

BOARD OF PENSION AND HEALTH BENEFITS

Mickey Price, Chair

Following are updates for 2020 for the various areas of CBOPHB responsibility.

Retiree Health Insurance

Again in 2020, our CBOPHB offered access to individual Medicare supplement health insurance plans for all retired participants through an organization called Via Benefits. Via Benefits works with each retired participant on a detailed, individual basis to select the Medicare supplement health insurance plan that works best for them where they live. The CBOPHB currently provides up to a \$208 subsidy per person per month into a Health Reimbursement Account (HRA) for qualifying retired participants. Participants use the subsidy provided to them to pay their insurance premiums and out-of-pocket costs based on the plan they choose. As of 12/31/2020, we were more than fully funded on our actuarial liability for these retiree health insurance subsidies, and we expect to remain so for the foreseeable future. We are continuing the Via Benefits health insurance program for our retirees in 2022, and we do not currently anticipate any future changes.

Active Participant Health Insurance

For the past 6 years, we have provided health insurance to our active participants through a private “exchange” offered by Wespath Benefits and Investments (Wespath) through their denominational plan, HealthFlex. In 2022, we are continuing our provider network coverage through Blue Cross Blue Shield (BCBS). BCBS rates allowed us to reduce our 2021 health insurance premiums by 5%, and we only project a 1% increase for 2022.

HealthFlex Exchange will again allow participants to select from six different BCBS health insurance plans. Although the HealthFlex offering is called an “exchange”, it is not part of the federal government’s Affordable Care Act (ACA) exchange, so it will not be impacted by any changes to ACA. Similar to previous years, Wespath will manage the Exchange. There will be no changes in the plan design structure for the coming year.

As indicated above, we have good news for health insurance costs in 2022. The utilization of BCBS will result in only a 1% increase in the costs to be paid by the Conference for all HealthFlex Exchange plans in 2021. The CBOPHB again feels that the fair thing is to ask the Conference to pay 1% more, the churches to pay 1% more, and the participants (if their church is not covering those costs for them) to pay 1% more as their fair share. We certainly hope that any rate increases for 2023 and beyond will continue to be low as we live even more into the HealthFlex Exchange.

Based on this nominal cost increase in health insurance costs within the HealthFlex Exchange, the CBOPHB is recommending that for 2022 each church will be billed a blended rate of \$14,940 (which is only 1% higher than the blended rate for 2021). Churches whose clergy have opted out of HealthFlex Exchange coverage for an approved reason will again not be billed for their opted-out participants in 2022.

These church funds will allow each participant to be provided a contribution toward the cost of the plan they choose. Those recommended contribution levels are also 1% higher than they are for 2021. Recommended 2022 contribution levels are \$10,680 for single coverage, \$17,796 for couple coverage, and \$21,336 for family coverage. Participants (or their churches) will pay any difference between the premium costs for the plan they select and their applicable contribution level. If participants pay, it will be done on a pre-tax basis through payroll deductions by their church treasurer. The CBOPHB will continue in 2022 to offer financial assistance grants of up to \$1,186 (again 1% higher) for participants that have to pay their portion of health insurance premiums themselves.

Again, participants will make their 2022 health insurance plan selections in November’s open enrollment period.

Pension Plan

Per General Conference changes made to the Clergy Retirement Security Program (CRSP) pension plan in 2012, the defined benefit portion of CRSP for participants was set at 1.00% of denominational average compensation (DAC) per year of service as of 01/01/2014.

Participants also receive a 2% of total compensation non-matched contribution in CRSP. In addition, participants receive a 1% of total compensation defined contribution match in CRSP if they personally contribute at least 1% of their compensation to the United Methodist Personal Investment Plan (UMPIP). This requires active clergy to personally contribute to their retirement by having at least 1% withheld from their paycheck. As of 01/01/2019, participants automatically contribute to UMPIP at a level of 3% of their compensation unless they choose to opt out or contribute at a different level.

Other

Again this year, Wespath is requiring all conferences to submit a Comprehensive Benefits Funding Plan (CBFP) that addresses the financial viability and sustainability of all pension, health insurance and other benefit plans for that conference. We have submitted our 2022 CBFP to Wespath and have received their approval. Our CBFP was also approved by the CBOPHB for inclusion in our 2021 annual conference journal.

In 2020, we generated a large operating surplus of over \$600,000, primarily as a result of substantial market gains on our investments with Wespath, our Conference Foundation, and our interest in one trust. As of 12/31/2020, we had \$10.1 million of CBOPHB assets and \$7.9 million of related liabilities – a 128% funded ratio.

For pension costs, we billed churches 13% of compensation for clergy pensions in 2020. Actual costs to the Conference were 12.6% of compensation, so we generate a small surplus that helps offset a shortfall in health insurance billing. We recommend leaving the billing rate at 13% for 2022.

The CBOPHB acknowledges its indebtedness to Peter Hang, our Conference liaison from Wespath. His knowledge and insight have been invaluable to our Board. We are also grateful to Randy Bowman and Cynthia Satchel who serve as Conference staff to the Board. These two dedicated and talented individuals are a valuable resource to our Conference.

During Annual Conference and beyond, feel free to bring any questions or concerns regarding pensions or health benefits to any member of the CBOPHB, or any staff member associated with the CBOPHB. We will be happy to assist you or bring your concerns and questions to our next meeting for appropriate discussion and action. We appreciate the opportunity to serve you.