

ANNUAL CONFERENCE  
PETITION TO THE 2006 ROCKY MOUNTAIN CONFERENCE

TITLE: CLERGY PENSION PLANS FUNDING CONCEPT

ACTION TO BE VOTED ON:

1 Pre-1982 Pension Funding Plan

2 It is requested of the Annual Conference that the attached Funding Plan of the Rocky Mountain  
3 Conference For Supplement One to the Ministerial Pension Plan be affirmed and adopted.  
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6 **Funding Plan of the Rocky Mountain Conference**  
7 **For Supplement One to the Ministerial Pension Plan**  
8 **As of January 1, 2004 for 2006**

9 The Past Service Rate (PSR) for the Rocky Mountain Conference is established annually by  
10 action of the Annual Conference. For the year 2006, our Annual Conference set this PSR amount  
11 at \$434.00.

12 Paragraph 1506.7 of 2004 The Book of Discipline mandates that this rate cannot be less than  
13 0.8% of the Conference Average Compensation (CAC). For 2006, our CAC is \$46,937. \$434.00  
14 is 0.92% of that amount – so we are in compliance with that mandate.

15 That same paragraph recommends that the rate be not less than 1% of the CAC. At 0.92%, we are  
16 short of that recommended goal.

17 We project, over a long time, earnings on our present assets to average 7.5%. We had been  
18 paying to fund that retiree benefit obligation every year from 1982 until 2001. In 2001, the  
19 General Board of Pension and Health Benefits (GBOPHB) reported to us that our conference  
20 moved from an underfunded situation to a very slight overfunded situation. In other words,  
21 following acceptable guidelines for investment growth and future payout requirements, we had  
22 enough money set aside to meet our future needs. This GBOPHB actuarial report is updated  
23 annually, and our current obligations, using the current Past Service Rate shown above  
24 (\$434.00), are now \$26,911,848 as of January 1, 2004 for 2006.

25 The cornerstone of our conference Past Service Rate philosophy is to maintain a fully funded  
26 position. In other words, we will not attempt to raise that rate in any manner that re-establishes an  
27 unfunded liability. Along with that core concept, we will also try to match or exceed the cost of  
28 living, and move toward the Disciplinary recommendation of 1% of the CAC.

29 All of the assets dedicated to this pre-82 obligation are on deposit with the GBOPHB. Because  
30 our investment earning projections are identical to the General Board of Pension and Health  
31 Benefits assumptions, and since they also manage the funds, we feel confident that the  
32 investment growth of our assets will be sufficient to meet our PSR goals as stated above.

33 Because the basis of our PSR philosophy is to avoid an unfunded position, we do not believe a  
34 long discussion of the GBOPHB investment philosophy, history and guidelines is relevant to the

35 purposes of this document. We do, however, have two other funding sources available if there  
36 are any difficulties or shortfalls in the investments we already have on hand.  
37 We have established a separate fund within the General Board of Pension and Health Benefits.  
38 The fund's purpose is to provide for the benefits of retired clergy. The current focus of that goal  
39 is to begin funding the future health insurance costs for our retirees, but the fund itself could be  
40 used – if required - to meet any new unfunded obligation in the pre-1982 plan. The value of that  
41 fund, as of January 1, 2006 was \$806,915.  
42 Our conference has funded this plan by apportioning an amount every year from 1982 through  
43 2001. This second alternative would be to put any unmet shortfall into the budget again and  
44 apportion the obligation to our local churches.  
45 Our funding plan, as of January 1, 2004 for 2006, is summarized as follows:  
46 Present Value of Benefits as defined by GBOPHB                      Funds in the plan  
47 \$26,911,848    \$31,504,334

**EFFECTIVE DATE:** January 1, 2007

**TERMINATION DATE:** December 31, 2007

**FINANCIAL IMPACT:**

None

**ORIGINATOR OF THE PETITION:**

Conference Board of Pensions and Health Benefits

**PERSON TO PRESENT PETITION TO CONFERENCE:**

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**RATIONALE: Not debatable**

48 The petition is required by The Book of Discipline and is essentially the same as last year, but  
49 with updated numbers and dates. It explains how we will be funding our retirement obligations  
50 for those clergy and surviving spouses with service prior to 1982.  
51 We are still in a positive position (the plan is fully funded) and there is slight reserve on hand to  
52 help offset any future investment declines that might occur.