

BOARD OF PENSION AND HEALTH BENEFITS

**REPORT #7
SOUTH GEORGIA ANNUAL CONFERENCE
FUNDING PLAN FOR RETIREE HEALTH CARE BENEFITS**

**FUNDING RESERVE TRUST FOR POST-RETIREMENT BENEFIT PLANS
SUMMARY**

The full legal document establishing the Trust is available on the conference website, www.sgaumc.org. It is 23 pages long. In order to save printing, a summary is provided here. Delegates are encouraged to download the actual document to read in pdf. format, as well as the FAQ which accompanies it.

**REPORT #7 SUPPLEMENT
RETIREE HEALTHCARE TRUST
FUNDING THE TRUST**

Any consideration such as establishing a Trust requires consideration of how the Trust will be funded. Your Conference Board of Pensions and Health Benefits has been working on this issue for some time. Key items in our deliberations were a desire to fund it outside of the apportionments stream, to lessen local church apportionments with this Trust, and to use funds which were already committed in some way to retirees.

Consulting with our actuaries, we determined that funding the proposed Trust so that payments might continue at the current level would cost between \$12 and \$15 million (depending on what interest/earning assumptions were made). If we wanted to provide for payments to be increased from the current rate, more funds would be required – the higher the rate, the more funding required. Retirees have not had an increase in the medical reimbursement rate since 2016, so providing for some increase seemed advisable.

Your Conference Board of Pensions proposes that the Trust be funded with \$22 million in resources. Funds shall come from:

\$9.9 million	Earnings from the Pension Fund Crusade and other Pre-82 funds which are not needed, since Pre-82 is fully funded at a rate allowing for annual increases.
\$8.6 million	Pitts Trust Funds in the investment accounts, accumulated over the years, along with earnings
\$3.5 million	Funds presently designated for Retiree Medical Health support

Funding at this level will enable reimbursement at the current level, and should allow for an increase in reimbursement rates, possibly as soon as 2023. The new Trust Board will make that final decision this fall, in consultation with their investment advisors and with further actuarial data.

Even with funding the Trust at this level, the Board of Pensions will retain about \$2.6 million in reserve funds should a need arise. We will also have use of the quarterly funds from the Pitts Trust, which are reserved for the benefit of retired ministers of the South Georgia Conference.