



IOWA ANNUAL CONFERENCE



TREASURY NOTES

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Property and Casualty Insurance

The first of the year is often a time when local congregations review and renew their local church insurance policies. In this review, there are a couple of very important liability coverages that every United Methodist Church needs to be certain are included. The first is Physical and Sexual Abuse and Molestation. Just this past year in the Missouri Conference there was a \$6,000,000 judgment against a church and the Conference in a court trial. Even though an appeals court reduced the judgment to \$3,000,000, it is easy to see how devastating a settlement of this type can be on a local congregation and Conference. The case is still being appealed. Although the cost of carrying a \$3,000,000 per occurrence policy would be prohibitive, the Conference and the General Church does recommend that a congregation have at least a \$1,000,000 minimum per occurrence. When it comes to a judgment, the size of a congregation is irrelevant as far as the courts are concerned. Also, it is important to be sure that defense costs are unlimited and outside the limit of insurance. Some less costly policies have defense costs inside the limit of insurance. For example, if the limits are only \$300,000, the legal costs might not even be covered let alone any court resolution.

Second, be sure the Director's and Officer's Liability and Employment Practice Liability Insurance are a part of the insurance package. The purpose of this coverage is to protect anyone who holds an office in the church from being charged with negligence, wrongful terminations, just making what some may consider unwise decisions or even making a misleading statement. Both are excluded under the General Liability Policy. Therefore, if you don't have a separate policy or some sort of extension of coverage, you are not covered. Again, the recommended amount is at least \$1,000,000 in coverage per occurrence. As I stated before, the size of a congregation has nothing to do with how serious or costly a dispute may become.

As you review the policy, make sure the Building and Contents are written on a Replacement Cost contract. Watch for any wording that excludes or changes the lost payment to Actual Cash Value (depreciated value). Be sure you have coverage for additional costs of reconstruction to comply with building laws and ordinances that may apply to your area as well as clean up of debris.

Because of the "trust clause" in The Book of Discipline or in the conveyance of real property, if a church does not have enough insurance and there is a loss, all of the other churches in the Conference could be adversely affected. Also, each congregation has inherited a gift of building and property and a legacy of church relations from those saints who have gone before us. It is only being good stewards of the gifts we have been given to insure that we have adequate insurance.

It is in the best interest of the entire Conference to help all congregations have proper insurance. In the 2005 Iowa Conference Journal, the Board of Trustees report includes information about insurance and recommended limits. A local independent agent may contact Jester Insurance Services, the company that manages the Conference Insurance program, to provide guidance on insurance policies. Unlike the retail sector, there are no "clearance sales" for insurance. If you are paying half, it usually means you are getting half the coverage. Thus, it is important to do more than just compare rates, but you should compare coverages and limits.

Worker's Compensation Insurance

If you have not made your worker's compensation insurance premium payment yet, please do so. The Jester Insurance Services manages this account for the Conference. All congregations are required by law to have worker's compensation insurance and required by Conference action to participate in the conference-wide program. This

year, by having a conference-wide program, each congregation saved a minimum of \$250 on a premium.

Making Checks Payable To

When you are sending money to the Conference, it is important to make checks payable to the proper account so credit can be given correctly. When writing checks for the Direct Bill Pension and Health Insurance, make them payable to *the Board of Pensions, Inc.* and mail to the Board of Pensions, Inc., at PO Box 8086, Des Moines, IA 50301-8086. The pension checks should be returned in the blue envelope provided. In order to reduce errors, when returning the stub for the pension and health insurance, please list the amounts you are paying in the proper places. Also, each month, please check to insure that the last payment was credited correctly. It is much easier to correct an error when it occurs than to wait for multiple errors to happen.

All other checks to the Conference should be made payable to the *Iowa Annual Conference* and mailed in the gray envelope which is addressed Church Remittance, Iowa Annual Conference United Methodist Church, and PO Box 4564, Des Moines, IA 50306-4564. On the return remittance forms, please include as much information as possible so the Conference office can record your receipts correctly. Also, be sure to check each record of receipts monthly. Our office makes every effort to record receipts correctly but occasionally an error occurs. It is much easier to correct errors as they occur rather than six or nine months later. Thank you for helping us to serve your congregation better.

Taxable Value of the Group Term Death Benefit

Your apportionments pay for a group term death benefit that is provided to your clergy and their family. The IRS has determined that such benefits are taxable to the clergy person. You may go to the following website address to calculate this taxable value.

http://www.iaumc.org/uploads/240_Taxable%20Value%20Group%20Term%20Life%20Insurance.htm

Just provide answers to the questions and this "calculator" will calculate the taxable value that must be added as additional taxable income for box 1 – Federal Wages and box 17 – State Wages on your pastor's W-2 form.

Offices Closed

All Conference offices will be closed on Monday,

January 16, 2006 in recognition of Martin Luther King Jr.

2005 Receipts

The receipts for 2005 will be reported in the February Notes. This will give our office time to make necessary year-end adjustments.

2006 Church Officer Forms

A **BIG** thank you goes out to all of you who have turned in your Church Officer Forms. Thank you for making the effort to help us keep our mailings current. If you have not mailed your forms in yet, please do so soon. It would be great to receive every church's form. As of this mailing, there are 264 forms still out. Simply fill out the form and send the original copy to your district office, send the second copy to Jill Stanton, 2301 Rittenhouse St., Des Moines, IA 50321-3101 and retain the third copy for your files. If you cannot find the form that was mailed to you in September, please contact Jill at 515-974-8917 or email Jill.Stanton@iaumc.org.

Health Insurance Benefits

The Health Insurance had a few adjustments in benefits for 2006. The prescription co-pay charges for 2006 are:

1. Most Generic \$0 Cost
2. Selected Name Brands & some Generic Brands \$25
3. Other Brands \$40

The \$50 deductible and the \$500 single or \$1,000 family maximum out of pocket costs did not change.

In the Medical plan, an office visit co-payment will be \$20 per person/per visit. The cost will be the same for your primary care physician or a specialist, provided your practitioner is a member of the Select or Blue Card PPO providers. The other deductibles remain the same and the co-insurance remains the same.

Do You Have?

The Conference office knows there are still some congregations that have a second treasurer who promotes, collects contributions, and sends money to our office for benevolence causes. Often these people carry the title of Benevolence Treasurer.

If your church has such an officer, please email Maggie Biggs at Mbiggs@iaumc.org with the name and address. In this way, correspondence can be improved. Thank you for your help.