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There is no argument about the importance of benefits—health insurance and retirement security—designed to provide a personal financial safety net.

The United Methodist Church has built a substantial, comprehensive benefits program for United States clergy. Issues and analysis of the existence of—or total lack of—such safety nets for clergy outside the U.S. are being explored in separate dialogues. The resulting safety net places the United Methodist Church in the U.S. ahead of most denominations and many corporations in promising quality benefits. However, the realities of cost, driven by rapidly rising healthcare rates and an aging population, put immediate pressure on funding sources and how we make eligibility decisions.

The broader U.S. culture also impacts The United Methodist Church. Cultural patterns of individualism, consumerism, and a free market are juxtaposed with the church's values of connectionalism, sharing, and social justice. Balancing costs with culturally driven expectations creates a tug-of-war on the benefits safety net. The church has worked hard to develop the benefits, but the ability to sustain them is a major short- and long-term challenge.

When the United Methodist value of “benefits for all” intersects with the cost of paying for them, shortfalls become apparent. Conferences struggle to cover the costs of keeping small membership churches open, paying bills, and meeting salary and benefits obligations. When the values of inclusiveness and equity become unaffordable, a rationing system of “what benefits for whom and at what cost?” inevitably arises. This culminates in decisions to limit some access to benefit plans, as well as reduced financial support for existing benefits. For example, some conferences may choose to extend benefits to ordained elders first, then consider the needs of other clergy (including part-time) and finally, if affordable, address benefits for full-time lay professionals, and so on.

Bishops and district superintendents feel pressured to allow part-time pastors to waive benefits or create non-benefits-eligible appointments to help small churches—all to manage costs for churches that cannot support a pastor. While these practices do not represent the majority of conferences or appointments within a conference, they have become increasingly prevalent.

Individuals want unencumbered access to the pension benefits that have been set aside for them, and want to be able to “shop” for the lowest-cost or best-tailored health and disability insurance, based on their personal needs. But efficient and cost-effective delivery of benefits depends on the same-plan-for-everyone group model. When too much individual discretion is allowed, the values established to cover the group as a whole collapse, and the plan becomes more expensive.

In considering the cost of benefits, we cannot ignore the effect that pastors' health has on both plan costs and their own ability to provide quality leadership to the denomination.

Since clergy, as a group, have higher incidences of stress and weight-related claims, this further exacerbates cost and benefit sustainability issues.

The General Board of Pension and Health Benefits has sounded the trumpet for conferences to address retiree health coverage by creating plans to set aside funds to pay these benefits and, in an effort to preserve benefit access, we have advised increasing clergy cost-sharing and, if necessary, reducing the level of available benefits. While several conferences have responded, others have determined they cannot, which postpones confronting a harsh set of realities that are unlikely to dissipate without concerted attention. Retiree health benefits represent a formidable weight on the United Methodist Church system—\$3.3 billion is projected for retiree health insurance costs across all conferences. Will the church and its retirees be in a position to pay for this mostly unfunded liability?

If a plan for meeting these costs in each conference is not established, the inevitable result will be the eventual loss of retiree health coverage altogether, when, conference by conference, the cash-flow requirements of paying unfunded benefits for an increasing number of retirees become impossible to maintain.

From the retirees' perspective, an increasing proportion of retirement income will be spent on healthcare. A recent study estimated that the average U.S. couple retiring today will spend \$250,000 out-of-pocket for long-term care and healthcare-related expenses.

In summary

By the nature of our work, the General Board of Pension and Health Benefits witnesses firsthand the advantages of quality benefits, as well as the underlying cost issues that pose a long-term threat to the church.

A conflict looms between our values and practices—which make the connection so strong—and the cost of sustaining desired benefit levels. The required solutions will not come easily. What we need is frank conversation about how we reconcile cost and cultural pressures with our aspirations and promises for retiree benefits. The General Board of Pension and Health Benefits is eager to work with and advise all conference teams willing to tackle these crucial stewardship issues.