



IOWA ANNUAL CONFERENCE



TREASURY NOTES

May 2010

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Annual Conference

In the April Treasury Notes I reported on the Conference Board of Pensions recommended actions regarding the Pensions for active and retired clergy. I now want to report on a few recommended changes that will be occurring in the Health Insurance Plans.

Since the Annual Conference legislation was written and sent to the printers, The Patient Protection and Affordable Care Act has been passed by Congress and signed into law by the President. It appears that for 2011 the law will only require minor changes in our active health insurance plan documents. Those changes include prohibits on lifetime benefit limits, dependent coverage through age 26 unless they are covered by other insurance, pre-existing conditions exclusions for dependents, and some allowance for restricted annual limits for essential benefits which is yet to be determined by the Health and Human Services.

Most of the other changes brought about by this law will not affect health insurance for active clergy and lay employees until 2013. Thus, the Conference Board will have time to study the proposed changes and make recommendations to future Annual Conferences. We will not know what changes will be required until the regulations regarding the implementation of the new law are written.

The premium rates for the active health insurance plan will not be set until the August meeting of the Conference Board of Pensions. In May, the Board will negotiate with Wellmark of Iowa regarding the rates, plan design for our High Deductible Health Insurance Plan, and the Traditional Preferred Provider Network Plan. We can assume based on the rate increases for other groups the increase will be substantial.

The Board of Pensions is recommending a number of changes in the Retiree Health Insurance provisions for 2011. It includes a

change in plan designs and the way the program will be funded.

First, some background information. The present Medicare supplemental insurance group plan offered by the Conference is the same plan that has been offered since the beginning of Medicare. It is the only such plan currently offered by Wellmark, and so, is unique to the Iowa United Methodist Church. In recent years, the Medicare program has changed significantly. Prescription benefits are not part of our existing plan, however, a number of new Medicare options include this benefit. A number of retirees have expressed a desire for more choices which prompted the Board to evaluate our Medicare options.

A second factor that is also a major part of the review is the current and future costs of Medicare plans, and the affect it can have on the Annual Conference's budget. At this time the Conference is required to recognize, on our books, a future unfunded liability in our retiree health insurance plans of about \$41,000,000 in 2008. (*2009 Liability is not yet determined*) This liability is a projected cost of our retiree health plan over the life span of all clergy who are now on the active and retired plan. The Annual Conference has two options; it either develops a process to prefund the liability which could put a strain on the Conference and all local congregations' budgets or find a way to reduce the liability.

A third factor is the changing demographics. The Iowa Annual Conference, at this time, has more retired clergy than active appointed to local congregations and extension ministry. The number of retirees is expected to increase dramatically as the number of active clergy is expected to decline. The life expectancy of retired clergy is also increasing thus increasing the costs.

With these factors in mind, the Board of

Pensions is making the following recommendations to the 2010 Annual Conference. For the rest of 2010, Medicare Supplement plans will remain unchanged. Beginning January 1, 2011, the Medicare Supplement plan may include a number of alternatives. These plans may include a group plan provided by a single carrier or multiple plans provided by various carriers. The Board of Pensions will provide assistance in helping each retiree select a plan that best suits their individual needs. The premium for these plans, coverage provided, and the enrollment periods will be approved by Medicare Administration.

The second recommendation affects costs. The clergy participant, conference lay staff, and spouses who are currently on the Medicare Advantage or the standard group Medicare Supplement Plan shall pay \$100 per month, per contract of the cost paid by the Conference Board of Pensions through apportionments providing they have served in the Iowa Conference or other Connectional Ministry for twenty years. Any service less than 20 years will be prorated.

Clergy retiring after December 31, 2010 shall have \$100 per month, per contract contributed by the Conference Board of Pension, per month per contract towards the cost of the plan through January 2012. After that time, the contributions by the Conference shall decrease by \$20 per year. If an individual, who is already in the present post 65 retirement plan, waives participation in the plan, he or she will receive a \$100 per month stipend for five years.

These are the recommendations coming before this Annual Conference. A reminder, that with the new law some changes in the Medicare program may require future changes that would come before the 2011 Annual Conference for 2012.

Making Checks Payable

When you are sending checks for the Direct Bill of Pensions and Health Insurance, make them payable to the Board of Pensions, Inc. at PO Box 8086, Des Moines, IA 50301-8086. Our pension's accounts are with Banker's Trust. Also, when making these payments please return the stub from the invoice, this helps the

conference place the money in the correct accounts.

Payment for apportionments and other giving should be made payable to the Iowa Annual Conference and mailed in the green envelope which is addressed Church Remittance, Iowa Annual Conference United Methodist Church PO Box 4564, Des Moines, IA 50306-4564. First American Bank is the bank that holds the Conference account. Again, it is important to check each month's records for accuracy.

April Receipts

	2009	4 YR AVG	2010
General Church	736,568 27.09%	583,650 23.82%	737,338 28.32%
Conference Ministries	1,984,481 19.27%	2,057,668 20.41%	2,018,864 19.73%
Conference Missions	573,569 17.23%	546,503 17.98%	652,314 19.09%
Total Apportionments	3,294,618 20.15%	3,187,821 20.47%	3,408,515 20.97%

April has been another good month for receipts. Thank you once again for your commitment to the connectional church. Most of the money the conference receives with apportionments and other funds simply passes through our accounts and is then used to support the ministry that witness to the United Methodist presence in many parts of the world, country, and state. Along with the current months receipts our office as of year to date has received \$290,486 for prior year apportionments. Thank you for your support of the church of Jesus Christ.

Summer Hours

Beginning June 28 and ending September 3, the Conference Center and the switchboard will be open 8 a.m. – 5 p.m. Monday through Thursday, and 8 a.m. to noon on Friday.

Conference Offices Closed

Conference offices will be closed in observance of Memorial Day, Monday, May 30.