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 2019**

|  |  |
| --- | --- |
| **Clergy Retirement Security Program (CRSP) DB** | $1,775,279 |
| **Clergy Retirement Security Program (CRSP) DC** | $640,886 |
| **Ministerial Pension Plan (MPP)** | $0 |
| **Pre-82 Plan (Pre-82)** | $147,704 |
| **United Methodist Personal Investment Plan (UMPIP) Lay** | $158,202 |
| **United Methodist Personal Investment Plan (UMPIP) Clergy** | $133,805 |
| **Other Defined Contribution (DC) Obligations** | $259,105 |
| **Other Defined Benefit (DB) Obligations** | $31,134 |
| **Health—Active Participants** | $4,422,666 |
| **Health—Additional Sponsored Coverage** | $151,616 |
| **Post-Retirement Medical (PRM)** | $1,650,000 |
| **Comprehensive Protection Plan (CPP)** | $422,195 |

**Ongoing Funding Contributions**

|  |  |
| --- | --- |
| **Pre-82 Plan (Pre-82)** | $0 |
| **Post-Retirement Medical (PRM)** | $2,115,965 |

|  |  |  |  |
| --- | --- | --- | --- |
| Conference Benefit Officer (or equivalent)  Conference Treasurer  Conference Board of Pension Chair  Council on Finance and Administration Chair | Vicki Swanson  Mary Rublee  Susan Ranous | 04/30/2018  04/30/2018  05/01/2018 | |
| Opinion on **Upper New York Conference 2019** 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  1901 W Chestnut Ave  Glenview, IL 60025 | | | |

# Accounts

**Wespath Accounts Market Value Market Value**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **as of 12/31/2016** | **as of 12/31/2017** | |
| DEPOSIT ACCOUNT  Pre-82 allocated amount  PRM allocated amount | $0  $0 | $2,786,880  Investment Objective  Target Allocation | $2,526,186  Short-term  Equity 36.40%  Fixed 17.63%  Short-term 45.97% | |
| PENSION RESERVE FUND  Pre-82 allocated amount  PRM allocated amount | $0  $0 | $2,366,453  Investment Objective  Target Allocation | $2,500,993  Intermediate-term  Equity 65.00%  Fixed 35.00%  Short-term 0.00% | |
| RETIRED CLERGY BENEFITS FUND  Pre-82 allocated amount  PRM allocated amount | $5,000,000  $0 | $17,628,312  Investment Objective  Target Allocation | Equity  Fixed  Short-term | $$20,796,058  Long-term  64.96%  34.98%  0.06% |
| UNY BENEFITS FUND  Pre-82 allocated amount  PRM allocated amount | $0  $0 | $8,773,589  Investment Objective  Target Allocation | Equity  Fixed  Short-term | $9,267,163  Long-term  46.99%  53.01%  0.00% |

 *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.*

# Incoming Money

|  |  |  |  |
| --- | --- | --- | --- |
| **Primary Sources** |  | **Estimated amount for 2019** | |
| Apportionments |  |  | $1,280,118 |
|  | Annual Apportionment x Apportionment Percentage x Expected Collection Percentage | $1,280,118  100.00% 100.00% |  |
| CPP Premium Holiday |  |  | $422,195 |

## Other Sources

Direct Billing

Participant Contributions

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Funding Sources** | | **Deposit**  **Account** | **Pension**  **Reserve Fund** | **Retired Clergy**  **Benefits Fund** | **Uny Benefits**  **Fund** | **Apportionments** |
| **Available Balance** | | $2,526,186 | $2,500,993 | $15,796,058 | $9,267,163 | $1,280,118 |
| **Total Allocated** | | $333,358 | $147,704 | $2,898,365 | $0 | $1,280,118 |
| **Remaining Balance** | | $2,192,828 | $2,353,289 | $12,897,693 | $9,267,163 | $0 |
|  | |  |  |  |  |  |
| **Plan Contributions for 2019** |  |  |  |  |  |  |
| CRSP DB | $1,775,279 |  |  |  |  | $168,402 |
| CRSP DC | $640,886 |  |  |  |  | $46,996 |
| MPP | $0 |  |  |  |  |  |
| Pre-82 | $147,704 |  | $147,704 |  |  |  |
| UMPIP Lay | $158,202 |  |  |  |  | $158,202 |
| UMPIP Clergy | $133,805 |  |  |  |  |  |
| Dental Insurance | $165,500 | $125,608 |  |  |  |  |
| Retiree Emergency Fun d | $25,000 | $25,000 |  |  |  |  |
| Retiree Moving Expense | $35,000 |  |  |  |  | $35,000 |
| UMLife LTD and Death Benefit for Lay Employee | $33,605 |  |  |  |  | $33,605 |
| s  Special Grants for pensi on purposes | $31,134 | $31,134 |  |  |  |  |
| Health Active | $4,422,666 |  |  |  |  | $837,913 |
| Health Additional | $151,616 | $151,616 |  |  |  |  |
| Post-Retirement Medical | $1,650,000 |  |  | $782,400 |  |  |
| CPP | $422,195 |  |  |  |  |  |
| **Ongoing Funding**  **Contributions** |  |  |  |  |  |  |
| Pre-82 | $0 |  |  |  |  |  |
| Post-Retirement Medical | $2,115,965 |  |  | $2,115,965 |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Funding Sources** | | **Cpp Premium**  **Holiday** | **Direct**  **Billing** |  | **Cpp Premium**  **Credit** | **Participant**  **Contributions** | **Pre-82 Outside**  **Assets** |
| **Available Balance** | | $422,195 |  |  |  |  | $5,000,000 |
| **Total Allocated** | | $0 |  | $6,553,435 |  | $273,382 | $0 |
| **Remaining Balance** | | $422,195 |  |  |  |  | $5,000,000 |
|  | |  |  |  |  |  |  |
| **Plan Contributions for 2019** |  |  |  |  |  |  |  |
| CRSP DB | $1,775,279 |  |  | $1,606,877 |  |  |  |
| CRSP DC | $640,886 |  |  | $593,890 |  |  |  |
| MPP | $0 |  |  |  |  |  |  |
| Pre-82 | $147,704 |  |  |  |  |  |  |
| UMPIP Lay | $158,202 |  |  |  |  |  |  |
| UMPIP Clergy | $133,805 |  |  | $133,805 |  |  |  |
| Dental Insurance | $165,500 |  |  |  |  | $39,892 |  |
| Retiree Emergency Fun d | $25,000 |  |  |  |  |  |  |
| Retiree Moving Expense | $35,000 |  |  |  |  |  |  |
| UMLife LTD and Death Benefit for Lay Employee | $33,605 |  |  |  |  |  |  |
| s  Special Grants for pensi on purposes | $31,134 |  |  |  |  |  |  |
| Health Active | $4,422,666 |  |  | $3,351,263 |  | $233,490 |  |
| Health Additional | $151,616 |  |  |  |  |  |  |
| Post-Retirement Medical | $1,650,000 |  |  | $867,600 |  |  |  |
| CPP | $422,195 |  |  |  |  |  |  |
| **Ongoing Funding**  **Contributions** |  |  |  |  |  |  |  |
| Pre-82 | $0 |  |  |  |  |  |  |
| Post-Retirement Medical | $2,115,965 |  |  |  |  |  |  |

|  |  |  |
| --- | --- | --- |
|  | | **Prm In-Plan &** |
| **Funding Sources** | | **Outside Assets** |
| **Available Balance** | |  |
| **Total Allocated** | |  |
| **Remaining Balance** | |  |
|  | |  |
| **Plan Contributions for 2019** |  |  |
| CRSP DB | $1,775,279 |  |
| CRSP DC | $640,886 |  |
| MPP | $0 |  |
| Pre-82 | $147,704 |  |
| UMPIP Lay | $158,202 |  |
| UMPIP Clergy | $133,805 |  |
| Dental Insurance | $165,500 |  |
| Retiree Emergency Fun d | $25,000 |  |
| Retiree Moving Expense | $35,000 |  |
| UMLife LTD and Death Benefit for Lay Employee | $33,605 |  |
| s  Special Grants for pensi on purposes | $31,134 |  |
| Health Active | $4,422,666 |  |
| Health Additional | $151,616 |  |
| Post-Retirement Medical | $1,650,000 |  |
| CPP | $422,195 |  |
| **Ongoing Funding**  **Contributions** |  |  |
| Pre-82 | $0 |  |
| Post-Retirement Medical | $2,115,965 |  |

|  |  |  |
| --- | --- | --- |
| **Plan Contributions for 2019** |  | **Funding Needed** |
| CRSP DB | $1,775,279 | $0 |
| CRSP DC | $640,886 | $0 |
| MPP | $0 | $0 |
| Pre-82 | $147,704 | $0 |
| UMPIP Lay | $158,202 | $0 |
| UMPIP Clergy | $133,805 | $0 |
| Dental Insurance | $165,500 | $0 |
| UMLife LTD and Death Benefit for Lay Employees | $33,605 | $0 |
| Retiree Emergency Fund | $25,000 | $0 |
| Retiree Moving Expense | $35,000 | $0 |
| Special Grants for pension purposes | $31,134 | $0 |
| Health Active | $4,422,666 | $0 |
| Health Additional | $151,616 | $0 |
| Post-Retirement Medical | $1,650,000 | $0 |
| CPP | $422,195 | $0 |
| **Ongoing Funding Contribution for 2019** |  | **Funding Needed** |
| Pre-82 | $0 | $0 |
| Post-Retirement Medical | $2,115,965 | $0 |

## 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

|  |  |
| --- | --- |
|  | **Final** |
| **Eligibility requirement** | 75%+ |
| **Conference Full Time Equivalents (FTE)** | 322.75 |
| **CRSP Defined Benefit (DB)** |  |
| Required contribution for 2019 | $1,775,279 |
| **CRSP Defined Contribution (DC)** |  |
| Expected average future annual increases | 2.00% |
| Estimated contribution for 2019 | $640,886 |

### CRSP DB Denominational Information as of 1/1/2017

|  |  |
| --- | --- |
| Total plan liability | $(1,588,243,217) |
| Total plan assets | $1,700,835,563 |
| Total plan funded status | $112,592,346 |
| Total plan funded ratio | 107% |
| Plan sponsor’s liability percentage | 2.1877% |

### 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 MP2014 |

*Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2017.*

## 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 2019 | $0 |

### MPP Denominational Annuities Information as of 1/1/2017

|  |  |
| --- | --- |
| Total MPP annuities liability | $(3,532,916,942) |
| Total plan assets | $3,701,460,997 |
| Total plan funded status | $168,544,055 |
| Total plan funded ratio | 105% |
| Plan sponsor’s liability percentage | 2.7169% |

### Future MPP Denominational Annuitants Information as of 1/1/2017

|  |  |
| --- | --- |
| Total participant account balances | $3,689,292,322 |
| Plan sponsor’s participant account balances | $81,236,037 |

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

|  |  |
| --- | --- |
| Discount rate | 6.25% |
| Benefit increases | Based on increases selected by participant |
| Mortality | RP2014, generational projection using MP2014 |

*Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2017.*

## 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

|  |  |
| --- | --- |
|  | **Final** |
| Past Service Rate (PSR) | $645 |
| Estimated PSR cost-of-living increase | 2.00% |
| Contingent Annuitant Percentage (CA%) | 75 % |
| Discount rate | 6.6250% |
| Minimum contribution for 2019 | $0 |
| Advanced funding contribution for 2019 payable in 2018 | $147,704 |

### Rationale for each change

UNY has a desire to be funded at 100% or more. The CBOPHB believes that to achieve this, it must limit the PSAR growth to 1% for 2019. This also coincides with active clergy salary increases of less than 2%. For funding plan purposes, however, the Board will maintain a 2% increase for planning purposes.

### Funding Plan Contribution

|  |  |
| --- | --- |
| Funding plan liability as of 1/1/2017 | $(59,417,567) |
| Total of in-plan and outside assets | $61,960,025 |
| Funded status | $2,542,458 |
| Funded ratio | 104% |
| Funded status projection as of 12/31/2018 | $3,795,298 |
| Proposed ongoing funding contribution for 2019 | $0 |

**Funding strategy**

Funding of Pre-82 benefits is available through the Pension Reserve Fund and the Retired Clergy Benefits Fund.

### Pre-82 Denominational information as of 1/1/2017

|  |  |
| --- | --- |
| Total plan liability | $(2,138,287,569) |
| Total plan assets | $2,203,789,443 |
| Total plan funded status | $65,501,874 |
| Total plan funded ratio | 103% |

*Calculated values are based upon the assumptions and methods documented in the actuarial valuation report issued in September, 2017.*

## Health—Active Participants

### Elections and Estimates

|  |  |
| --- | --- |
|  | **Final** |
| Health plan offered to actives | Self-Funded - HealthFlex |
| Actual annual plan benefit cost paid in 2017 | $4,011,489 |
| Budgeted annual plan benefit cost for 2018 | $4,212,063 |
| Projected annual plan benefit cost for 2019 | $4,422,666 |
| Expected average future annual increases | 5.00% |

## 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.

|  |  |
| --- | --- |
| **X** | Clergy or lay on disability (including pending disability) |
| **X** | Surviving spouses or children of deceased active participants |

### Coverage Obligations

|  |  |  |
| --- | --- | --- |
| **Covered Category** | **Estimated obligation as of 12/31/2016** | **Estimated obligation as of 12/31/2017** |
| Clergy or lay on disability (including pending disability) | $459,000 | $521,532 |
| Surviving spouses or children of deceased active participants | $26,352 | $18,020 |
| **Total** | $485,352 | $539,552 |

### Annual cost calculation

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

|  |  |  |
| --- | --- | --- |
| Total estimated obligation as of 12/31/2017 |  | $539,552 |
| Average number of years of remaining coverage | ÷ | 3.9234 |
| Estimated annual cost as of 12/31/2017 | = | $137,520 |
| Expected average future annual increases | x | 5.00% |
| Projected annual cost as of 12/31/2019 | = | $151,616 |

## Post-Retirement Medical (PRM)

### Valuation

The most recent actuarial valuation was provided by Towers Watson as of 12/31/2016.

Per *The Book of Discipline*, your next PRM biennial actuarial valuation is required as of 12/31/2018.

### PRM Actuarial Valuation as of 12/31/2016

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Valuation report (in-plan) assets  EPBO net plan sponsor cost APBO net plan sponsor cost  Service cost net plan sponsor cost  Annual plan benefit cost  Intention regarding PRM |  | | |  | $0 $33,289,238 $27,299,984  $750,966  $1,554,832  Retain current plan benefit | |
| **Participant counts by category**  Active participants  Active dependents  Retirees  Surviving spouses  Dependents of retired participants  **Total participants** | 290  196  327  92  170  **1,075** |  | **Key actuarial assumptions**  Census date  Discount rate  Expected return on assets  Valuation year medical trend or inflation rate  Ultimate medical trend or inflation rate  Fiscal year for ultimate medical trend | | | 01/01/2017  3.80%  0.00%  6.50%  5.00%  2023 |

**Elections and Estimates**

### Description of Benefit

Each eligible person over age 65 receives an HRA of 3.33 percent of the fully funded amount per year of service up to a maximum of 30 years. The fully funded amount is $2,678.

|  |  |
| --- | --- |
|  | **Final** |
| Health plan benefit offered to retirees | OneExchange |
| Expected average future annual increases | 2.00% |
| Projected annual plan benefit cost as of 2019 | $1,650,000 |

### Funding Plan Contribution

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

|  |  |  |
| --- | --- | --- |
| Funded status  Number of annual payments  Portion of funded status payable  Service cost net plan sponsor cost  Ongoing funding contribution for 2019 | ÷  = + = | $(27,299,984)  20  $1,364,999  $750,966 $2,115,965 |

## 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 UPPER NEW YORK contains its elections to cover or not to cover categories mentioned above.

Elections and Estimates

|  |  |
| --- | --- |
|  | **Final** |
| Expected average future annual increases | 2.00% |
| Estimated premium for 2019 | $422,195 |

**Rationale for each change:** This is the estimated collection for CPP based on receiving 95% of billed amount.

## 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 2019 | $158,202 |

## United Methodist Personal Investment Plan (UMPIP) Clergy

### Elections and Estimates

|  |  |
| --- | --- |
|  | **Final** |
| Expected average future annual increases | 1.50% |
| Estimated contribution for 2019 | $133,805 |

### Rationale for each change

UNY is new to offering UMPIP to Clergy and overestimated the number of participants. Our contribution estimate has been modified to reflect actual enrollment and compensation.

## Other Defined Contribution (DC) Obligations

**Name Estimated annual contribution**

Dental Insurance $165,500

### Description

UNY offers basic dental insurance to active clergy and staff at no cost to the participant. Participants can buy-up to a higher benefit and pay the difference.

|  |  |
| --- | --- |
|  | **Final** |
| Expected average future annual increases | 5.00% |
| Estimated contribution for 2019 | $165,500 |

### Rationale for each change

We experienced a 6% increase in rates and this has caused us to increase the estimated contribution and the average future increase projection.

**Name Estimated annual contribution**

Retiree Emergency Fund $25,000

### Description

Retiree Emergency Fund

|  |  |
| --- | --- |
|  | **Final** |
| Expected average future annual increases | 0.00% |
| Estimated contribution for 2019 | $25,000 |

|  |  |
| --- | --- |
| **Name** | **Estimated annual contribution** |
| Retiree Moving Expense | $35,000 |

### Description

Retiree Moving Expense

|  |  |
| --- | --- |
|  | **Final** |
| Expected average future annual increases | 5.00% |
| Estimated contribution for 2019 | $35,000 |

### Rationale for each change

Based on increasing number of retirements, this expense has and will increase over the next several years.

|  |  |
| --- | --- |
| **Name** | **Estimated annual contribution** |
| UMLife LTD and Death Benefit for Lay Employees | $33,605 |

### Description

UMLife LTD and Death Benefit for Lay Employees

|  |  |
| --- | --- |
|  | **Final** |
| Expected average future annual increases | 2.00% |
| Estimated contribution for 2019 | $33,605 |

## Other Defined Benefit (DB) Obligations

**Name Estimated annual contribution**

Special Grants for pension purposes $31,134

### Description

Special Grants for pension purposes

|  |  |
| --- | --- |
|  | **Final** |
| Expected average future annual increases | 2.00% |
| Estimated contribution for 2019 | $31,134 |
| Discount rate | $4.00 |
| Estimated amount of liability | $178,000 |
| Total plan assets | $214,326 |

### Rationale for each change

Grant projections adjusted for participant death and for increased mortality rate.