

Full Compilation of Partial Reports
Committee on Health Care and Retirement Benefits for Clergy

Committee # 5 (Goldenrod)

First Partial Report
Committee on Health Care & Retirement Benefits for Clergy

RE: Clergy Annual Housing Allowance & Housing Equity

Whereas, the current Book of Order of the Moravian Church Northern Province establishes a minimum annual clergy housing allowance of \$10,000 for clergy with a full-time call and who own or rent their own home; and

Whereas, the Provincial Finance committee worked hard on the numbers taking into consideration input from various denominations and our brothers and sisters in the Southern Province, and

Whereas, the minimum annual clergy housing allowance established in the Book of Order of the Moravian Church Northern Province has not been revised since 2002; and

Whereas, care and nurture of our clergy includes providing fair compensation for our clergy, including consideration of the rising costs for housing; therefore be it

RESOLVED: (1) The 2018 Synod of the Moravian Church Northern Province revise the minimum annual clergy housing allowance to be \$15,000 and that this revised annual clergy housing allowance be phased in over a four year period by the following schedule:

- 2019 - \$11,250 annual clergy housing allowance
- 2020 - \$12,500 annual clergy housing allowance
- 2021 - \$13,750 annual clergy housing allowance
- 2022 - \$15,000 annual clergy housing allowance

and,

Whereas, the current Book of Order of the Moravian Church Northern Province establishes a minimum annual clergy housing equity allowance of \$1,000 for clergy with a full-time call and who are provided a parsonage; and

Whereas, the minimum annual clergy housing equity allowance established in the Book of Order of the Moravian Church Northern Province has not been revised since 2002; and

Whereas, care and nurture of our clergy includes providing fair compensation for our clergy, including consideration of the rising costs for housing for clergy once retired; and

Whereas, the annual clergy housing equity allowance was established to aid clergy who, due to having had a parsonage provided as part of compensation, need to establish housing equity for housing upon retirement; therefore be it

RESOLVED: (2) The 2018 Synod of the Moravian Church Northern Province revise the minimum annual clergy equity allowance to be \$2,500 and that this revised annual clergy housing equity allowance be phased in over a four year period by the following schedule:

- 2019 - \$1,375 annual clergy equity allowance
- 2020 - \$1,750 annual clergy equity allowance
- 2021 - \$2,125 annual clergy equity allowance
- 2022 - \$2,500 annual clergy equity allowance

And be it further,

RESOLVED: (3) The 2018 Synod of the Moravian Church Northern Province directs the Provincial Elders' Conference to review the *minimum* annual clergy housing allowance and housing equity allowance schedules every synodal year and report to the synod any revisions warranted taking into consideration Consumer Price Index and other relevant tools, and be it further

RESOLVED: (4) The 2018 synod of the Moravian Church Northern Province encourages local congregations to evaluate their housing allowance and housing equity allowance annually, realizing regional housing costs vary.

Sally Pfeifer, Chair
David Wickmann, Secretary

June 21, 2018

Committee #5 (goldenrod)

Second Partial Report
Committee on Health Care & Retirement Benefits for Clergy

RE: Clergy Emergency Assistance Fund

Whereas, the Clergy Emergency Assistance Fund (CEAF) was established in accordance with the resolutions taken at the 2010 Synod of the Moravian Church, Northern Province, in order to make financial assistance available to clergy of the Moravian Church who find themselves in emergency situations and who need assistance providing for their food, shelter, and/or safety; and

Whereas the Health Care and Retirement Benefits for Clergy Committee reviewed the report from the Clergy Emergency Assistance Fund (CEAF) and,

Whereas the committee appreciates the work of the CEAF of the Moravian Church, Northern Province in providing emergency assistance to pastors in need, be it therefore

Resolved (5) The 2018 Synod of the Moravian Church, Northern Province accepts with gratitude the report from the CEAF; and be it further

Resolved (6) The 2018 Synod of the Moravian Church, Northern Province urges the CEAF to work with the PEC to publicize and encourage the use of this fund by pastors and their families with emergency needs.

Sally Pfeifer, Chair
David Wickmann, Secretary
June 22, 2018

Committee #5 (goldenrod)

The Third Partial Report
Committee on Health Care & Retirement Benefits for Clergy

RE: Defined Benefit transition to Defined Contribution Proposal

- Whereas, The Moravian Church Northern Province has provided a defined benefit retirement plan for its ordained clergy, and
- Whereas, it is the goal of the Provincial Elders' Conference (PEC) to strive for excellence in our retirement plan for servants of the church, and
- Whereas, the defined benefit plan, at current funding levels, is only able to provide a benefit of \$37 per month of full-time credited service, paying \$13,320 per year for a pastor serving 30 years of full time service, and
- Whereas, the number of retired clergy drawing a pension is significantly greater than the number of congregations contributing to the pension plan, thus jeopardizing the long-term financial health of the plan, and
- Whereas, a defined contribution plan, funded by the congregations, would allow individual clergy to add to their own retirement plan, and
- Whereas, the PEC and the Human Resources and Benefits Commission (HRBC, a standing commission of the Northern Province), working with actuarial data and experts, have created a working model which can be seen in the supporting document, and
- Whereas, a defined contribution plan allows clergy to make their own investment choices based on their tolerance for investment risk, and
- Whereas, ministers serving in Canada have already migrated to a defined contribution plan through the Evangelical Lutheran Church in Canada, and
- Whereas, The Moravian Church Northern Province has found an ecumenical partner in the Evangelical Lutheran Church in America (ELCA), which is willing to manage a defined contribution plan through Portico Benefit Services, a ministry of the ELCA and
- Whereas, Moravians have long valued and understand the importance of a retirement that is based not on salary earned, but years of service, and

Whereas, Portico Benefit Services and MCNP will coordinate the operation of an “Equalization Fund” that will help us maintain a core value of approximating equal benefit in retirement for similar years of service, and

Whereas, the current defined benefit plan is fully funded on an actuarial basis, be it therefore

RESOLVED: (7) The 2018 Provincial Synod of the Moravian Church Northern Province authorizes the Provincial Elders’ Conference, through the Human Resources and Benefits Office to transition from a Defined Benefit Pension Plan to a Defined Contribution Retirement Plan (for clergy serving in the US) such that:

- Current pension commitments to retired clergy are maintained for the lifetime of the clergy (and, where applicable, spouse), continuing the current practice of review and adjustment.
- Current active ministers who are vested retain the defined benefit retirement earned to date through credited service, to be paid out in their retirement.
- Currently active and future ministers begin receiving a defined contribution toward their retirement, funded by the congregations they serve.

Whereas, the current pension plan requires a five-year vesting (a waiting period to qualify for benefits) period, be it therefore

RESOLVED: (8) The 2018 Synod of the Moravian Church Northern Province direct the Provincial Elders’ Conference to automatically vest any clergy who have served less than five years at the transition date so that any defined benefit credits earned will be preserved, according to policies established by the Provincial Elders’ Conference.

Sally Pfeifer, Chair
David Wickmann, Secretary
June 23, 2018
Reviewed by Finance Committee

Committee #5 (goldenrod)

Fourth Partial Report
Committee on Health Care & Retirement Benefits for Clergy.

RE: Adequate pensions for retired ministers

Whereas, previous Synods of the Moravian Church Northern Province stated their intent to provide pension and health benefits for retired Moravian ministers which would make it possible for these servants of the church to enjoy retirement with dignity and security; and

Whereas, the New Testament teaches that members of the church have a responsibility to provide for their own family and understands that as a demonstration of authentic faith. “Religion that God our Father accepts as pure and faultless is this: to look after orphans and widows in their distress...” (James 1:27); and

Whereas, According to figures supplied by the Provincial Elders’ Conference base pension benefits have not increased since 2009; and

Whereas, in November 2017, a one-time 8.3% pension payment (a 13th monthly check) was distributed to each minister under pension. While this payment was gratefully received, it was not added to the pension base, leaving the pension benefit in 2018 the same as the preceding nine years; and

Whereas, the rising cost of living continues to erode the purchasing power of retirees living on a fixed income, and

Whereas, as of January 1, 2018, the pension fund was fully funded on an actuarial basis; therefore be it

RESOLVED: (9) The 2018 Synod of the Moravian Church, Northern Province reaffirms the intent of the Province to supply pension and benefits for retired ministers which assists these servants of the church to enjoy dignity and security in retirement; and be it further

RESOLVED: (10) The PEC, in consultation with Human Resources and Benefits Commission, Shall urgently consider an increase in the base pension benefit to be given to all pension recipients with key consideration given to the lack of recent increases while maintaining fiscal soundness of the plan for the long term.

Sally Pfeifer, Chair
David Wickmann, Secretary

June 23, 2018
Reviewed by the Finance Committee

Committee #5 (goldenrod)

The Fifth Partial and Final Report of
Committee on Health Care & Retirement Benefits for Clergy

RE: Expression of Appreciation

Whereas, the exploration work and background preparation for the transition of the Moravian Church, Northern Province's Defined Benefit Plan (DBP) to Defined Contribution Plan was significant and much of the work was accomplished by the current benefits office (Jacquie Petko and Marie Cestone) and Jeffrey Van Orden, consultant, and

Whereas, the benefits office is always at the ready with immediate answers; or if those answers are not available is able in most situations to return with the appropriate and helpful information in a short period of time, and

Whereas, the benefits (including healthcare and retirement) are significant parts of the wellness profile for a thriving and energetic group of clergy and other beneficiaries, and

Whereas, these professionals are always accommodating and pleasant in carefully explaining the issues involved, often translating terms and issues into words that enable us all to understand and know what they really mean, and

Whereas, there is still much work to do as this transition occurs that will most likely be the task of our Human Resource professionals and our Human Resource Consultant to work through in the future. Therefore, be it

RESOLVED: (11) The 2018 Synod of the Moravian Church Northern Province demonstrates their appreciation for their exceptional work by giving each of these persons Jacquie Petko, Marie Cestone, and Jeffrey Van Orden a rousing expression of thanks through standing, offering them a blessing by singing Moravian Blessing Hymn, and be it further

RESOLVED: (12) We, the members of 2018 Synod of the Moravian Church Northern Province will remember them daily in our prayers, knowing our Heavenly Father will grant them the grace they will need, our Savior Jesus, the Messiah will offer each of them (Jacquie Petko, Marie Cestone, Jeff Van Orden) blessing in all they do, and the Holy Spirit will bless them giving each a feeling of accomplishment as they travel the road ahead on our behalf.

Sally Pfeifer, chairperson
David Wickmann, Secretary
June 24, 2018

2018 Synod Health Care
and Retirement Benefits Committee
DB to DC Supporting Document

Current MCNP Defined Benefit (DB) Plan:

- As of January 1, 2018, our congregations and agencies fund the pension plan on behalf of our 77 active clergy.
- Current pension benefits are being paid to 146 retired clergy and surviving spouses. We need to keep in mind that the 103 future pension benefit recipients could potentially increase to 249 recipients.
- The ratio of retirees and their spouses to active clergy is important since fewer congregations are supporting more retirees/spouses, funded by congregational assessments based on 12% of salary and plus a formula that includes housing.
- At this time, more clergy are retiring than entering active ministry.
- The retirement benefit is a fixed amount, based on years of service. The current MCNP monthly pension benefit is \$37.00 per month of credited service.

Proposed Defined Contribution (DC) Plan (Congregation Obligation):

- 3.5% of pastor's salary directly for pastor's 403(b) account.
- + 3.5% of pastor's salary to the Equalization Fund.
- + 3.0% of pastor's salary to MCNP (to fund Supplemental Health Care for retirees, the Benefits Office, and ongoing service fees for DB management)
- = **10%**

Proposed benefit for the pastor's retirement under the DC plan:

- 3.5% of pastor's salary from the congregation directly to the pastor's personal retirement account.
- An equal contribution to each pastor's account from the Equalization Fund, based on 3.5% of all pastors' salaries.
- PLUS any additional contributions the pastor wishes to make via payroll deduction.

Who is Portico?

- Portico Benefit Services has been the ELCA's benefit ministry since the church's inception in 1987.
- As a full communion partner with ELCA we have access to Portico 403(b) (Church Plan).
- Portico oversees \$8.4 billion assets under management
- The Portico 403(b) plan offers 20 investment funds, including 8 social purpose funds.

Proposed timeline:

- **Participants will stop accruing service credits for the defined benefit plan on June 30, 2019. Credits already earned up to that date will remain intact.**
- **Congregational contributions to the 403(b) defined contribution plan with Portico will be effective July 1, 2019.**