

**LA 5****RESOLUTION TO DESIGNATE RENTAL HOUSING ALLOWANCES FOR RETIRED OR DISABLED CLERGYPERSONS OF THE NORTH TEXAS CONFERENCE**

**FROM:** Board of Pension and Health Benefits

**BACKGROUND:** To be in compliance with Internal Revenue Service Revenue Ruling 75-22, 1975-1,49, as it relates to clergy housing, the North Texas Conference (the “Conference”) adopts the following resolutions relating to rental/housing allowances for active, retired, or disabled clergypersons of the Conference:

**LEGISLATION: WHEREAS,** the religious denomination known as The United Methodist Church (the “Church”), of which the North Texas 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”); and

**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; and

**WHEREAS,** pensions or other amounts paid to active, retired and disabled Clergypersons are considered to be deferred compensation and are paid to active, 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 Clergypersons who are or were members of this Conference and are eligible to receive such deferred compensation:

**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 Wespath during the year 2019 by each active, 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 Wespath and from a commercial annuity company that provides an annuity arising from benefits accrued under a Wespath plan, annuity, or fund authorized under the *Discipline*, that result from any service a Clergyperson rendered to this Conference or that an active, a retired, or a 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 active, retired or disabled Clergyperson’s pension or disability as part of his or her gross compensation.

NOTE: The rental/housing allowance that may be excluded from a Clergy person's gross income in any year for federal income tax purposes is limited under Internal Revenue Code section 107 (2) and regulations there under to the least of: (1) the amount of the rental/housing allowance designated by the Clergy person'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 Clergy person 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.

## LA 6

### PRE-1982 SERVICE YEAR RATE FOR 2019

**FROM:** Board of Pension and Health Benefits

**BACKGROUND:** Paragraph 1506.7 of the *2016 Discipline* states that the responsibility for past service annuity rate for ministerial service rendered before 1982 be determined by each annual conference. Legislation passed at the 2012 General Conference removed the wording from Paragraph 1506.7 requiring the Past Service Rate increases be a minimum of .8% based on the Conference Average Compensation (CAC). Furthermore, General Conference 2012 passed legislation requiring full funding of any Past Service Rate increases by December 31 of the year preceding the proposed increase. In order to provide an increase in retirement benefits that keeps pace with inflation, the North Texas Conference Board of Pension and Health Benefits is recommending the adoption of the percentage increase known as the "Cost-of-Living Adjustment" (COLA) as published by the Social Security Administration as the established rate for the annual increase in the Past Service Rate with a cap of 4%. The cap can be increased on recommendation of the Board of Pension and Health Benefits and approval by the Annual Conference.

**LEGISLATION:** That the pre-1982 Service Year Rate for 2019 be increased by 2%, in accordance with the COLA rate as published by the Social Security Administration in October of 2017, and established at \$780 for approved service of clergy members in full connection, probationary members, associate members and local pastors of the conference.

## LA 7

### NORTH TEXAS CONFERENCE 2019 COMPREHENSIVE BENEFIT FUNDING PLAN SUMMARY

#### **INTRODUCTION**

The 2016 *Book of Discipline* ¶ 1506.6 requires that each annual conference develop, adopt and implement a formal comprehensive funding plan for funding all of its benefit obligations. The funding plan shall be submitted annually to Wespath Benefits and Investments (Wespath) for review and be approved annually by the annual conference, following the receipt and inclusion of a favorable written opinion from Wespath. This document is only a summary of the information contained in the actual signed funding plan and does not contain all the information required for a comprehensive view of the conference's benefit obligations. You may request the full contents of the 2019 comprehensive benefit funding plan from your conference benefit office.