

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

This funding plan incorporates, to the best of our understanding, the plan sponsor's obligations and funding of the benefits provided to clergy and laity, as noted below.

It is understood by the signees that defined benefit plan liabilities [Pre-82 Plan, Ministerial Pension Plan (MPP) and Clergy Retirement Security Program Defined Benefit (CRSP DB) and other sponsored defined benefit plans] continue until the last benefit is paid to participants and their surviving spouses irrespective of the funding level of the plan. That is, even if the assets in the plan are larger than the liabilities in the plan, the plan sponsor still has a liability (obligation) and potential future contribution due to the plan.

## Benefit Obligations Summary

### Plan Contributions for 2021

<b>Clergy Retirement Security Program (CRSP) DB</b>	\$2,059,818
<b>Clergy Retirement Security Program (CRSP) DC</b>	\$744,248
<b>Ministerial Pension Plan (MPP)</b>	\$0
<b>Pre-82 Plan (Pre-82)</b>	\$0
<b>United Methodist Personal Investment Plan (UMPIP) Lay</b>	\$97,417
<b>United Methodist Personal Investment Plan (UMPIP) Clergy</b>	\$21,250
<b>Other Defined Contribution (DC) Obligations</b>	\$500,604
<b>Other Defined Benefit (DB) Obligations</b>	\$0
<b>Health—Active Participants</b>	\$7,187,543
<b>Health—Additional Sponsored Coverage</b>	\$124,918
<b>Post-Retirement Medical (PRM)</b>	\$643,628
<b>Comprehensive Protection Plan (CPP)</b>	\$722,998

### Ongoing Funding Contributions

<b>Pre-82 Plan (Pre-82)</b>	\$0
<b>Post-Retirement Medical (PRM)</b>	\$0

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

Conference Benefit Officer (or equivalent)	Joni Mardesen	09/25/2020
Conference Treasurer	Margaret Biggs	09/26/2020
Conference Board of Pension Chair	David Peterson	09/25/2020
Council on Finance and Administration Chair	Margaret Biggs	09/26/2020



## Opinion on **Iowa Conference 2021** Comprehensive Benefit Funding Plan

The funding plan meets the standards for a Pre-82 funding plan as established by Wespath Benefits and Investments and the favorable opinion requirements for a funding plan. Note: The statement above and any written opinion provided by Wespath do not imply any representation as to the ability or probability of the applicable plan sponsor to fulfill the obligations included in the funding plan.

*Wespath Benefits and Investments*

Wespath Benefits and Investments  
1901 W Chestnut Ave  
Glenview, IL 60025

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

## Accounts

<b>Wespath Accounts</b>		<b>Market Value as of 12/31/2018</b>	<b>Market Value as of 12/31/2019</b>	
B O P OPERATING		\$10,334,019	\$12,628,572	
<b>Pre-82 designated assets</b>	\$0	<b>Investment Objective</b>	Long-term	
<b>PRM designated assets</b>	\$0	<b>Actual Allocation</b>	Equity	68.70%
			Fixed	31.30%
			Short-term	0.00%
<hr/>				
DEPOSIT ACCOUNT		\$95,175	\$32,701	
<b>Pre-82 designated assets</b>	\$0	<b>Investment Objective</b>	Short-term	
<b>PRM designated assets</b>	\$0	<b>Actual Allocation</b>	Equity	0.00%
			Fixed	0.00%
			Short-term	100.00%
<hr/>				
<b>\$</b>	PERMANENT FUND	\$7,133,855	\$8,722,391	
<b>Pre-82 designated assets</b>	\$8,722,391	<b>Investment Objective</b>	Long-term	
<b>PRM designated assets</b>	\$0	<b>Actual Allocation</b>	Equity	69.02%
			Fixed	30.98%
			Short-term	0.00%
<hr/>				
<b>\$</b>	RETIREES BENEFIT FUND	\$16,450,288	\$20,114,467	
<b>Pre-82 designated assets</b>	\$20,114,467	<b>Investment Objective</b>	Long-term	
<b>PRM designated assets</b>	\$0	<b>Actual Allocation</b>	Equity	69.05%
			Fixed	30.95%
			Short-term	0.00%
<hr/>				
<b>\$</b>	RETIREES MEDICAL BENEFIT RESER	\$10,615,457	\$12,962,323	
<b>Pre-82 designated assets</b>	\$0	<b>Investment Objective</b>	Long-term	
<b>PRM designated assets</b>	\$12,962,323	<b>Actual Allocation</b>	Equity	68.23%
			Fixed	31.77%
			Short-term	0.00%

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

<b>Non-Wespath Accounts</b>	<b>Market Value as of 12/31/2018</b>	<b>Market Value as of 12/31/2019</b>
Bankers Trust Checking Acct	\$2,455,391	\$2,852,762
<b>Pre-82 designated assets</b>	\$0	<b>Investment Objective</b>
<b>PRM designated assets</b>	\$0	<b>Actual Allocation</b>
		Short-term
		Equity      0.00%
		Fixed        0.00%
		Short-term   100.00%

**\$** *A portion of this account has been designated as plan assets. The allocated amounts will be shown separately on the Allocation screen and will not be included in the Market Value for this account.*

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

## Incoming Money

### Primary Sources

Estimated amount for 2021

Apportionments \$9,724,498

Annual Apportionment \$9,724,498

x Expected Collection Percentage 100.00%

Direct Billing

*Refer to the following "Allocate Funding Sources" pages for actual amounts allocated from the above funding sources.*

## Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

### Allocate Funding Sources to Benefit Obligations

Funding Sources		B O P Operating	Deposit Account	Bankers Trust Checking Acct	Apportionments	Direct Billing
<b>Available Balance</b>		\$12,628,572	\$32,701	\$2,852,762	\$9,724,498	
<b>Total Allocated</b>		\$43,436	\$0	\$0	\$412,000	\$11,003,360
<b>Remaining Balance</b>		\$12,585,136	\$32,701	\$2,852,762	\$9,312,498	
<b>Plan Contributions for 2021</b>						
CRSP DB	\$2,059,818					\$2,059,818
CRSP DC	\$744,248					\$744,248
MPP						
Pre-82						
UMPIP Lay	\$97,417					\$97,417
UMPIP Clergy	\$21,250					\$21,250
Clergy Moving Expenses	\$412,000				\$412,000	
Employee Assistance Program	\$23,436	\$23,436				
UMLife Options for Conference lay staff - premium	\$45,168					\$45,168
Virgin Health Miles Rewards for all participants -	\$20,000	\$20,000				
Health Active	\$7,187,543					\$7,187,543
Health Additional	\$124,918					\$124,918
Post-Retirement Medical	\$643,628					
CPP	\$722,998					\$722,998
<b>Ongoing Funding Contributions</b>						
Pre-82						
Post-Retirement Medical	\$0					

## Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

### Allocate Funding Sources to Benefit Obligations

Funding Sources		Pre-82 Surplus	Pre-82 Outside Assets	Prm In-Plan & Outside Assets
<b>Available Balance</b>		\$1,955,399	\$28,836,858	\$12,962,323
<b>Total Allocated</b>		\$0	\$0	\$643,628
<b>Remaining Balance</b>		\$1,955,399	\$28,836,858	\$12,318,695
<b>Plan Contributions for 2021</b>				
CRSP DB	\$2,059,818			
CRSP DC	\$744,248			
MPP				
Pre-82				
UMPIP Lay	\$97,417			
UMPIP Clergy	\$21,250			
Clergy Moving Expenses	\$412,000			
Employee Assistance Program	\$23,436			
UMLife Options for Conference lay staff - premium	\$45,168			
Virgin Health Miles Rewards for all participants -	\$20,000			
Health Active	\$7,187,543			
Health Additional	\$124,918			
Post-Retirement Medical	\$643,628			\$643,628
CPP	\$722,998			
<b>Ongoing Funding Contributions</b>				
Pre-82				
Post-Retirement Medical	\$0			

**Iowa Conference (150)  
2021 Comprehensive Benefit Funding Plan**

<b>Plan Contributions for 2021</b>		<b>Funding Needed</b>
CRSP DB	\$2,059,818	\$0
CRSP DC	\$744,248	\$0
MPP		\$0
Pre-82		\$0
UMPIP Lay	\$97,417	\$0
UMPIP Clergy	\$21,250	\$0
UMLife Options for Conference lay staff - premium	\$45,168	\$0
Clergy Moving Expenses	\$412,000	\$0
Virgin Health Miles Rewards for all participants -	\$20,000	\$0
Employee Assistance Program	\$23,436	\$0
Health Active	\$7,187,543	\$0
Health Additional	\$124,918	\$0
Post-Retirement Medical	\$643,628	\$(643,628)
CPP	\$722,998	\$0

<b>Ongoing Funding Contribution for 2021</b>		<b>Funding Needed</b>
Pre-82		
Post-Retirement Medical	\$0	\$(340,812)



# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

## Clergy Retirement Security Program (CRSP)

**Plan Overview:** The Clergy Retirement Security Program (CRSP) is an Internal Revenue Code section 403(b) retirement program providing lifetime income and account flexibility designed for those who serve as clergy of The United Methodist Church. The plan is designed to provide participants with one portion of their overall retirement benefits. CRSP replaced the Ministerial Pension Plan (MPP) effective January 1, 2007.

CRSP consists of two components:

- A defined benefit (DB) plan--provides a monthly benefit at retirement based upon years of credited service to the Church
- A defined contribution (DC) plan--provides a retirement account balance established and funded by the annual conferences

### Elections and Estimates

	<b>Final</b>
<b>Eligibility requirement</b>	50%+
<b>Conference Full Time Equivalents (FTE)</b>	376.50
<b>CRSP Defined Benefit (DB)</b>	
Required contribution for 2021	\$2,059,818
<b>CRSP Defined Contribution (DC)</b>	
Expected average future annual increases	2.00%
Estimated contribution for 2021	\$744,248

### Rationale for each change

Fewer clergy eligible for CRSP DC benefits and fewer churches

### CRSP DB Denominational Information as of 1/1/2019

Total plan liability	\$(1,913,258,514)
Total plan assets	\$2,049,273,913
Total plan funded status	\$136,015,399
Total plan funded ratio	107%
Plan sponsor's liability percentage	2.3297%

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

## Key Actuarial Assumptions Used in CRSP DB Cost Calculations

Discount rate	7.00%
Future Denominational Average Compensation (DAC) increases	2.50%
COLA increases for actives	2.00%
Mortality	RP2014, generational projection using MP2016

*Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2019.*

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

## Ministerial Pension Plan (MPP)

**Plan Overview:** Supplement Three to the Clergy Retirement Security Program (CRSP), also known as the Ministerial Pension Plan (MPP) provides clergy with a pension benefit for their years of ministry with The United Methodist Church from 1982 through 2006. MPP is an Internal Revenue Code section 403(b) retirement plan. MPP requires that exactly 65% of the account balance must be annuitized when it is to be distributed. The remainder may be rolled over to UMPIP, another qualified plan or an IRA, or paid in a lump sum.

### Elections and Estimates

	Final
Required contributions for 2021	\$0

### MPP Denominational Annuities Information as of 1/1/2019

Total MPP annuities liability	\$(3,718,398,163)
Total plan assets	\$3,997,635,453
Total plan funded status	\$279,237,290
Total plan funded ratio	108%
Plan sponsor's liability percentage	2.5203%

### Future MPP Denominational Annuitants Information as of 1/1/2019

Total participant account balances	\$3,231,280,101
Plan sponsor's participant account balances	\$71,969,562

### Key Actuarial Assumptions Used in MPP Annuities Cost Calculations

Discount rate	6.00%
Benefit increases	Based on increases selected by participant
Mortality	RP2014, generational projection using MP2016

*Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2019.*

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

## Pre-82 Plan (Pre-82)

**Plan Overview:** Supplement One to the Clergy Retirement Security Program (CRSP), also known as the Pre-82 Plan, provides clergy with a pension benefit for their years of ministry with The United Methodist Church prior to 1982. The Pre-82 Plan was replaced by MPP effective January 1, 1982. If a clergyperson retires within the conference (and does not terminate), the minimum benefit payable is based on two factors:

- 1) Years of service with pension credit--approved by each conference on the recommendation of the Conference Board of Pensions (CBOP) in accordance with plan provisions and The Book of Discipline.
- 2) The conference pension rate (past service rate)--the dollar amount chosen by the conference as the amount payable for each approved year of service with pension credit (may change from year to year).

The number of years of service with pension credit is multiplied by the PSR, and the product is the minimum annual benefit payable to those clergy eligible for Pre-82 Plan benefits. In certain situations, the benefit received from the Pre-82 plan may vary based on the applicability of what is referred to as Defined Benefit Service Money (DBSM), which is the defined contribution feature of the Pre-1982 Plan. At the time that a participant retires, the DBSM account is converted to a life-based benefit. At that point, the clergy's benefit is the greater of the PSR benefit or DBSM benefit. If the conference increases the PSR, the clergy's benefit is recalculated; however the DBSM-based benefit does not change.

### Elections and Estimates

	<b>Final</b>
Past Service Rate (PSR)	674
Estimated PSR cost-of-living increase	1.75%
Contingent Annuitant Percentage (CA%)	70 %
Discount rate	6.3750%
Minimum contribution for 2021	\$0
Advanced funding contribution for 2021 payable in 2020	\$0

### Rationale for each change

The Iowa Annual Conference approved a 3% increase in the PSR to \$674.

## Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

### Funding Plan Contribution

Funding plan liability as of 1/1/2019	\$(46,544,222)
Total of in-plan and outside assets	\$76,956,641
Funded status	\$30,412,419
Funded ratio	165%
Funded status projection as of 12/31/2020	\$34,413,601
Proposed ongoing funding contribution for 2021	\$0

### Funding strategy

The monies from the Permanent Fund and the Retirees Benefit Fund are designated for Pre-82 obligations

### Pre-82 Denominational information as of 1/1/2019

Total plan liability	\$(1,925,705,840)
Total plan assets	\$2,041,249,221
Total plan funded status	\$115,543,381
Total plan funded ratio	106%

*Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2019.*

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

## Health—Active Participants

### Elections and Estimates

	<b>Final</b>
Health plan offered to actives	Insurance
Actual annual plan benefit cost paid in 2019	\$6,908,927
Budgeted annual plan benefit cost for 2020	\$7,254,373
Projected annual plan benefit cost for 2021	\$7,187,543
Expected average future annual increases	5.00%

### Rationale for each change

The number of eligible staff and clergy serving 3/4 or more continues to decrease. The 2021 cost is based on current enrollment in the plan

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

## Health—Additional Sponsored Coverage

Categories of participants who are provided health benefit coverage during periods of non-employment. Without plan sponsor-funded premiums, these participants would not be provided coverage or benefits.

<input checked="" type="checkbox"/>	Clergy or lay on disability (including pending disability)
<input checked="" type="checkbox"/>	Surviving spouses or children of deceased active participants
<input checked="" type="checkbox"/>	Any other leave / arrangements that provide additional coverage

## Coverage Obligations

Covered Category	Estimated obligation as of 12/31/2018	Estimated obligation as of 12/31/2019
Clergy or lay on disability (including pending disability)	\$570,078	\$607,194
Surviving spouses or children of deceased active participants	\$0	\$184,380
Any other leave / arrangements that provide additional coverage	\$0	\$0
<b>Total</b>	<b>\$570,078</b>	<b>\$791,574</b>

## Annual cost calculation

*The following calculations are not a present value of future costs.*

Total estimated obligation as of 12/31/2019		\$791,574
Average number of years of remaining coverage	÷	6.9863
Estimated annual cost as of 12/31/2019	=	\$113,304
Expected average future annual increases	x	5.00%
Projected annual cost as of 12/31/2021	=	\$124,918

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

## Post-Retirement Medical (PRM)

### Valuation

The most recent actuarial valuation was provided by Towers Watson as of 12/31/2019.  
Per *The Book of Discipline*, your next PRM biennial actuarial valuation is required as of 12/31/2021.

### PRM Actuarial Valuation as of 12/31/2019

Valuation report (in-plan) assets	\$0
EPBO net plan sponsor cost	\$6,196,193
APBO net plan sponsor cost	\$5,888,517
Service cost net plan sponsor cost	\$46,386
Annual plan benefit cost	\$643,628
Intention regarding PRM	Retain current plan benefit

<b>Participant counts by category</b>	
Active participants	364
Active dependents	247
Retirees	347
Surviving spouses	123
Dependents of retired participants	199
<b>Total participants</b>	<b>1,280</b>

<b>Key actuarial assumptions</b>	
Census date	01/01/2020
Discount rate	3.00%
Expected return on assets	0.00%
Valuation year medical trend or inflation rate	0.00%
Ultimate medical trend or inflation rate	0.00%
Fiscal year for ultimate medical trend	2020



# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

## Elections and Estimates

### Description of Benefit

Participants retired before 7/1/11 will receive a monthly HRA contribution of \$100 for their lifetime. Participants retired following 7/1/11 receive a total HRA contribution of \$4,200 paid out over 5 1/2 years. The step-down plan is as follows: 18 mos. of \$100/mo; 12 mos. of \$80/mo; 12 mos. of \$60/mo; 12 mos. of \$40/mo; 12 mos. of \$20/mo = \$4,200

	<b>Final</b>
Health plan benefit offered to retirees	Stipend
Expected average future annual increases	0.00%
Projected annual plan benefit cost as of 2021	\$643,628

### Funding Plan Contribution

*The following calculations are not a present value of future costs.*

Net PRM assets		\$12,318,695
APBO net plan sponsor cost	-	\$5,888,517
Funded status	=	\$6,430,178
Portion of funded status payable (\$0 if Funded status ≥ \$0)		\$0
Funding plan service cost (\$0 if Net PRM assets ≥ EPBO)	+	\$0
Ongoing funding contribution for 2021	=	\$0

### Rationale for each change

The Iowa CBOP currently has in excess of \$13 million set aside for the retiree medical obligations

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

## Comprehensive Protection Plan (CPP)

**Plan Overview:** The Comprehensive Protection Plan (CPP) provides death, long-term disability and other welfare benefits for eligible clergy of The United Methodist Church and their families. It is an Internal Revenue Code 414(e) “church plan” funded by plan sponsor insurance premiums. Generally, clergy are eligible to participate in CPP if they satisfy the eligibility requirements, including full-time appointment with plan compensation of at least 25% of the Denominational Average Compensation (DAC). Plan sponsors may elect to cover participants with three-quarter time appointments and/or to continue to cover clergy who, due to certain leaves or appointments, are not otherwise eligible to continue coverage.

The CPP adoption agreement executed by the IOWA contains its elections to cover or not to cover categories mentioned above.

### Elections and Estimates

	<b>Final</b>
Expected average future annual increases	2.00%
Estimated premium for 2021	\$722,998

### Rationale for each change

There is a reduced number of clergy within the Conference that are eligible for CPP

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

## United Methodist Personal Investment Plan (UMPIP)

**Plan Overview:** The United Methodist Personal Investment Plan (UMPIP) is an Internal Revenue Code section 403(b) defined contribution retirement savings plan for clergy and lay employees of The United Methodist Church and affiliated organizations. Participants may make before-tax, Roth and/or after-tax contributions through payroll deductions. Participant contributions, various optional plan sponsor contributions and investment earnings comprise the individual's retirement account balance.

## United Methodist Personal Investment Plan (UMPIP) Lay

### Elections and Estimates

	Final
Expected average future annual increases	2.00%
Estimated contribution for 2021	\$97,417

### Rationale for each change

Due to the reduction in Conference staff, we expect the UMPIP lay contributions to decrease, and future increases may be expected at no more than 2%

## United Methodist Personal Investment Plan (UMPIP) Clergy

### Elections and Estimates

	Final
Expected average future annual increases	2.00%
Estimated contribution for 2021	\$21,250

### Rationale for each change

Due to the reduced number of churches and fewer clergy, we expect the number of quarter-time pastors receiving UMPIP to decrease

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

## Other Defined Contribution (DC) Obligations

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<b>Name</b>	<b>Estimated annual contribution</b>
Clergy Moving Expenses	\$412,000

**Description**

Clergy Moving Expenses

	<b>Final</b>
Expected average future annual increases	0.00%
Estimated contribution for 2021	\$412,000

**Rationale for each change**

The Iowa Conference CFA is developing a new move policy - those move costs may be billed directly to the churches or the pastors dependent upon the final policy.

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<b>Name</b>	<b>Estimated annual contribution</b>
Employee Assistance Program	\$23,436

**Description**

This program is offered to all active and retired clergy, lay staff with the Conference, and their families.

	<b>Final</b>
Expected average future annual increases	0.00%
Estimated contribution for 2021	\$23,436

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<b>Name</b>	<b>Estimated annual contribution</b>
UMLife Options for Conference lay staff - premium	\$45,168

**Description**

UMLife Options for Conference lay staff - premium payments

	<b>Final</b>
Expected average future annual increases	2.00%
Estimated contribution for 2021	\$45,168

**Rationale for each change**

There will be a reduction in Conference lay staff, but premiums will increase based on age and the staff that continue to be covered in retirement

# Iowa Conference (150) 2021 Comprehensive Benefit Funding Plan

<b>Name</b>	<b>Estimated annual contribution</b>
Virgin Health Miles Rewards for all participants -	\$20,000

**Description**

Virgin Health Miles Rewards for all participants - clergy, conference staff, lay employees of local churches

	<b>Final</b>
Expected average future annual increases	0.00%
Estimated contribution for 2021	\$20,000