,355 in prior-year apportionments. Thus, when we combine current and prior-years, our total percentage received is 16.91%. That is 0.07% greater than last year at this same time. Most of the money that comes into the conference for apportionment receipts is passed through to the mission agencies supported by the conference and the ministry programs approved each year at the Annual Conference. Your gifts truly do help the church remain faithful to the mission defined by Jesus when he tells his disciples to "go and make disciples." Thank you for your faithful and generous efforts.

	2008	4 YR AVG	2009
General Church	530,228 19.50%	422,395 17.24%	552,119 21.20%
Conference Ministries	1,320,275 12.82%	1,424,031 14.12%	1,445,186 14.13%
Conference Missions	401,498 12.06%	392,873 12.92%	484,131 14.17%
Total Apportionments	2,252,003 13.78%	2,239,300 14.38%	2,481,436 15.27%

Benefits Academy

The Iowa Annual Conference will be hosting a General Board of Pensions Benefits Academy October 4-6 in West Des Moines. All clergy, spouses and others interested in church financial matters are invited to share in this event. During the time, about 14 different classes will be held. Some of the topics include Financial Goals and Debt Management; Healthy You...Healthy Church, Clergy Tax Laws, Life's Transitions, Social Security for Clergy, Church Tax Class, You Can do It: Living a Healthy and Balanced Life plus many more. Mark the dates on your calendar now and look for more details later.