

Dakotas Conference (123) 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

Clergy Retirement Security Program (CRSP) DB	\$737,213
Clergy Retirement Security Program (CRSP) DC	\$258,669
Ministerial Pension Plan (MPP)	\$0
Pre-82 Plan (Pre-82)	\$591,308
United Methodist Personal Investment Plan (UMPIP) Lay	\$55,340
United Methodist Personal Investment Plan (UMPIP) Clergy	\$275,610
Other Defined Contribution (DC) Obligations	\$125,000
Other Defined Benefit (DB) Obligations	\$0
Health—Active Participants	\$1,619,454
Health—Additional Sponsored Coverage	\$15,552
Post-Retirement Medical (PRM)	\$669,709
Comprehensive Protection Plan (CPP)	\$267,609

Ongoing Funding Contributions

Pre-82 Plan (Pre-82)	\$0
Post-Retirement Medical (PRM)	\$345,145

Dakotas Conference (123) 2021 Comprehensive Benefit Funding Plan

Conference Benefit Officer (or equivalent)	Leana Stunes	07/29/2020
Conference Treasurer	Jeff Pospisil	07/29/2020
Conference Board of Pension Chair	Elaine Roberts	08/28/2020
Council on Finance and Administration Chair	Elaine Roberts	08/28/2020



Opinion on **Dakotas 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

Dakotas Conference (123) 2021 Comprehensive Benefit Funding Plan

Accounts

Wespath Accounts		Market Value as of 12/31/2018	Market Value as of 12/31/2019	
CARE AND CONCERN		\$143,202	\$195,934	
Pre-82 designated assets	\$0	Investment Objective	Intermediate-term	
PRM designated assets	\$0	Actual Allocation	Equity	0.00%
			Fixed	34.05%
			Short-term	65.95%
<hr/>				
DEPOSIT ACCOUNT		\$726,566	\$15,779	
Pre-82 designated assets	\$0	Investment Objective	Short-term	
PRM designated assets	\$0	Actual Allocation	Equity	0.00%
			Fixed	0.00%
			Short-term	100.00%
<hr/>				
ENDOWMENT AND TRUST FUND		\$4,488,402	\$5,313,204	
Pre-82 designated assets	\$0	Investment Objective	Long-term	
PRM designated assets	\$0	Actual Allocation	Equity	65.00%
			Fixed	35.00%
			Short-term	0.00%
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HEALTHFLEX DEPOSIT ACCOUNT		\$502,710	\$45,599	
Pre-82 designated assets	\$0	Investment Objective	Short-term	
PRM designated assets	\$0	Actual Allocation	Equity	0.00%
			Fixed	0.00%
			Short-term	100.00%
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HEALTHFLEX RESERVE		\$1,959,579	\$1,465,287	
Pre-82 designated assets	\$0	Investment Objective	Intermediate-term	
PRM designated assets	\$0	Actual Allocation	Equity	65.00%
			Fixed	35.00%
			Short-term	0.00%

Dakotas Conference (123) 2021 Comprehensive Benefit Funding Plan

Wespath Accounts		Market Value as of 12/31/2018	Market Value as of 12/31/2019
PENSION RESERVES		\$1,816,910	\$2,107,766
Pre-82 designated assets	\$0	Investment Objective	Intermediate-term
PRM designated assets	\$0	Actual Allocation	Equity 65.00%
			Fixed 35.00%
			Short-term 0.00%
<hr/>			
\$ PRE-82 DESIGNATED		\$11,331,546	\$13,347,115
Pre-82 designated assets	\$13,347,115	Investment Objective	Long-term
PRM designated assets	\$0	Actual Allocation	Equity 65.00%
			Fixed 35.00%
			Short-term 0.00%
<hr/>			
\$ RETIREE HEALTH		\$1,582,894	\$1,441,290
Pre-82 designated assets	\$0	Investment Objective	Long-term
PRM designated assets	\$1,441,290	Actual Allocation	Equity 65.00%
			Fixed 35.00%
			Short-term 0.00%

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Non-Wespath Accounts	Market Value as of 12/31/2018	Market Value as of 12/31/2019
Benefits Office Reserves	\$483,992	\$500,510
Pre-82 designated assets	\$0	Investment Objective Short-term
PRM designated assets	\$0	Actual Allocation Equity 0.00%
		Fixed 0.00%
		Short-term 100.00%
\$ Lynch Trusts		
	\$12,437,731	\$14,778,857
Pre-82 designated assets	\$0	Investment Objective Long-term
PRM designated assets	\$14,778,857	Actual Allocation Equity 63.10%
		Fixed 35.00%
		Short-term 1.90%
\$ <i>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.</i>		

Dakotas Conference (123) 2021 Comprehensive Benefit Funding Plan

Incoming Money

Primary Sources

Estimated amount for 2021

Apportionments		\$450,206
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Annual Apportionment		\$450,206
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x Expected Collection Percentage		100.00%
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Direct Billing

Other Sources

Endowment

Investment Earnings

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

Dakotas Conference (123) 2021 Comprehensive Benefit Funding Plan

Allocate Funding Sources to Benefit Obligations

Funding Sources		Care And Concern	Deposit Account	Endowment And Trust Fund	Healthflex Deposit Account	Healthflex Reserve
Available Balance		\$195,934	\$15,779	\$5,313,204	\$45,599	\$1,465,287
Total Allocated		\$0	\$0	\$67,914	\$0	\$360,697
Remaining Balance		\$195,934	\$15,779	\$5,245,290	\$45,599	\$1,104,590
Plan Contributions for 2021						
CRSP DB	\$737,213					
CRSP DC	\$258,669					
MPP						
Pre-82	\$591,308					
UMPIP Lay	\$55,340			\$3,660		
UMPIP Clergy	\$275,610					
Medicare Part B Subsidy for Surviving Spouses	\$75,000					
Premium and Medical Grants	\$50,000			\$50,000		
Health Active	\$1,619,454			\$14,254		
Health Additional	\$15,552					\$15,552
Post-Retirement Medical	\$669,709					
CPP	\$267,609					
Ongoing Funding Contributions						
Pre-82	\$0					
Post-Retirement Medical	\$345,145					\$345,145

Dakotas Conference (123) 2021 Comprehensive Benefit Funding Plan

Allocate Funding Sources to Benefit Obligations

Funding Sources		Pension Reserves	Benefits Office Reserves	Apportionments	Direct Billing	Endowment
Available Balance		\$2,107,766	\$500,510	\$450,206		
Total Allocated		\$69,000	\$0	\$434,258	\$2,761,723	
Remaining Balance		\$2,038,766	\$500,510	\$15,948		
Plan Contributions for 2021						
CRSP DB	\$737,213			\$42,855	\$694,358	
CRSP DC	\$258,669			\$19,916	\$238,753	
MPP						
Pre-82	\$591,308					
UMPIP Lay	\$55,340			\$51,680		
UMPIP Clergy	\$275,610			\$19,067	\$256,543	
Medicare Part B Subsidy for Surviving Spouses	\$75,000	\$69,000				
Premium and Medical Grants	\$50,000					
Health Active	\$1,619,454			\$279,578	\$1,325,622	
Health Additional	\$15,552					
Post-Retirement Medical	\$669,709					
CPP	\$267,609			\$21,162	\$246,447	
Ongoing Funding Contributions						
Pre-82	\$0					
Post-Retirement Medical	\$345,145					

Dakotas Conference (123) 2021 Comprehensive Benefit Funding Plan

Allocate Funding Sources to Benefit Obligations

Funding Sources		Investment Earnings	Pre-82 Outside Assets	Prm In-Plan & Outside Assets
Available Balance			\$13,347,115	\$15,581,313
Total Allocated		\$6,000	\$591,308	\$669,709
Remaining Balance			\$12,755,807	\$14,911,604
Plan Contributions for 2021				
CRSP DB	\$737,213			
CRSP DC	\$258,669			
MPP				
Pre-82	\$591,308		\$591,308	
UMPIP Lay	\$55,340			
UMPIP Clergy	\$275,610			
Medicare Part B Subsidy for Surviving Spouses	\$75,000	\$6,000		
Premium and Medical Grants	\$50,000			
Health Active	\$1,619,454			
Health Additional	\$15,552			
Post-Retirement Medical	\$669,709			\$669,709
CPP	\$267,609			
Ongoing Funding Contributions				
Pre-82	\$0			
Post-Retirement Medical	\$345,145			

Dakotas Conference (123) 2021 Comprehensive Benefit Funding Plan

Plan Contributions for 2021		Funding Needed
CRSP DB	\$737,213	\$0
CRSP DC	\$258,669	\$0
MPP		\$0
Pre-82	\$591,308	\$0
UMPIP Lay	\$55,340	\$0
UMPIP Clergy	\$275,610	\$0
Medicare Part B Subsidy for Surviving Spouses	\$75,000	\$0
Premium and Medical Grants	\$50,000	\$0
Health Active	\$1,619,454	\$0
Health Additional	\$15,552	\$(15,552)
Post-Retirement Medical	\$669,709	\$0
CPP	\$267,609	\$0

Ongoing Funding Contribution for 2021		Funding Needed
Pre-82	\$0	\$0
Post-Retirement Medical	\$345,145	\$0

Dakotas Conference (123) 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

	Final
Eligibility requirement	50%+
Conference Full Time Equivalents (FTE)	134.75
CRSP Defined Benefit (DB)	
Required contribution for 2021	\$737,213
CRSP Defined Contribution (DC)	
Expected average future annual increases	-2.60%
Estimated contribution for 2021	\$258,669

Rationale for each change

For a while now we've been experiencing a decline in FTE. I'm expecting this to continue with more reliance on part-time pastors, retirees, and lay supply. I'm estimating a 5% decline in FTE offset by 2.5% inflation adjustment. This will eventually flatten out. Assumptions are made without giving weight to split in UMC.

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	0.7336%

Dakotas Conference (123) 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.

Dakotas Conference (123) 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	0.7445%

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

Total participant account balances	\$3,231,280,101
Plan sponsor's participant account balances	\$27,306,533

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.

Dakotas Conference (123) 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

	Final
Past Service Rate (PSR)	752
Estimated PSR cost-of-living increase	1.75%
Contingent Annuitant Percentage (CA%)	70 %
Discount rate	6.3750%
Minimum contribution for 2021	\$466,219
Advanced funding contribution for 2021 payable in 2020	\$125,089

Rationale for each change

Our policy remains: "Would like to maintain a PSR of at least 1.04% of CAC. Our philosophy is that the PSR should increase at a rate similar to the increase in the CAC." Each year we average the change in CAC over the most recent 5 years which happens to be 2.27%.

Dakotas Conference (123) 2021 Comprehensive Benefit Funding Plan

Funding Plan Contribution

Funding plan liability as of 1/1/2019	\$(18,887,453)
Total of in-plan and outside assets	\$28,322,300
Funded status	\$9,434,847
Funded ratio	150%
Funded status projection as of 12/31/2020	\$11,571,883
Proposed ongoing funding contribution for 2021	\$0

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.

Dakotas Conference (123) 2021 Comprehensive Benefit Funding Plan

Health—Active Participants

Elections and Estimates

	Final
Health plan offered to actives	Self-Funded - HealthFlex
Actual annual plan benefit cost paid in 2019	\$1,623,326
Budgeted annual plan benefit cost for 2020	\$1,665,048
Projected annual plan benefit cost for 2021	\$1,619,454
Expected average future annual increases	0.00%

Rationale for each change

This only covers the HealthFlex Exchange defined contribution and not the participant's share. We're seeing a decline in FT pastors of about 5% per year combined with an expected premium increase of about 5% per year...or 0%. I'm anticipating this will continue for some time.

Dakotas Conference (123) 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

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)	\$47,346	\$23,328
Surviving spouses or children of deceased active participants	\$0	\$0
Total	\$47,346	\$23,328

Annual cost calculation

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

Total estimated obligation as of 12/31/2019		\$23,328
Average number of years of remaining coverage	÷	1.5000
Estimated annual cost as of 12/31/2019	=	\$15,552
Expected average future annual increases	x	0.00%
Projected annual cost as of 12/31/2021	=	\$15,552

Dakotas Conference (123) 2021 Comprehensive Benefit Funding Plan

Post-Retirement Medical (PRM)

Valuation

The most recent actuarial valuation was provided by Willis Towers Watson as of 12/31/2018.
Per *The Book of Discipline*, your next PRM biennial actuarial valuation is required as of 12/31/2020.

PRM Actuarial Valuation as of 12/31/2018

Valuation report (in-plan) assets		\$0
EPBO net plan sponsor cost		\$19,220,568
APBO net plan sponsor cost		\$17,263,471
Service cost net plan sponsor cost		\$227,552
Annual plan benefit cost		\$631,082
Intention regarding PRM	Retain current plan benefit	

Participant counts by category	
Active participants	136
Active dependents	98
Retirees	99
Surviving spouses	46
Dependents of retired participants	60
Total participants	439

Key actuarial assumptions	
Census date	01/01/2019
Discount rate	4.10%
Expected return on assets	7.00%
Valuation year medical trend or inflation rate	7.00%
Ultimate medical trend or inflation rate	5.00%
Fiscal year for ultimate medical trend	2027

Dakotas Conference (123) 2021 Comprehensive Benefit Funding Plan

Elections and Estimates

Description of Benefit

4.5 percent of the 16-quarter rolling average of our Retiree Health Fund is made available annually for retiree health. Each eligible retiree receives a share based on age and years of service.

	Final
Health plan benefit offered to retirees	Via Benefits
Expected average future annual increases	2.00%
Projected annual plan benefit cost as of 2021	\$669,709

Funding Plan Contribution

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

Net PRM assets		\$14,911,604
APBO net plan sponsor cost	-	\$17,263,471
Funded status	=	\$(2,351,867)
Number of annual payments	÷	20
Portion of funded status payable (\$0 if Funded status ≥ \$0)	=	\$117,593
Funding plan service cost (\$0 if Net PRM assets ≥ EPBO)	+	\$227,552
Ongoing funding contribution for 2021	=	\$345,145

Dakotas Conference (123) 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 DAKOTAS contains its elections to cover or not to cover categories mentioned above.

Elections and Estimates

	Final
Expected average future annual increases	-2.60%
Estimated premium for 2021	\$267,609

Rationale for each change

For a while now we've been experiencing a decline in FTE. I'm expecting this to continue with more reliance on part-time pastors, retirees, and lay supply. I'm estimating a 5% decline in FTE offset by 2.5% inflation adjustment. This will eventually flatten out. Assumptions are made without giving weight to split in UMC.

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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	2.50%
Estimated contribution for 2021	\$55,340

Rationale for each change

I think I may have left out my camp people in prior years. They keep a separate budget. Whoops!

United Methodist Personal Investment Plan (UMPIP) Clergy

Elections and Estimates

	Final
Expected average future annual increases	-2.60%
Estimated contribution for 2021	\$275,610

Rationale for each change

For a while now we've been experiencing a decline in FTE. I'm expecting this to continue with more reliance on part-time pastors, retirees, and lay supply. I'm estimating a 5% decline in FTE offset by 2.5% inflation adjustment. This will eventually flatten out. Assumptions are made without giving weight to split in UMC.

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Other Defined Contribution (DC) Obligations

Name	Estimated annual contribution
Medicare Part B Subsidy for Surviving Spouses	\$75,000

Description

Medicare Part B Subsidy for Surviving Spouses

	Final
Expected average future annual increases	2.50%
Estimated contribution for 2021	\$75,000

Rationale for each change

We had more deaths than usual this year which should drop this a little...at least for a year.

Name	Estimated annual contribution
Premium and Medical Grants	\$50,000

Description

Premium and Medical Grants

	Final
Expected average future annual increases	0.00%
Estimated contribution for 2021	\$50,000