

ALABAMA-WEST FLORIDA CONFERENCE THE UNITED METHODIST CHURCH

Conference Board of Pensions Task Force on Health Insurance Premiums and Pension Contributions

Q: How long has the Alabama-West Florida Conference been studying the way in which we collect health insurance premiums and pension contributions?

A: Our Annual Conference asked the Conference Board of Pensions and Health Benefits to form a task force two years ago.

Q: Is this a new idea?

A: No. We have been studying this for two years.

Q: How have we been collecting our health insurance premiums and pension contributions for our conference clergy up to this date?

A: We have placed all insurance premiums and required pension contributions for our clergy in the apportionments of the Annual Conference. These apportionments are then sent to each local church every year.

Q: How much money is currently placed in our conference apportionments to make these payments?

A: 8 million dollars are put into our current apportionments on an annual basis to make these health insurance premiums and pension contributions.

Q: What is the total amount of our current conference budget?

A: More than 17 million dollars.

Q: Would this mean we would reduce our conference apportionments by 8 million dollars?

A: Yes, although it would be closer to 7 million dollars. We would still need to leave some funding in the conference budget because of the amount of money needed to provide for persons serving conference positions who are not serving churches, such as our district superintendents and conference personnel. Some amount would also be kept in the conference budget to cover retiree health benefits since they no longer serve local churches.

Q: If we accept the recommendation of the Task Force will our local church apportionments go down?

A: Yes, in most cases. The local church will still need to pay the health insurance premiums and pension contributions directly through the billing system, but the apportionments most likely will be reduced.

Q: Are there other ways to collect these funds?

A: The funds need to be paid regardless of whether the local church pays them directly through a billing method or through raising the apportionments. Health insurance and pensions will still need to be paid regardless of which method we choose.

Q: What difference will direct billing make?

A: For those churches that have been paying their apportionments it will most likely reduce the amount of money they raise each year because they have also been paying for churches which do not pay their apportionments.

For those churches who have not paid their apportionments it will mean they will most likely need to raise more money in order to pay the health insurance premiums and pension contributions that other churches have paid for them.

Q: Isn't this what the Church should do? Allow those who can afford to pay do so for those who cannot afford to pay?

A: Yes, and this is exactly what we have been doing.

However, the number of churches who say they cannot pay their apportionments is increasing, while the number of churches that do pay apportionments has been decreasing. At this rate, only a few churches will be paying for the churches which claim they are unable to pay their apportionments.

Q: Will this cost our local church more or less money?

A: It will most likely cost less money for those who have been paying their apportionments. It may increase local church budgets for those who have not paid their apportionments.

There are a few churches whose apportionments have been slightly less, or the same, as the health insurance premiums and pension contributions. It will mean some increase for these few churches.

Q: Are we the only Annual Conference considering collecting health insurance premiums and pension contributions through direct billing as this Task Force recommends?

A: No. Many Annual Conferences have been collecting health insurance premiums and pension contributions through direct billing for a number of years.

Q: What can be done for local churches which have not been paying their apportionments but will now be required to provide the health care premiums and pension contributions for their minister?

A: The local church will need to place the health insurance premiums and pension contributions for their clergy in their local church budgets.

Q: What if the local church cannot afford to make these required payments?

A: If the local church cannot afford to make the required health insurance premiums and pension contributions for their minister, they may need to think about sharing the cost with another church which would also share their minister on the same charge.

The local church can also request to become part-time which will decrease the amount for pension contributions since the salary would be lower. Part-time appointments may request to no longer offer health insurance.

Q: If this recommendation is approved, when would the direct billing start?

A: January 1, 2011. This will give each local church time to prepare their budgets for direct billing.

Q: What will happen if we do not approve this recommendation?

A: If this recommendation is not approved we will continue to raise the required health insurance premiums and pension contributions through local church apportionments.