## An Unofficial IGRC Disaffiliation Cost Worksheet November 2, 2022

With the release of the <u>updated Illinois Great Rivers Conference Disaffiliation Process</u> (10-28-2022), it is now possible to more accurately calculate a congregation's disaffiliation costs. The important inputs are:

- 1) Your congregation's 2022 apportionments.
- 2) Your congregation's 2023 apportionments.
- 3) The percentage your apportionments represent of the IGRC total budget (2022 = \$11,040,909 and 2023 =\$9,106,853).
- 4) The most recent IGRC quarterly unfunded pension liability number. (The October 1, 2022 amount is \$32,236,263.)

Here is how to do the math...

The disaffiliation cost formula is:

Cost = (current year apportionments + next year's apportionments + share of unfunded pension liability) + 10%.

- 1) Find your 2022 Apportionments <u>HERE</u>.
- 2) Find your 2023 Apportionments <u>HERE</u>.
- 3) Divide your 2022 apportionments by the 2022 IGRC conference budget of \$11,040,909. This will give you the percentage of the conference budget your apportionments represent. Now multiply this percentage by the total IGRC pension liability (the October 1, 2022 quarter number is \$32,236,263). This should give you a number roughly three times your apportionments.
- 4) Add up the amounts in steps 1-3. Multiply by 10%. IGRC is calling this your "Trust Clause Release Assessment."
- 5) Add your current year apportionments, your next year's apportionments, your pension liability share, and your trust clause release assessment together. This would be your congregation's cost to disaffiliate using the October 28, 2022 disaffiliation formula.

## **Important considerations:**

- 1) If you have already paid some or all of your current year apportionments, you don't need to pay them twice. Subtract whatever you have already paid from the total disaffiliation costs.
- 2) Your congregation's disaffiliation costs are likely a bit less than it will cost to remain in the UMC over the next six years (in terms of apportionment payments).
- 3) The IGRC conference unfunded pension number changes quarterly as calculated by the actuaries at Wespath, the UM Board of Pensions. The current number, \$32,236,263, is from October 1, 2022. The next update will be January 1, 2023. The July 1, 2022 number was \$39,683,639. The April 1, 2022 number was \$53,563,665. Higher interest rates are driving the liability number down (for now). Some conferences have helpfully offset the liability number with the conference financial reserves that all churches have helped to fund. IGRC is not offering this.

- 4) The UMC Disaffiliation Provision, <u>Par. 2553</u>, requires a church to pay apportionments for the current year and one additional year. Anecdotal reports indicate the conference trustees will deem the "current year" to be the year in which a financial agreement between the congregation and conference is reached. As the 2022 window closes, 2023 and 2024 will be the relevant apportionment years. The 2024 apportionments are not yet established, so you would need to approximate using 2023 figures.
- 5) Your church's percentage of the IGRC budget will change next year. The 2023 conference budget is \$9,106,853. While this 18% lower than 2022, your congregation's percentage of the total may also change. You will want to divide your 2023 apportionments by the 2023 total budget in order to compare.
- 6) The Wesleyan Covenant Association has a program of low-interest loans to help with disaffiliation costs. To see the presentation by Norwood Davis, Chief Strategy Officer for the Wesleyan Investment Foundation, visit the YouTube Channel: <a href="https://youtu.be/eK6qmliQeUk">https://youtu.be/eK6qmliQeUk</a>.

## APPROXIMATED COST TO DISAFFILIATE FROM THE UMC AND THE ILLINOIS GREAT RIVERS CONFERENCE

A) This Year's Apportionments	\$	
B) Next Year's Apportionments	\$	
C) Unfunded Pension Share  How to calculate:	\$	
Your congregation's cur Divided by the IGRC tot Multiply that percentage		y.
D) Subtotal (A + B + C)	\$	
E) Plus 10% Trust Clause Release  How to calculate:  D X 10%	\$	
F) Grand Total	\$	

Watch for future updates here: <a href="https://www.igrc.org/igrc-process-on-disaffiliation">https://www.igrc.org/igrc-process-on-disaffiliation</a>