

APPENDIX 1 – THE WORK OF THE COMMISSION ON THE POSSIBILITY OF CHURCHES DESIRING TO CHANGE THEIR RELATIONSHIP WITH THE UNITED METHODIST CHURCH

The Commission on a Way Forward and the Council of Bishop's had significant conversations about the possibility of churches desiring to change their relationship with the United Methodist Church in response to the legislation connected to the Commission's report and the called session of the General Conference.

Here is a brief summary of the Commission and Council's conversation:

- The idea that some churches might desire to change their relationship with The United Methodist Church in response to the decisions made by General Conference is not a new idea and precedes the formation of the Commission on a Way Forward.
- In the July Status Report of the Commission's work, the Commission noted that one of its goals for the final report was to include an "allowance those who don't adopt a revised structure." (see slide 9 of the Commission on a Way Forward's [Status Report](#))
- As the models were developed and shared with the Council of Bishops in November 2017, there was discussion about the concept of a "gracious way of exit for those who feel called to exit the denomination" being included in each sketch. (see Council of Bishop's [Press Release](#) on November 9, 2017)
- In January 2018, the Commission on a Way Forward asked the Bishops to specifically discuss the concept of a "gracious exit" at their February 2018 Council of Bishops meeting.
- In February 2018, the Council of Bishops discussed "gracious exit" and shared the following thoughts:
 - The language of "exit" should be used carefully so as not to encourage people to look for an "exit" but rather help the United Methodist Church focus on unity.
 - Gracious will be defined not by the process but by the implementation of the process.
 - *The Book of Discipline* already provides a means and reasons why a congregation might leave and the current *Book of Discipline* language could be the guide for a further process.
 - Many annual conferences have already developed practices and models in consultation with Wespath and GCFA. These should be shared.
 - Bishops need to do this work collaboratively, utilizing appropriate resources, and work on a case by case basis using best practices.
 - As plans make allowance for the possibility that some persons may depart from the United Methodist Church, we have been governed by the principle of not doing harm to one another.
- At the end of the February 2018 Council of Bishops meeting, the Council gave direction to the Commission that stated: "The Commission doesn't need to continue to use language of gracious exit or explore it further at this time but rather use current *Book of Discipline* process and invite Bishops and others (like Wespath and GCFA) to share best practices." Additionally the Council of Bishops invited the Commission to explore the possibility of adding an option to form or join an autonomous affiliated church.
- At its March 2018 meeting, the Commission discussed the autonomous affiliated possibility and worked on some other examples and models of "gracious exit" The Commission included some possibilities and options in its report to the May 2018 Council of Bishop's meeting.
- The Council of Bishops discussed autonomous affiliated and other exit possibilities at their May 2018 meeting and concluded that autonomous affiliated should not be included as recommended legislation or legislative petitions to the 2019 special session of the General Conference. Instead it should be part of an historical narrative of the work of the Commission and Council.

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- Concerns from the Council of Bishops about autonomous affiliated included the impact on ecumenical relationships, impact on relationships with current autonomous affiliated churches, the constitutionality of proposed autonomous affiliated legislation for churches in the U.S., the need to remain consistent with our connectional ecclesiology and the need for more study.
- At the same time the Council of Bishops recognized the need to maintain relationships with those who may choose to leave. The Council pondered the practical concerns around various proposed disciplinary mechanisms and explored the possibility of exploring future legislation that could be implemented at a future General Conference.
- There was a deep sense among some Bishops that the church should not move too quickly toward overly defining exit paths that do not take into account the context of each situation or using disciplinary language like autonomous affiliated or concordant relationships that most people within the church don't fully understand.
- Additionally, Wespath identified the key issues in churches and clergy exiting as it relates to the pension plans. This collective wisdom of Wespath is included in Appendix 5 to this report, and in the recommended petitions, amending ¶1504 and the Clergy Retirement Security Program, included in this report regarding the One Church Plan above.
- The conciliar work of the Commission and Council provides a model for annual conferences to do the faithful discernment that will allow them to find a way forward.

APPENDIX 2 – THE COUNCIL OF BISHOP’S COLLABORATION WITH THE COMMISSION ON A WAY FORWARD

PREFACE:

The Commission on a Way Forward deeply appreciates the collaboration and feedback from the Council of Bishops. The report of the Commission is a product of the collaborative process between the Commission and the Council of Bishops. With appreciation for collaboration, the Commission on a Way Forward includes the Bishop’s original statement to the 2016 General Conference, the Council of Bishops motion and rationale and the clarifying statement.

THE BISHOPS’ STATEMENT at the 2016 General Conference Portland, Oregon

Your bishops were honored to receive the request of General Conference to help lead our United Methodist Church forward during this time of both great crisis and great opportunity. As far as we can discover, this is the first time that a General Conference has ever made such a request of the Council of Bishops, and we accept this request with humility.

We share with you a deep commitment to the unity of the church in Christ our Lord. Yesterday, our president shared the deep pain we feel. We have all prayed for months and continue to do so. We seek, in this *kairos* moment, a way forward for profound unity on human sexuality and other matters. This deep unity allows for a variety of expressions to co-exist in one church. Within the Church, we are called to work and pray for more Christ-like unity with each other rather than separation from one another. This is the prayer of Jesus in John 17:21-23.

UNITY We believe that our unity is found in Jesus Christ; it is not something we achieve but something we receive as a gift from God. We understand that part of our role as bishops is to lead the church toward new behaviors, a new way of being and new forms and structures which allow a unity of our mission of “making disciples of Jesus Christ for the transformation of the world” while allowing for differing expressions as a global church. Developing such new forms will require a concerted effort by all of us, and we your bishops commit ourselves to lead this effort. We ask you, as a General Conference, to affirm your own commitment to maintaining and strengthening the unity of the church. We will coordinate this work with the various efforts already underway to develop global structures and a new General Book of Discipline for our church. Strengthening the unity of the church is a responsibility for all of us.

PRAYER We accept our role as spiritual leaders to lead the UMC in a “pause for prayer” – to step back from attempts at legislative solutions and to intentionally seek God’s will for the future. As a Council of Bishops, we will lead the church in every part of the world in times of worship, study, discernment, confession and prayer for God’s guidance. We ask you, as a General Conference, to join us in this effort, beginning this week. We were moved by the sight of delegates praying around the table, and we hope these efforts will continue. As your bishops we are ready to join you and to lead you in these times of prayer.

PROCESSES We have discussed in depth the processes which might help our church heal and move forward – up to and including the possibility of a called General Conference in 2018 or 2019. We have not finalized our plans for such processes, but we will keep working on options we have heard from many of you, and we will keep reporting to this General Conference and to the whole church.

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NEXT STEPS We recommend that the General Conference defer all votes on human sexuality and refer this entire subject to a special Commission, named by the Council of Bishops, to develop a complete examination and possible revision of every paragraph in our Book of Discipline regarding human sexuality. We continue to hear from many people on the debate over sexuality that our current Discipline contains language which is contradictory, unnecessarily hurtful, and inadequate for the variety of local, regional and global contexts. We will name such a Commission to include persons from every region of our UMC, and will include representation from differing perspectives on the debate. We commit to maintain an on-going dialogue with this Commission as they do their work, including clear objectives and outcomes. Should they complete their work in time for a called General Conference, then we will call a two- to three-day gathering before the 2020 General Conference. (We will consult with GCFA regarding cost-effective ways to hold that gathering.)

CONTINUING DISCUSSIONS We will continue to explore options to help the church live in grace with one another – including ways to avoid further complaints, trials and harm while we uphold the Discipline. We will continue our conversation on this matter and report our progress to you and to the whole church.

Today, as a way of beginning to find our way forward, we suggest that in place of the allotted legislative time we spend 1-2 hours of plenary time in prayer, confession and exploration of a creative way forward. The bishops are prepared to provide questions to guide your conversations. Your conversations will be the first step to a way forward.

MOTION AND RATIONALE for a Way Forward, approved by the Council of Bishops in May, 2018

United Methodist bishops, meeting in Chicago, engaged in a prayerful process to discern a way forward. At the conclusion of the discernment process, the Council of Bishops strongly approved the following motion and rationale:

Motion: Having received and considered the extensive work of the Commission on a Way Forward, the Council of Bishops will submit a report to the Special Session of the General Conference in 2019 that includes:

- All three plans (The Traditionalist Plan, The One Church Plan and the Connectional Conference Plan) for a way forward considered by the Commission and the Council.
- The Council’s recommendation of the One Church Plan.
- An historical narrative of the Council’s discernment process regarding all three plans.

Rationale: In order to invite the church to go deeper into the journey the Council and Commission has been on, the Council makes all the information considered by the Commission and the Council of Bishops available to the delegates of the General Conference and acknowledges there is support for each of the three plans within the Council. The values of our global church are reflected in all three plans. The majority of the Council recommends the One Church Plan as the best way forward for The United Methodist Church.

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A STATEMENT OF CLARIFICATION BY THE BISHOPS – May 17, 2018

The following statement was crafted by the bishops who served on the Commission on a Way Forward and approved by the Executive Committee of the Council of Bishops this week:

We have been asked for a further statement of clarification about the Way Forward and hope that this serves this purpose. We hope it is helpful as many of you lead in episcopal areas.

The Council of Bishops (COB) has voted by an overwhelming majority to share the work done by the Commission on a Way Forward on the three plans and to recommend the One Church Plan.

The One Church Plan will be placed before the General Conference for legislative action.

To honor the work of the commission, and in service to the delegates to the 2019 Special Session of the General Conference, the COB will also provide supplemental materials that include a historical narrative with disciplinary implications related to the connectional conference plan and the traditionalist plan. The recommendation adopted by the COB reflects the wide diversity of theological perspectives and the global nature of The United Methodist Church as the best way forward for our future as a denomination.

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Introduction to Appendix 3: In service to the delegates to the 2019 Special Session of the General Conference, the Commission on a Way Forward acknowledges a traditional model was prepared by a few members of the Council of Bishops. It has not received the same due diligence as other plans.

Important Note: This plan is not the work of the Commission on a Way Forward. The work of the Commission on a Way Forward on a traditionalist plan is noted in the Commission’s report.

Traditional Model for a Way Forward

As Prepared by a few members of the Council of Bishops

The Traditional Model maintains our global United Methodist teaching on human sexuality while providing space for a new form of unity with those who cannot in good conscience uphold our discipline.

Summary of the Plan

This model maintains the current stance of the church regarding the definition of marriage and the ministry of and with LGBTQ persons. It flows from the presupposition that The United Methodist Church ought to have one unified moral stance on the issues of marriage and sexuality. This model continues to affirm that LGBTQ persons are welcome to attend worship services, participate in church programs, receive the sacraments, upon baptism be admitted as baptized members, and upon taking vows of membership become members of local churches.

At the same time, the Traditional Model acknowledges the deep conscientious objections on the part of some to the current stance and practices of the church. It accommodates those objections by fostering a gracious and respectful way for those persons who cannot live within the current boundaries of church practice to form or join self-governing bodies that allow them the freedom to follow their conscience and institute practices in keeping with their understanding of Scripture, tradition, reason, and experience. Such a self-governing body could constitute a Wesleyan denomination that could maintain an ongoing connection with The United Methodist Church through a Concordat Agreement (¶ 574).

Various changes are proposed to increase the accountability of bishops and conferences for upholding and enforcing the discipline of the Church.

Contextual differentiation is achieved through provisions allowing freedom and flexibility in a new connectional status for those requiring greater autonomy from United Methodist requirements. This plan is an authentic expression of the instruction given to the Commission on a Way Forward by the Council of Bishops in the *Mission, Vision, and Scope* document to design “new ways of being in relationship across cultures and jurisdictions, in understandings of episcopacy, in contextual definitions of autonomy for annual conferences, and in the design and purpose of the apportionment.” The model fulfills the Commission’s mission of “an openness to developing new relationships with each other.” It honors the Commission’s vision for an approach “that allows for as much contextual differentiation as possible, and that balances an approach to different theological understandings of human sexuality with a desire for as much unity as possible.” This model respects different theological understandings by giving each a space in which to do authentic ministry without harming the ministry of those with whom they disagree. It proposes “‘new forms and structures’ of relationship” that give “greater freedom and flexibility to a future United Methodist Church that will redefine our present connectionality.”

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Theological and Biblical Foundations

The Traditional Model takes seriously the need for greater contextualization of our ministry. It provides clarity and freedom for different parts of our movement to embody our different theological emphases and values on the important questions of marriage and sexual behavior. Given that the human sexuality disagreement is one of the most significant in American culture today, it is appropriate for there to be two different Wesleyan bodies who teach differently on the question of Christian marriage between same gender persons

The unity of Christ's church has, for the last 1000 years, taken different forms. There are different types of unity and the Wesleyan movement itself is expressed in a variety of denominations many of which overlap geographically. We should see the formation of a new Wesleyan denomination as an opportunity for a different type of unity created for the sake of mission.

Our Mission

The Traditional Model provides freedom for progressive pastors, churches and conferences to evangelize persons who they believe would best be reached by a form of Methodism that is fully inclusive of all sexual orientations and gender identities. At the same time, it provides assurances that traditional United Methodist can continue to make disciples among people who value traditional teaching on marriage and sexual behavior.

The effects of the Traditional Model on each segment of the United Methodist Church

Local Churches

Local churches would not be required to vote. Most would likely make no changes in practice at the local level. If their annual conference chooses to remain United Methodist and the local churches wishes to join a new self-governing church, it could vote by simple majority to do so. Doing so would allow them to keep their property, assets, and liabilities in exchange for a payment to the annual conference of their fair share of the conference's unfunded pension liability. No other payment would be required.

Local churches located in an annual conference that votes to establish or join a self-governing church would not be required to vote if they agree with their annual conference decision. Local churches that would prefer to remain United Methodist and continue to abide by the current *Discipline* could choose to do so by a simple majority vote of their church conference. In such cases, they would also need to pay their annual conference their fair share of the conference's unfunded pension liability, since that liability remains with the annual conference.

Clergy

Clergy would continue to be subject to the *Discipline* of the church as they agreed in their ordination vows. Those who could not do so would be encouraged to join a self-governing Methodist church that accommodates their views. Clergy doing so would retain their pension accumulations up to the point of departure. Clergy who remain United Methodist and violate the standards of the church would be subject to the complaint process, as revised by the Traditional Model.

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Annual Conferences

Annual Conferences will need to decide if they can fully abide by United Methodist Discipline in matters of human sexuality. Those that can do so will indicate that by their vote. Those that cannot in good conscience follow The United Methodist Church's *Discipline* will form or join a self-governing church that gives them the freedom to perform same-gender marriages and ordain self-avowed practicing LGBTQ persons.

Jurisdictions and Central Conferences

Jurisdictions and Central Conferences would be unchanged unless annual conferences chose to leave The United Methodist Church to form a self-governing church. If some annual conferences leave, boundaries can be adjusted. Bishops would need to conform to The United Methodist Church *Discipline*.

General Boards and Agencies

All general boards and agencies remain the same in the Traditional Model. If a group of annual conferences form a new denomination, cooperation such as exists today can be extended to the new body as well. The cooperation evidenced in the work of the General Board of Global Ministries with affiliated autonomous churches and the Pan-Methodist denominations are models that can be expanded.

Institutions

Institutions can maintain affiliation with multiple denominations as they do now.

The Council of Bishops

The Council of Bishops would remain unchanged except that the newly enacted provisions for its Council Relations Committee and related disciplinary process would be used if needed.

Global Church

All provisions of the Traditional Model treat all annual conferences in equal ways.

Financial and Pension Implications

This plan has few financial and pension implications. If churches choose to leave the United Methodist Church, there would be implications to long-term pension liability. If annual conferences leave they would need to remain legally responsible for their pension liabilities, as a plan sponsor, in a manner sequestered from the remainder of the clergy pension plan. If apportionment support for Annual Conference and General Conference funds decline, the Annual Conference and General Conference would have to respond to that reduction. This response is in line with what Annual and General Conferences are already doing in the area of sustainability. The expertise needed to project the full impact on pension funds for this or any plan for a way forward properly rests with Wespath and not the Council of Bishops. Appendix 4 to this report provides Wespath's analysis and input.

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Proposed Implementation Plan for the Traditional Model

February 23-26 2019: Special Session of the General Conference

March-May, 2019. Delegations and residential bishops prepare to interpret the decisions of the General Conference at their Annual Conferences.

June, 2019. Annual Conferences receive reports of the decisions of the special session of General Conference, and frameworks for decision-making in the coming year.

July-August, 2019. Annual Conferences and Cabinets design materials and processes for Annual Conference and local church discernment.

Fall, 2019: Annual Conference Lay Leaders and Clergy begin discernment related to affiliation. This can be a focus of charge conferences.

January-February, 2020. Annual Conference Discernment and Decision to approve one of two statements in Par. 2801. Delegations and Bishops prepare for 2020 General Conference.

March-April, 2020 Local Churches and Clergy Discernment and Decision to remain in denomination or be in a self-governing body.

May 2020: General Conference. There will likely be unfinished or deferred work that flows from 2019 to 2020.

May-June 2020: Annual Conferences discern their leadership for 2020-2024 based on decisions made in January-February. Residential Bishops must approve one of the two statements in 2801.7.

July 2020: Jurisdictional Conferences. Election of new bishops, based on previous decisions of annual conferences, local churches and clergy and need. Assignment of existing bishops to self-governing conferences, according to need.

January 1, 2021: GCFA shall neither receive funds from nor send funds to annual conferences listed under Par. 2801.3.

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Names of Commission Members who signed the Traditional Plan, as presented by some members of the Council of Bishops

Note: The Commission never took a vote regarding which members of the Commission supported which plan. At various points in the work of the Commission, Commission members did express preferences for plans. Some Commission members could support the Commission's work on every plan while others expressed a preference for one or two of the plans. At the end of our process, in order to place the plans in petition format, Commission members were asked to which plans they were willing to give public support. Several Commission members gave support to more than one plan. For a variety of reasons, some members of the Commission, while giving their support to the Commission's report, chose not to express a preference for any of the plans.

The following Commission Members publicly support the Traditional Plan, as presented by some members of the Council of Bishops: Jorge Acevedo, Hortense Aka, Helen Cunanan, Jessica LaGrone, Tom Lambrecht, Mazvita Machinga, Pat Miller, Eben Nhiwatiwa, and John Wesley Yohanna.

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Note: The following disciplinary changes will be submitted as legislative petitions. They are included here for informational purposes.

Disciplinary Changes for this model:

1. Amend by addition footnote 1 attached to ¶ 304.3:

“Self-avowed practicing homosexual” is understood to mean that a person openly acknowledges to a bishop, district superintendent district committee of ordained ministry, Board of Ordained Ministry, or clergy session that the person is a practicing homosexual; or is living in a same-sex marriage, domestic partnership or civil union, or is a person who publically states she or he is a practicing homosexual.

See Judicial Council Decisions 702, 708, 722, 725, 764, 844, 984, 1020, 1341.

Rationale: The current wording has sometimes allowed practicing homosexuals to serve, even while being public about their practice, defeating the purpose of the requirement in ¶304.3. The added language identifies other means by which an individual openly acknowledges that they are engaged in the practice of homosexuality and can be determined by access to public records or declarations made in public forums. It incorporates Judicial Council Decision 1341 in the Discipline.

2: Amend by addition ¶ 408.3.c:

By a majority vote of those present and voting, the members of the Council of Bishops may place any bishop in the retired relation with or without their consent and irrespective of their age if such a relation is recommended by the council relations committee. The procedures for fair process in administrative hearings shall be followed in any involuntary retirement procedure (¶ 422.5). Written notice also should be given to the chairperson of the administrative review committee (¶ 422.6).

Rationale: Additions to ¶¶408, 410, and 422 go together and create a process by which the Council of Bishops may hold one another accountable, based on the constitutional amendment to ¶50 that was ratified in 2017. This proposal includes assurances of Fair Process and enables greater consistency and uniformity of accountability across the church.

3: Amend by addition ¶ 410.5:

¶ 410.5 Involuntary Leave of Absence—a) By a majority vote of those present and voting, the members of the Council of Bishops may place any bishop in an involuntary leave status if such a relation is recommended by the council relations committee. The procedures for fair process in administrative hearings shall be followed in any involuntary leave of absence procedure (¶ 422.5). Written notice also should be given to the chairperson of the administrative review committee (¶ 422.6).

b) Involuntary leave of absence shall be approved annually by the Council of Bishops after review and recommendation of the council relations committee.

c) During the period for which the leave is granted, the bishop shall be released from all episcopal responsibilities, and another bishop chosen by the College of Bishops shall preside in the episcopal area. Salary and other benefits may be continued through the Episcopal Fund for a maximum of six months.

Rationale: Additions to ¶¶408, 410, and 422 go together and create a process by which the Council of Bishops may hold one another accountable, based on the constitutional amendment to ¶50 that was ratified in 2017. This proposal includes assurances of Fair Process and enables greater consistency and uniformity of accountability across the church.

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4. Amend by addition ¶ 422:

¶ 422.2. The Council of Bishops is thus the collegial and corporate expression of episcopal leadership in the Church and through the Church into the world. The Church expects the Council of Bishops to speak to the Church and from the Church to the world and to give leadership in the quest for Christian unity and interreligious relationships. The Council of Bishops is also a body in which its individual members are held accountable for their work, both as general superintendents and as presidents and residents in episcopal areas.

¶ 422.5. The Council of Bishops shall establish from its membership a Council Relations Committee of at least three persons to hear requests for involuntary leave of absence, involuntary retirement, as may be referred to it by the Council of Bishops or any seven active bishops.

a) When there is a recommendation for an involuntary status change to be referred to the Council Relations Committee, the Council Relations Committee shall conduct an administrative hearing following the provisions of fair process. The Council of Bishops shall designate the person to present the recommendation to the committee. The respondent shall be given an opportunity to address the recommendation in person, in writing, and with the assistance of a clergyperson in full connection, who shall have voice. Once the committee has heard the person designated to represent the recommendation, the respondent, and others as determined by the chairperson of the committee, it shall report its decision to the Council of Bishops. The Council of Bishops may affirm or reverse the decision of the committee. The Council of Bishops shall refer to the Council Relations Committee any bishop who is unwilling to certify that he or she is willing to uphold, enforce and maintain *The Book of Discipline* relative to self-avowed practicing homosexuals. When the Council Relations Committee reaches a positive finding of fact that the bishop has not so certified, the Council Relations Committee shall recommend either involuntary leave or involuntary retirement to the Council of Bishops after conducting a Fair Process Hearing.

b) Fair Process Hearings--As a part of the holy covenant that exists within the membership and organization of The United Methodist Church, the following procedures are presented for the protection of the rights of individuals and for the protection of the Church in administrative headings. The process set forth in this paragraph shall be followed whenever the Council Relations Committee meets to process an administrative request by the Council of Bishops.

1) In any administrative proceeding the representative of the Council of Bishops and the respondent (the person against whom involuntary action is directed) shall have a right to be heard before any final action is taken.

2) Notice of any hearing shall advise the respondent of the reason for the proposed procedures with sufficient detail to allow the respondent to prepare a response. Notice shall be given not less than twenty days prior to the hearing.

3) The respondent shall have a right to be accompanied to any hearing by a clergyperson in full connection, in accordance with the appropriate disciplinary provisions. The clergyperson accompanying the respondent shall have the right to voice.

4) In any administrative hearing, under no circumstances shall one party, in the absence of the other party, discuss substantive issues with members of the pending hearing body. Questions of procedure may be raised with the presiding officer of the hearing body.

5) The respondent shall have access, at least seven days prior to the hearing, to all records relied upon in the determination of the outcome of the administrative process.

6) In the event that a respondent fails to appear for supervisory interviews, refuses mail, refuses to communicate personally with the bishop, or otherwise fails to respond to supervisory requests or

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requests from official administrative committees, such actions or inactions shall not be used as an excuse to avoid or delay any Church processes, and such processes may continue without the participation of such individual.

¶ 422.6 The Council of Bishops shall establish from its membership an Administrative Review Committee of at least three persons who are not members of the executive committee or the council relations committee. Its only purpose shall be to ensure that the disciplinary procedures for any involuntary action recommended by the council relations committee are properly followed. The entire administrative process leading to the action for change of status of the bishop shall be reviewed by the administrative review committee, and it shall report its findings to the Council of Bishops prior to any action by the Council of Bishops. The administrative review committee shall notify the parties of the review process. The administrative fair process hearing procedures (¶ 422.5) should be followed by the administrative review committee. Prior to its report, if the committee determines that any error has occurred, it may recommend to the appropriate person or body that action be taken promptly to remedy the error, decide the error is harmless, or take other action.

Rationale: Additions to ¶¶408, 410, and 422 go together and create a process by which the Council of Bishops may hold one another accountable, based on the constitutional amendment to ¶50 that was ratified in 2017. This proposal includes assurances of Fair Process and enables greater consistency and uniformity of accountability across the church.

5. Amend by addition ¶ 415.6:

To consecrate bishops; to ordain elders and deacons; to commission deaconesses, home missionaries, and missionaries; and to see that the names of the persons commissioned and consecrated are entered on the journals of the conference and that proper credentials are furnished to these persons. Bishops are prohibited from consecrating bishops who are self-avowed homosexuals, even if they have been duly elected by the Jurisdictional or Central Conference. Bishops are prohibited from commissioning those on the deacon or elder track if the Board of Ministry has determined the individual is a self-avowed homosexual or has failed to certify it carried out the disciplinarily mandated examination, even if the individual has been recommended by the Board of Ordained Ministry and approved by the Clergy Session of the Annual Conference. Bishops are prohibited from ordaining deacons or elders if the Board of Ministry has determined the individual is a self-avowed homosexual or has failed to certify it carried out the disciplinarily mandated examination, even if the individual has been recommended by the Board of Ordained Ministry and approved by the Clergy Session of the Annual Conference.

Rationale: Clarifies that bishops are not allowed to consecrate, ordain, or commission persons who are not qualified under ¶304.3, even if they are elected or approved by the relevant jurisdictional conference or clergy session. This enhances the bishop's role in upholding the Discipline and makes him/her individually responsible to do so. Resolves a tension identified by Judicial Council Decision 1341 holding such acts illegal.

6. Amend by addition ¶ 635.1.a:

Members shall be nominated by the presiding bishop after consultation with the chairperson of the board, the executive committee, or a committee elected by the board of the previous quadrennium, and with the cabinet. Prior to being nominated for membership on The Board of Ministry by the bishop, any individual must certify that he or she will uphold, enforce and maintain *The Book of Discipline* related to

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commissioning, ordination and marriage of self-avowed practicing homosexuals. Additionally, the bishop must certify that he or she only has nominated individuals who will uphold, enforce and maintain *The Book of Discipline* related to ordination and marriage of self-avowed practicing homosexuals. To ensure adequate board membership ...

Rationale: Guarding against non-conforming boards of ordained ministry, this provision ensures that members of the board commit to upholding the requirements of the Discipline and makes the bishop responsible for nominating only such persons. Permitting boards to not conform to the Discipline tears the unity of the church.

7. Amend by addition 635.2.h:

To examine all applicants as to their fitness for the ordained ministry and make full inquiry as to the fitness of the candidate for: (1) annual election as local pastor; (2) election to associate membership; (3) election to provisional membership; and (4) election to full conference membership. The Board of Ministry shall conduct an examination to ascertain whether an individual is a practicing homosexual, including information on social media, as defined by *The Book of Discipline*. The board shall certify that such an examination has occurred and its results. If it is determined as a matter of fact that an individual is a practicing homosexual, the board shall not recommend the individual to the Clergy Session of the Annual Conference for commissioning or ordination.

Rationale: Incorporates Judicial Council Decisions 1343, 1344, and 1352 in the Discipline, requiring boards of ordained ministry to fully examine candidates' qualifications under ¶304.3. Guarding against non-conforming boards of ordained ministry, this forbids boards from recommending persons found to be unqualified under that paragraph to the clergy session.

8. Amend ¶806.9 at its conclusion to state:

“Every Annual Conference shall certify that the bishop has nominated only members of the Board of Ministry who will uphold, enforce and maintain *The Book of Discipline* related to ordination and marriage of practicing homosexuals. Failure to do so shall result in The General Council on Finance and Administration withholding all funds from the United Methodist Church and withdrawing the annual conference’s ability to use the denominational cross and flame logo.”

Rationale: Guarding against non-conforming boards of ordained ministry, this provides that the annual conference ensures that the bishop has complied with the requirement to nominate only persons who are committed to upholding the Discipline to the board of ordained ministry, adding accountability for the annual conference as well.

9. Amend ¶613.19 at its conclusion to state:

“Every Annual Conference shall certify that the bishop has nominated only members of the Board of Ministry who will uphold, enforce and maintain *The Book of Discipline* related to ordination and marriage of practicing homosexuals. Failure to do so shall result in The General Council on Finance and Administration withholding all funds from the United Methodist Church and withdrawing the annual conference’s ability to use the denominational cross and flame logo.”

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Rationale: Guarding against non-conforming boards of ordained ministry, this provides that the annual conference ensures that the bishop has complied with the requirement to nominate only persons who are committed to upholding the Discipline to the board of ordained ministry, adding accountability for the annual conference as well.

10. Add a new ¶ 2801

¶ 2801. *Implementing Gracious Accountability*

Because of the current deep conflict over The United Methodist Church's position on marriage and sexuality, a local church or annual conference may indicate its desire to form or join a self-governing church under this paragraph based upon its declaration that it is in irreconcilable conflict for reasons of conscience with the doctrine or moral teachings and requirements of *The Book of Discipline of The United Methodist Church* on the issues of human sexuality, or with the way such requirements are being enforced, or with the resolution of those matters adopted by the 2019 General Conference.

1. Before March 31, 2020, each **annual conference** shall vote to approve one of the following two statements:

a. "The _____ Annual Conference and its subsidiary units will support, uphold, and maintain accountability to the United Methodist standards found in ¶ 304.3 'Qualifications for Ordination,' ¶ 341.6 'Unauthorized Conduct,' ¶ 613.19 'Responsibilities of the Council on Finance and Administration,' and ¶ 2702.1a-b 'Chargeable Offenses' of *The Book of Discipline of the United Methodist Church (2016)* in their entirety."

b. "The _____ Annual Conference and its subsidiary units will not support, uphold, and maintain accountability to the standards of The United Methodist Church found in ¶ 304.3 'Qualifications for Ordination,' ¶ 341.6 'Unauthorized Conduct,' ¶ 613.19 'Responsibilities of the Council on Finance and Administration,' and ¶ 2702.1a-b 'Chargeable Offenses' of *The Book of Discipline of the United Methodist Church (2016)* in their entirety."

2. In extreme cases in which an annual conference outside of the United States is unable, due to extraordinary circumstances, to take a vote by this deadline, its resident bishop may request a one-time, one-year extension of this deadline, which would also be a one-year extension of the deadlines in ¶ 2801.3-4 below, to be granted by the General Council on Finance and Administration. Such requests for extensions must be submitted by April 1, 2020.

3. The General Council on Finance and Administration shall canvass the votes of each annual conference. Those returning a majority vote for the second option, failing to respond, unclear in their response, or qualifying their commitment to the first option in any way shall be placed on a list of conferences ideally suited for the self-governing status. This list shall be made available to the Council of Bishops and released to the public no later than May 1, 2020.

4. Beginning January 1, 2021, the General Council on Finance and Administration shall neither receive funds from nor send funds to the annual conferences listed under ¶ 2801.3 except as a self-governing Methodist church formed under this paragraph. The General Council on Finance and Administration shall also prohibit the use of the United Methodist name and insignia by these annual conferences except under the terms of a concordat agreement.

Allegations that an annual conference has not fulfilled its commitment under ¶ 2801.1a shall be addressed to the Council of Bishops Council Relations Committee as evidence of possible misconduct by the Conference's residential bishop.

5. Annual conferences who are not placed on the list in ¶ 2801.3 may nonetheless vote to enter the self-governing status.

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6. The General Council on Finance and Administration shall offer and facilitate a timeline allowing annual conferences moving into the self-governing status to continue uninterrupted financial participation in the connectional ministries of The United Methodist Church under the terms of this paragraph and may grant a one-time delay to the restrictions in ¶ 2801.4 of up to twelve months upon request by an annual conference that has voted to enter the self-governing status to allow for the transition.

7. By June 30, 2020, each *bishop* of The United Methodist Church shall return one of the following two statements to the President of the Council of Bishops and the General Council on Finance and Administration:

a. I, (Name), certify that I will uphold United Methodist standards on marriage and sexuality in their entirety (¶ 414.5). I will enforce the requirements of the *Book of Discipline* forbidding same-sex weddings and the ordination of self-avowed practicing homosexuals (¶¶ 304.3, 341.6, 2702.1a-b, 414.9). I will further hold all those under my supervision accountable to those standards (¶ 415.2, 613.19).

b. I, (Name), certify that for reasons of conscience, I cannot uphold United Methodist standards on marriage and sexuality in their entirety (¶ 414.5). I am unwilling or unable to enforce the requirements of the *Book of Discipline* forbidding same-sex weddings and the ordination of self-avowed practicing homosexuals (¶¶ 304.3, 341.6, 2702.1a-b, 414.9), or to hold all those under my supervision accountable to those standards (¶ 415.2, 613.19).

Bishops who submit the second option (in whole or in part), fail to respond, are unclear in their response, or qualify their commitment to the first option in any way shall be subject to review by the Council of Bishops' Council Relations Committee for possible action.

Complaints against bishops who are alleged to have not fulfilled their commitment under ¶ 2801.7a above, or who are alleged to have committed one of the chargeable offenses under ¶ 2702.1a-b, shall be automatically and immediately forwarded to the Council of Bishops Council Relations Committee, which shall administer the complaint.

8. **Clergy** who find themselves for reasons of conscience unable to live within the boundaries of ¶¶ 304.3, 341.6, 613.19, and 2702.1a-b are encouraged to transfer to a self-governing church formed under this paragraph. Clergy who remain United Methodist but do not maintain their conduct within the boundaries established by *The Book of Discipline* shall be subject to chargeable offenses.

9. Annual conferences becoming self-governing Methodist churches.

a. Any annual conference may become a self-governing church or join an existing one when that annual conference votes by simple majority to seek this status under the terms of this paragraph. The annual conference shall notify the president of its college of bishops of its decision at least 30 days before a regular or specially called session of its jurisdictional or central conference. The jurisdictional or central conference shall reallocate the territory of the former annual conference among the remaining annual conferences or create a new annual conference. It shall be the new self-governing church's own responsibility to develop its Book of Discipline and establish itself as a legal entity. The existence of the self-governing church shall be effective upon the adjournment of the jurisdictional or central conference or upon the effective date established by the annual conference in its request, whichever is later. An annual conference shall not consider a switch in its affiliation within less than four years from a previous annual conference vote on the question.

b. If a U.S. annual conference ceases to be a part of The United Methodist Church through becoming a self-governing Methodist church, or otherwise, it should contribute to the General Board of Pension and Health Benefits any amount necessary to fully fund its obligations under the Clergy Retirement Security Program. The former annual conference's sponsorship of and legal responsibilities under the Clergy Retirement Security Program will continue as a self-governing Methodist church.

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However, accruals and benefit improvements under the Clergy Retirement Security Program shall cease. The sponsorship and administration of the Clergy Retirement Security Program for the self-governing Methodist church will be sequestered and treated separately from all other annual conferences that remain part of The United Methodist Church. For purposes of administering the Clergy Retirement Security Program in this manner, the General Board of Pension and Health Benefits is authorized and empowered to:

(1) Identify which of the self-governing Methodist church's (former annual conference's) plan participants have chosen to remain with The United Methodist Church, and those who are members of the former annual conference (whether the former annual conference becomes a self-governing Methodist church or otherwise disaffiliates) based on records of service and membership of the annual conferences; non-clergy participants, e.g., surviving spouses, contingent annuitants, and alternate payees, will be deemed to remain associated with The United Methodist Church;

(2) Calculate and sequester the former annual conference's share of defined benefit plan assets and liabilities for all participants of the former annual conference using factors corresponding to those used when determining annual conference plan sponsor contributions to the Clergy Retirement Security Program; and to the extent and at any time that certain participants, whether active or inactive, become the responsibility of The United Methodist Church, retain for The United Methodist Church from such calculated share an amount necessary to fully fund the liabilities of such participants using factors similar to a commercial annuity provider;

(3) Calculate the amount of any plan contributions required to be made by the former annual conference in the future, as part of the self-governing Methodist church's ongoing sponsorship of its separate frozen part of the Clergy Retirement Security Program;

(4) Collaborate with the self-governing Methodist church (former annual conference) to determine how plan design changes may be requested by the self-governing Methodist church, and the scope and administrative reasonableness of amendments that may be made to the separate frozen part of the Clergy Retirement Security Program; and

(5) Amend the Clergy Retirement Security Program effective as of the close of the 2019 General Conference to conform with this paragraph of *The Book of Discipline*.

If the self-governing Methodist church (former annual conference) does not satisfy any required ongoing contributions within a reasonable time under this paragraph or the terms of the Clergy Retirement Security Program, as determined by the General Board of Pension and Health Benefits, or the self-governing Methodist church elects not to, refuses to, or fails to satisfy its legal sponsorship of the Clergy Retirement Security Program, the General Board of Pension and Health Benefits shall convert all accrued pension benefits of the self-governing Methodist church's (former annual conferences) assigned participants to an actuarially equivalent account balance, adjusted, as necessary, to take into account the former annual conference's funding level of the Clergy Retirement Security Program. Such account balances, and all other retirement account balances, will be transferred to the United Methodist Personal Investment Plan. The General Board of Pension and Health Benefits may also take such actions if the Clergy Retirement Security Program is amended to require an account balance conversion for similar classes of participants, or if continuing administration for the self-governing Methodist church is no longer administratively reasonable.

c. Institutions owned by or affiliated with the annual conference shall continue that relationship unless, under their own bylaws and in conjunction with the annual conference, they establish a change of affiliation.

d. The newly created body shall continue under the supervision of the college of bishops of the jurisdiction until supervisory leadership is in place under its constitution.

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e. Any local church or charge of the annual conference becoming or joining a self-governing church shall have the right to remain in the existing jurisdiction of The United Methodist Church by a simple majority vote of a church conference before or during the first two years of the self-governing church's existence, and shall have the right to hold a church conference to vote on this matter within no more than 120 days of notifying the relevant leadership of the annual conference or of the self-governing church. After the first two years, release of a congregation from a self-governing church shall be according to that church's governing documents. Supervision of the congregation shall transfer to the cabinet of the annual conference assigned to cover their location by the jurisdictional or central conference upon written acknowledgement to the self-governing body by the receiving cabinet. Local churches electing to remain United Methodist by exiting an annual conference that is forming or joining a self-governing Methodist church shall not owe any payment to the annual conference they are departing, except for the local church's proportional share of the annual conference's aggregate unfunded pension liability, as determined by the General Board of Pension and Health Benefits. The General Board of Pension and Health Benefits shall determine the aggregate funding obligations of the annual conference using market factors similar to a commercial annuity provider, from which the annual conference will determine the local church's share. The local church payment of pension liabilities shall be made prior to the effective date of exit.

f. Clergy members of the departing annual conference shall by default remain members of that annual conference unless they request to remain in The United Methodist Church. They shall communicate such a request before or within 90 days after the annual conference exit effective date to the bishop of the departing annual conference and to the jurisdictional or central college of bishops, but may, at the discretion of the bishop of the departing annual conference, continue serving the current appointment for up to one year from the date of such request until a suitable appointment is found. The United Methodist jurisdictional or central college of bishops shall work together to provide an appointment for any clergy member subject to security of appointment (and may do so for clergy members not subject to security of appointment) in the area of his/her former annual conference or in another annual conference in the jurisdiction, unless the clergy member agrees to transfer to an annual conference out of the jurisdiction.

10. Groups of local churches forming new self-governing Methodist churches in the United States. Any fifty or more United Methodist local churches may form a self-governing Methodist church by the following procedure:

a. Those organizing the self-governing church shall develop a vision and mission statement describing the nature and work of the body.

b. Local churches seeking to form the self-governing church shall vote to do so by a 55 percent majority vote of a church conference. Such vote shall indicate the desire of the congregation to join the forming group, but the congregation remains part of The United Methodist Church until the self-governing church becomes established and the other provisions for exit under this paragraph are satisfied. The bishop and district superintendent shall facilitate the change of affiliation and shall preside over a church conference within 120 days when requested by the local church's pastor or church council (¶¶ 246, 248). A local church shall not consider a switch in its affiliation within less than four years from a previous church conference vote on the question.

c. The organizers shall select a United Methodist college of bishops to supervise the church until such time as supervisory leadership is in place under its own constitution. If no selection is made, the college of bishops supervising the territory where most of the local churches are located shall provide supervision. Notice shall be given to the president of the college of bishops and the college shall include

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the church in its plan of oversight. The bishop placed in charge of the group of congregations shall have the right to assemble a transitional cabinet should the bishop deem that necessary.

d. Once a group of fifty or more congregations has been formed under ¶ 2801.10b, an organizing conference shall be held, at which time the constitution, *Book of Discipline*, and provisional leadership for the newly organized church shall be approved. It shall be the new church's own responsibility to develop its *Book of Discipline* and establish itself as a legal entity. Existence of a self-governing church shall become effective at the adjournment of the organizing conference or upon an effective date established by that conference, provided that all the provisions for exit under this paragraph are satisfied.

e. The local church shall retain all property, assets, and liabilities, except as provided under ¶ 2801.12. On the effective date the provisions of the Trust Clause (¶ 2501) shall be released to the new church, and its provisions administered according to the governing documents of the new church. Congregations leaving United Methodist annual conferences shall not have claim or be entitled to a share of the assets or non-pension liabilities of the annual conference they are exiting.

11. Local churches seeking to join any existing self-governing church formed under ¶ this paragraph shall be granted a change of affiliation upon a 55 percent majority vote of a church conference. The bishop and district superintendent shall facilitate the change of affiliation and shall preside over a church conference within 120 days when requested by the congregation's pastor or church council (¶¶ 246, 248). Such a request to join an existing self-governing church shall also require the approval of the receiving self-governing church by whatever means are provided in its governing documents. A local church shall not consider a switch in its affiliation within less than four years from a previous church conference vote on the question.

Transfer of the affiliation of a local church under ¶ 2801.11 shall be effective upon written acknowledgement to the cabinet of the annual conference from the supervisory leadership of the receiving church that the transfer to them is accepted. On the effective date of the congregation's joining a self-governing church, the provisions of the Trust Clause (¶ 2501) shall be released to the self-governing church, and its provisions administered according to the governing documents of the new church. The local church shall retain all property, assets, and liabilities, except as provided under ¶ 2801.12. Congregations leaving United Methodist annual conferences shall not have claim or be entitled to a share of the assets or non-pension liabilities of the annual conference they are exiting.

12. Conditions. A local church electing to join a new or existing self-governing church through the provision of ¶ 2801.10-11 shall enter into a written agreement with the bishop setting an effective date and resolving any financial obligations to The United Methodist Church.

a. On the effective date, the local church shall assume all liabilities, and the local church (and any of its affiliates) shall cease participation in and cease to be eligible to participate in all programs and operations of The United Methodist Church, except as provided in ¶ 2801.19. The local church shall immediately remove all references to the words "United Methodist" as well as all United Methodist symbols and insignia, except as provided in ¶ 2801.15, although it may continue to use the word "Methodist." The local church shall retain all its property, assets, and liabilities not specifically accounted for in the agreement. Such agreement shall be in writing and signed and approved by the duly qualified and authorized representatives of the annual conference and the local church.

b. Local churches electing to join a new or existing self-governing Methodist church through the provisions of ¶ 2801.10-11 shall not owe any payment to the annual conference they are departing, except for the local church's proportional share of the annual conference's aggregate unfunded pension liability, as determined by the General Board of Pension and Health Benefits. The Board shall determine the aggregate funding obligations of the annual conference using market factors similar to a commercial

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annuity provider, from which the annual conference will determine the local church's share. The local church payment of pension liabilities shall be made prior to the effective date of exit.

c. Upon receipt of any payment required and fulfillment of all other provisions of this paragraph, the district superintendent shall deliver a signed letter waiving all rights the conference trustees or annual conference may have in the local church's real estate or other property and assets, as of the exit effective date.

13. Annual conferences or local churches outside the United States may join a self-governing Methodist church formed under this paragraph under the same terms as are spelled out in this paragraph. In such case, the self-governing church becomes a global body.

14. When one or more annual conferences vote to become a self-governing body after the adjournment of the jurisdictional or central conference, the jurisdictional or central college of bishops shall call a special jurisdictional or central conference within 180 days of being notified of the annual conference's action. The jurisdictional or central conference shall adjust its annual conference boundaries at the special conference as necessary to provide coverage for the geographic territory of the withdrawing annual conference(s). The Interjurisdictional Committee on Episcopacy (§ 512) shall monitor the changing landscape of United States annual conferences and bring recommendation to General Conference related to reorganization of the jurisdictional conferences that may be warranted based on the effects of this paragraph.

15. Self-governing Methodist churches formed under this paragraph may use an insignia or logo that utilizes a form of the United Methodist cross and flame, so long as such logo is noticeably distinguishable from the United Methodist cross and flame. Any self-governing church logo that utilizes the cross and flame shall be subject to the approval of the General Council on Finance and Administration, which shall make its decision in such a way as to protect the United Methodist brand while acknowledging the historical connection of the self-governing church with United Methodism.

16. Other disciplinary provisions notwithstanding, a clergy member (active or retired) may transfer to any self-governing Methodist church formed under this paragraph upon the clergy member's request and upon acceptance by the self-governing church. Release by the United Methodist bishop shall not be required for these transfers.¹

17. Other disciplinary provisions notwithstanding, a United Methodist bishop (active or retired) may transfer to a self-governing Methodist church formed under this paragraph upon request by the bishop and approval by the receiving church.¹

18. Institutions related to The United Methodist Church may choose to develop missional ties with self-governing churches, so long as governing control remains vested with The United Methodist Church. If such an institution vests its governing control with a self-governing church or churches, the relationship with The United Methodist Church shall be renegotiated in a spirit of common mission and shared religious bonds and convictions. Such institutions may also request to change their affiliation to a self-governing Methodist church under the provisions of their own bylaws. Institutions related to an annual conference that forms or joins an self-governing Methodist church may likewise develop missional ties with The United Methodist Church and may petition the United Methodist jurisdiction or

¹ Clergy who transfer to an autonomous affiliated church under § 2801.16 will be treated as terminated vested participants under the Clergy Retirement Security Program, as will bishops who transfer under § 2801.17 (see § 818.8). Such clergy, including bishops transferring under § 2801.17, will retain rights in existing accrued benefits under the Clergy Retirement Security Program as of the date of the transfer, subject to plan amendments authorized by the 2019 General Conference. Such clergy will have no rights to newly accrued benefits or benefit improvements under ongoing UMC pension and benefit programs.

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successor annual conference to remain in The United Methodist Church through processes established in their bylaws.

19. No self-governing church is required to participate in any programs or services of The United Methodist Church, nor is such official participation permitted without the agreement of the sponsoring United Methodist agency. Each self-governing church may negotiate participation in and receipt of fee-based services from any United Methodist general board or agency, including sponsorship and participation in health, welfare or retirement plans with the General Board of Pensions and Health Benefits. The self-governing church, its annual conferences and/or local congregations are permitted to engage in or continue partnerships in mission, including financial support, with United Methodist annual conferences, institutions, or local congregations, with the agreement of the United Methodist entity involved and may channel such support and partnership through United Methodist general agencies, such as the General Council on Finance and Administration or General Board of Global Ministries.

20. The self-governing church shall set its own geographic borders, which may overlap those of United Methodist annual conferences and other self-governing churches organized under this paragraph of *The Book of Discipline* of The United Methodist Church and may include territory outside the United States.

21. Self-governing churches may organize themselves together with other self-governing churches under a common *Discipline* or unite to form one self-governing church.

22. The self-governing church shall be fully financially self-supporting, including funding its own bishop(s).

23. The provisions of this paragraph shall take effect immediately upon the adjournment of the 2019 General Conference.

Rationale: The heart of the Traditional Plan, this paragraph provides a mechanism for ensuring that annual conferences and bishops will uphold the Discipline, while also providing for a gracious exit for those conscience-bound not to do so. Definitively resolving the impasse requires releasing from the church those unwilling to live by its requirements.

11. Amend ¶ 2711.3, *Penalties* as follows.

¶ 2711. Power of the Trial Court

3. *Penalties - If the Trial Results in Conviction.* Further testimony may be heard and arguments by counsel presented regarding what the penalty should be. The trial court shall determine the penalty, which shall require a vote of at least seven members. The trial court shall have the power to remove the respondent from professing membership, terminate the conference membership and/or revoke the credentials of conference membership and/or ordination or consecration of the respondent, suspend the respondent from the exercise of the functions of office, or to fix a lesser penalty. Except, where the conviction is for conducting ceremonies which celebrate homosexual unions, or performing same-sex wedding ceremonies under ¶ 2702.1(b) or (d), the trial court does not have the power to and may not fix a penalty less than the following:

a) First (1st) offense – One (1) year’s suspension without pay.

b) Second (2nd) offense - Not less than termination of conference membership and revocation of credentials of licensing, ordination, or consecration.

The penalty fixed by the trial court shall take effect immediately unless otherwise indicated by the trial court.

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Rationale: Assigning a penalty of less than a suspension for a first offense or less than termination of conference membership and/or revocation of conference membership and ordination or consecration in such circumstances encourages open defiance of the order and discipline of The United Methodist Church.

12: *Amend ¶ 304.5 to prohibit district committees on ordained ministry and boards of ordained ministry from recommending an unqualified candidate to the clergy session.*

5. In all votes regarding license, ordination, or conference membership, the requirements set forth herein are minimum requirements. Each person voting is expected to vote prayerfully based on personal judgment of the applicant's gifts, evidence of God's grace, and promise of future usefulness for the mission of the Church. The District Committee on Ordained Ministry and the Board of Ordained Ministry shall not approve or recommend any person for candidacy, licensing, commissioning, or ordination who does not meet the qualifications of ¶ 304.1-3, based on the full examination and thorough inquiry into the person's fitness by the committee and board.² The bishop presiding in the clergy session shall rule any such unqualified candidate out of order and not eligible to be acted upon.

Rationale: Incorporates Judicial Council Decisions 1343, 1344, and 1352 in the Discipline, requiring district committees and boards of ordained ministry to fully examine candidates' qualifications under ¶304.3. Guarding against non-conforming committees and boards of ordained ministry, this forbids them from approving or recommending persons found to be unqualified under that paragraph.

13: *Amend the complaint process to limit a bishop's ability to dismiss a complaint only to those complaints "having no basis in law or fact" (¶ 362.1e, 413.3d).*

¶ 362.1 e) *Referral or Dismissal of a Complaint*—Upon receiving a written and signed complaint, the Bishop shall, within 90 days, carry out the supervisory response process outlined above. If within 90 days after the receipt of the complaint resolution is not achieved, the bishop shall either:

(1) Dismiss the complaint as having no basis in law or fact, with the consent of the cabinet giving the reasons therefore in writing, copies of which shall be placed in the clergyperson's file and shared with the complainant; or

(2) Refer the matter to the counsel for the church as a complaint.

¶ 413.3 d) (i) If the supervisory response results in the resolution of the matter, the bishop in charge of the supervisory response and the two episcopacy committee members appointed to the supervisory process (¶ 413.3) shall monitor the fulfillment of the terms of the resolution. If the supervisory response does not result in resolution of the matter, the president or secretary of the College of Bishops may either dismiss the complaint as having no basis in law or fact, with the consent of the College of Bishops and the committee on episcopacy, giving the reasons therefore in writing, copies of which shall be placed in the bishop's file and shared with the complainant, refer the matter to the committee on episcopacy as an administrative complaint pursuant to ¶ 413.3e, or refer the matter to counsel for the Church pursuant to ¶ 2704.1 to prepare a complaint to forward to the committee on investigation.

² See Judicial Council Decisions 1343 and 1344.

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Rationale: This petition restores language from 2008, guarding against the arbitrary dismissal of complaints. Prevents a bishop from deciding which parts of church law should be upheld in a given conference. Unreasonable dismissal can deprive the church and complainants of the ability to hold persons accountable and repair harm done to individuals and communities. Since a cabinet is an extension of the office and ministry of the bishop, it is often unable to be an independent check on the bishop's decision to dismiss a complaint. Complainants have sometimes not been informed of the rationale for a bishop's dismissal of a complaint.

14: *Amend Just Resolution to include a commitment not to repeat the offense (¶¶ 362.1, 413.3c, 2701.5, 2706.5.c.3)*

¶ 362. *Complaint Procedures*—1. Ordination and membership in an annual conference in The United Methodist Church is ...

This review shall have as its primary purpose a just resolution of any violations of this sacred trust, in the hope that God's work ...

A just resolution is one that focuses on repairing any harm to people and communities, achieving real accountability by making things right in so far as possible and bringing healing to all the parties. Just resolutions shall state all identified harms and how they shall be addressed by the church and other parties to the complaint. In cases where the respondent acknowledges action(s) that are a clear violation of the provisions of the *Discipline*, a just resolution shall include, but not be limited to, a commitment not to repeat the action(s) that were a violation. In appropriate situations, processes seeking a just resolution as defined in ¶ 362.1c may be pursued. Special attention should be given to ensuring that cultural, racial, ethnic and gender contexts are valued throughout the process in terms of their understandings of fairness, justice, and restoration.

A complaint is a written and signed statement claiming misconduct as defined in ¶ 2702.1. When ...

¶ 413. *Complaints Against Bishops*—

3. c) The supervisory response may include a process seeking a just resolution in which the parties are assisted by a trained, impartial third party facilitator(s) or mediator(s) in reaching an agreement satisfactory to all parties. (See ¶ 362.1b, c.) The appropriate persons, including the president of the College of Bishops, or the secretary if the complaint concerns the president, should enter into a written agreement outlining such process, including an agreement as to confidentiality. If resolution is achieved, a written statement of resolution, including terms and conditions, shall be signed by the parties and the parties shall agree on any matters to be disclosed to third parties. Such written statement of resolution shall be given to the person in charge of that stage of the process for further action consistent with the agreement. Just resolutions shall state all identified harms and how they shall be addressed by the church and other parties to the complaint. In cases where the respondent acknowledges action(s) that are a clear violation of the provisions of the *Discipline*, a just resolution shall include, but not be limited to, a commitment not to repeat the action(s) that were a violation.

¶ 2701. 5. *A Just Resolution in Judicial Proceedings*—A just resolution is one that focuses on repairing any harm to people and communities, achieving real accountability by making things right in so far as possible and bringing healing to all the parties. Just resolutions shall state all identified harms and how they shall be addressed by the church and other parties to the complaint. In cases where the respondent acknowledges action(s) that are a clear violation of the provisions of the *Discipline*, a just resolution shall

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include, but not be limited to, a commitment not to repeat the action(s) that were a violation. Special attention should be given to ensuring that cultural, racial, ethnic, age, and gender contexts are valued throughout the process in terms of their understandings of fairness, justice, and restoration. During the just resolution process, the parties ...

¶ 2706.5 c) Findings other than reasonable grounds by committee or other actions

(3) Upon recommendation of the counsel for the Church and the counsel for the respondent, the committee may refer the matter to the resident bishop as deemed appropriate for a process seeking a just resolution. The bishop shall institute such a process and may use the assistance of a trained, impartial third party facilitator(s) or mediator(s). Such referral will not constitute a dismissal or double jeopardy under ¶ 2701.2d. The appropriate persons, including the counsel for the Church and counsel for the respondent, should enter into a written agreement outlining the process, including any agreements on confidentiality. If resolution is achieved, a written statement, affirming such resolution, including any terms and conditions, shall be signed by the same persons who signed the written agreement outlining the process, and they shall agree on any matters to be disclosed to third parties. Just resolutions shall state all identified harms and how they shall be addressed by the church and other parties to the complaint. In cases where the respondent acknowledges action(s) that are a clear violation of the provisions of the Discipline, a just resolution shall include, but not be limited to, a commitment not to repeat the action(s) that were a violation. If the resolution results in a change of ministerial status, the disclosure agreement shall not prevent the disciplinary disclosures ...

Rationale: The purpose of a Just Resolution is to repair harm and achieve accountability, both of which are enhanced by the respondent's willingness to change future behavior, as witnessed by a commitment not to repeat the offense. Refusal to make such a commitment increases the likelihood of future offenses and complaints.

15. *Amend the just resolution process to mandate the inclusion of the complainant.*

Amend ¶¶ 362.1(c), 413.3(c), 2701.5, and 2706.5(c)3 by adding the same sentence to all four as follows: No matter where in the process a just resolution is achieved, the complainant(s) shall be a party to the resolution process and every effort shall be made to have the complainant(s) agree to the resolution before it may take effect. Also add the complainant, in ¶¶ 2701.5 and 2706.5(c)3.

¶ 362. Complaint Procedures—1. Ordination and membership in an annual conference in The United Methodist Church is a sacred trust. . .

...

c) Just Resolution—The supervisory response may include a process that seeks a just resolution in which the parties are assisted by a trained, impartial third party facilitator(s) or mediator(s), in reaching an agreement satisfactory to all parties.⁶⁹ If the bishop chooses to initiate a mediated attempt to produce a just resolution, then the bishop, the person filing the complaint, the respondent, and other appropriate persons shall enter into a written agreement outlining the process, including any agreements on confidentiality. A process seeking a just resolution may begin at any time in the supervisory, complaint, or trial process. No matter where in the process a just resolution is achieved, the complainant(s) shall be a party to the resolution process and every effort shall be made to have the complainant(s) agree to the resolution before it may take effect. If resolution is achieved, a written statement of resolution, including any terms and conditions, shall be signed by the parties and the

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parties shall agree on any matters to be disclosed to third parties. A just resolution agreed to by all parties shall be a final disposition of the related complaint.

¶ 413. Complaints Against Bishops

...

3. After receiving a complaint as provided in ¶ 413.2, . . .

...

c) The supervisory response may include a process seeking a just resolution in which the parties are assisted by a trained, impartial third party facilitator(s) or mediator(s) in reaching an agreement satisfactory to all parties. (See ¶ 363.1b, c.) The appropriate persons, including the president of the College of Bishops, or the secretary if the complaint concerns the president, should enter into a written agreement outlining such process, including an agreement as to confidentiality. No matter where in the process a just resolution is achieved, the complainant(s) shall be a party to the resolution process and every effort shall be made to have the complainant(s) agree to the resolution before it may take effect. If resolution is achieved, a written statement of resolution, including terms and conditions, shall be signed by the parties and the parties shall agree on any matters to be disclosed to third parties. Such written statement of resolution shall be given to the person in charge of that stage of the process for further action consistent with the agreement.

¶ 2701.5. A Just Resolution in Judicial Proceedings—A just resolution is one that focuses on repairing any harm to people and communities, achieving real accountability by making things right in so far as possible and bringing healing to all the parties. Special attention should be given to ensuring that cultural, racial, ethnic, age and gender contexts are valued throughout the process in terms of their understandings of fairness, justice, and restoration. During the just resolution process, the parties may be assisted by a trained, impartial third party facilitator(s) or mediator(s), in reaching an agreement satisfactory to all parties. Processes that seek a just resolution are encouraged at any time, including through the judicial proceedings. After the referral of a matter as a judicial complaint from counsel for the church to the committee on investigation, if a process seeking a just resolution is used, the appropriate persons, including the counsel for the Church, the complainant, and the counsel for the respondent, should enter into a written agreement outlining such process, including any agreement on confidentiality. No matter where in the process a just resolution is achieved, the complainant(s) shall be a party to the resolution process and every effort shall be made to have the complainant(s) agree to the resolution before it may take effect. If resolution is achieved, a written statement of resolution, including terms and conditions, shall be signed by the same persons who signed the written agreement outlining the process, and they shall agree on any matters to be disclosed to third parties. If the resolution results in a change of ministerial status, the disclosure agreement shall not prevent the disciplinary disclosures required for possible readmission.

¶ 2706.5. Bill of Charges and Specifications, Deliberations, Vote, and Referral

c) Findings other than reasonable grounds by committee or other actions

(1) If the committee on investigation determines ...

(2) If the committee on investigation determines ...

(3) Upon recommendation of the counsel for the Church and the counsel for the respondent, the committee may refer the matter to the resident bishop as deemed appropriate for a process seeking a just resolution. The bishop shall institute such a process and may use the assistance of a trained, impartial third party facilitator(s) or mediator(s). Such referral will not constitute a dismissal or double

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jeopardy under ¶ 2701.5. The appropriate persons, including the counsel for the Church, the complainant, and counsel for the respondent, should enter into a written agreement outlining the process, including any agreements on confidentiality. No matter where in the process a just resolution is achieved, the complainant(s) shall be a party to the resolution process and every effort shall be made to have the complainant(s) agree to the resolution before it may take effect. If resolution is achieved, a written statement, affirming such resolution, including any terms and conditions, shall be signed by the same persons who signed the written agreement outlining the process, and they shall agree on any matters to be disclosed to third parties. If the resolution results in a change of ministerial status, the disclosure agreement shall not prevent the Disciplinary disclosures required for readmission. The written statement affirming such resolution shall be given to the bishop for further action(s) to implement the agreement, if any. If the process does not result in resolution, the matter shall be returned to the committee.

Rationale: The current practice of allowing the counsel for the church to enter into a just resolution without the participation or agreement of the complainant is unjust and circumvents the goal of restoration of relationship. In order for justice to be done and healing to take place, the complainants must be part of the process and, wherever possible, must agree to the just resolution.

16. Amend ¶ 2715.10 Appeal Procedures as follows:

¶ 2715. Appeal Procedures—General

...

10. The Church shall have no right of appeal from findings of fact of the trial court. The Church shall have a right of appeal to the committee on appeals and then to the Judicial Council from findings of the trial court based on egregious errors of Church law or administration that could reasonably have affected the findings of the trial court. When the committee on appeals or the Judicial Council shall find egregious errors of Church law or administration under this part, it may remand the case for a new trial, along with a statement of the grounds of its action. This is not to be double jeopardy. In regard to cases where there is an investigation under ¶ 2702, but no trial is held, egregious errors of Church law or administration may be appealed to the jurisdictional or central conference committee on appeals and then to the Judicial Council by counsel for the Church. The committee on investigation's decision not to certify a bill of charges does not alone constitute an egregious error of Church law or administration. When the committee on appeals or the Judicial Council shall find egregious errors of Church law or administration under this part, it may remand the case for a new hearing, in which event it shall return to the chair of the committee on investigation a statement of the grounds of its action. This is not to be double jeopardy.

Rationale: Enables the Church to correct errors in the trial process that prejudice the results of the trial. Disallowing appeals by the Church fails to protect the rights of the complainant and closes off one avenue to work for justice. Levels the playing field for the Church/complainant and the respondent with the same rights for each. The addition of "or central conference" clarifies that all appeals are available both in jurisdictions and in central conferences. The addition of "and/or the Judicial Council" clarifies that the church or respondent may appeal a ruling by the committee on appeals.

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17. Amend ¶¶ 570 and 574.1 to create the option of concordat churches in the United States. The changes in these paragraphs shall take effect immediately upon the adjournment of the 2019 General Conference.

¶ 570. Churches located outside the boundaries of the jurisdictional conferences and churches formed through the provisions of ¶ 2801 and which have entered into relationship with or have agreements with The United Methodist Church, including that of sending representatives to General Conference of The United Methodist Church are described as follows:

¶ 574. Concordat Agreements-

1. With the exception of The Methodist Church of Great Britain and churches formed through the provisions of ¶ 2801, such concordats may be established by the following procedure:

Rationale: This opens the possibility for concordat churches in the United States, allowing negotiated covenants and relationships between self-governing Methodist churches formed under ¶ 2801 and The United Methodist Church. This allows a continuing connection with those congregations departing from the denomination because of conscience.

APPENDIX 4 – A WESPATh RESOURCE

Pension Impacts of Commission Proposals – Wespath

I. Introduction

Wespath Benefits and Investments (Wespath), the name under which the General Board of Pension and Health Benefits does business, is the administrator and record keeper of the benefit plans of The United Methodist Church (UMC), and the investment manager of plan assets. The plans are described in ¶1504.1 of *The Book of Discipline* and are subject to the governance of the General Conference.

The Commission has asked Wespath for information and analysis about the **potential** pension impacts of its proposals. This appendix provides Wespath's responses considering the Commission's vision to maximize the United Methodist witness and allow as much contextual differentiation as possible.

II. Executive Summary

As the form of the Church after 2019 becomes known, Wespath will make necessary adjustments to continue serving the Church and its mission. The more unified the Church remains as an outcome of the 2019 General Conference, the greater the likelihood of pension plan sustainability. Conversely, the more material the disruption and increased complexity – seemingly unavoidable under the Connectional Conference Model and Traditionalist Model, but also likely under the One Church Model, if it is accompanied by significant membership attrition or amended to include an exit avenue allowing numerous church transfers or departures – the greater the risk to pension funding security and sustainability of the plans. The plan designed for today's UMC will need to be adapted for the future Church.

Wespath believes that a changing society and Church will necessitate a substantial change to the retirement plan, meaning a shift from a traditional pension to an account balance type plan, within the next five years. Changes to the Church as a result of the 2019 General Conference could accelerate the need for this transition.

In any Model, a defined contribution plan is the most flexible and sustainable design to meet the needs of the Church beyond 2019. If there are significant disruptions to the Church as a result of the 2019 General Conference, in addition to implementing a defined contribution plan as soon as administratively feasible, the legacy pension plans should be frozen and fully funded as of the date at which any unit of the Church can change the nature of its connection based on the outcome of the 2019 General Conference.

III. Background

Wespath's primary mission is to care for those who serve the UMC in making disciples. Specifically regarding the benefit plans, *Discipline* ¶1504.14 directs Wespath to act "solely in the interest of plan participants and beneficiaries". To meet this obligation, Wespath must act to protect the benefits promised to participants.

As reflected in the plan document, *Discipline* ¶1507, and the Internal Revenue Code (Code), the UMC's annual conferences are the "plan sponsors" of the Wespath pension plans, and are legally responsible for paying the benefits promised. Local churches contribute to the pension plans through and as directed by the annual conferences.

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A. WespAth Retirement Plans

WespAth maintains two types of retirement plans: defined benefit (DB) plans and defined contribution (DC) plans. The plans are Code §403(b)(9) plans, and are church plans defined in Code §414(e) and exempt from the Employee Retirement Income Security Act (the federal law that covers most retirement plans).

1. Defined Benefit Plans

Generally, a DB plan pays a monthly benefit for the lifetime of participants starting at retirement. The annual conference plan sponsor contributes money to the plan, which WespAth invests to pay those future benefits. The annual conference guarantees these very long-term promises. Major risks to the plan's financial well-being, such as investment losses and gains in lifespan, are borne by the plan sponsor in a DB plan. A DB plan requires administration and recordkeeping of years of accrued service, participant demographics, and formulas that change over time.

2. Defined Contribution Plans

Typically, a DC plan consists of an account balance for each participant which is funded periodically by the plan sponsor, participant, or both. The account balance accrues investment earnings, but leaves no liability beyond the account value to the plan sponsor. Major risks, such as investment losses and gains in lifespan, are borne by the participant in a DC plan. A DC plan requires administration of contributions, earnings and withdrawals and investment management.

3. The UMC Plans

The Clergy Retirement Security Program (CRSP), the Church's mandatory retirement plan for most clergy, has three major components:

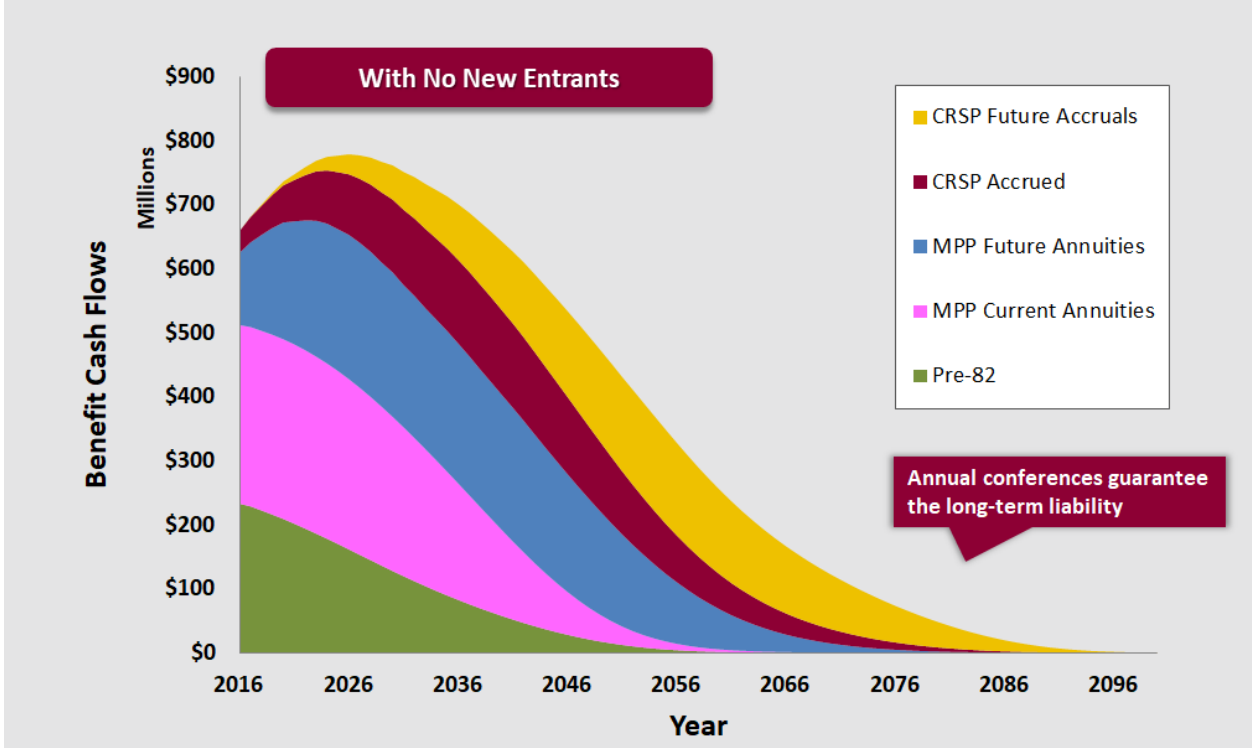
1. The **Pre-82 pension plan** is a DB plan, under which new earned benefits have ceased. Generally, Pre-82 has a formula-based pension benefit based on years served, but annual conferences can increase benefits periodically.
2. The **Ministerial Pension Plan (MPP)** is another component of CRSP, for service from 1982 to 2006. MPP works much like a DC plan during a participant's active service. Annual conferences contributed a certain dollar amount each year, and the account balance earns investment returns. However, the majority of that MPP balance must be converted into a lifetime annuity at retirement age, which establishes a DB promise.

Together, Pre-82 and MPP are the "Legacy Plans".

3. CRSP, for service from 2007 to present, has two parts, but its largest part is a DB plan, under which participants earn formula-based benefits for years of service. CRSP is the active plan for new earned benefits.

The following graphic illustrates the long tail of the pension liabilities for CRSP and the Legacy Plans:

Long Tail of Pension Payments



The **United Methodist Personal Investment Plan (UMPIP)** is a voluntary defined contribution plan for UMC clergy to make personal contributions, and for numerous other UMC employers to provide retirement contributions to employees. The plan for general agency staff is also a DC plan.

B. Complexity of Recordkeeping and Administration

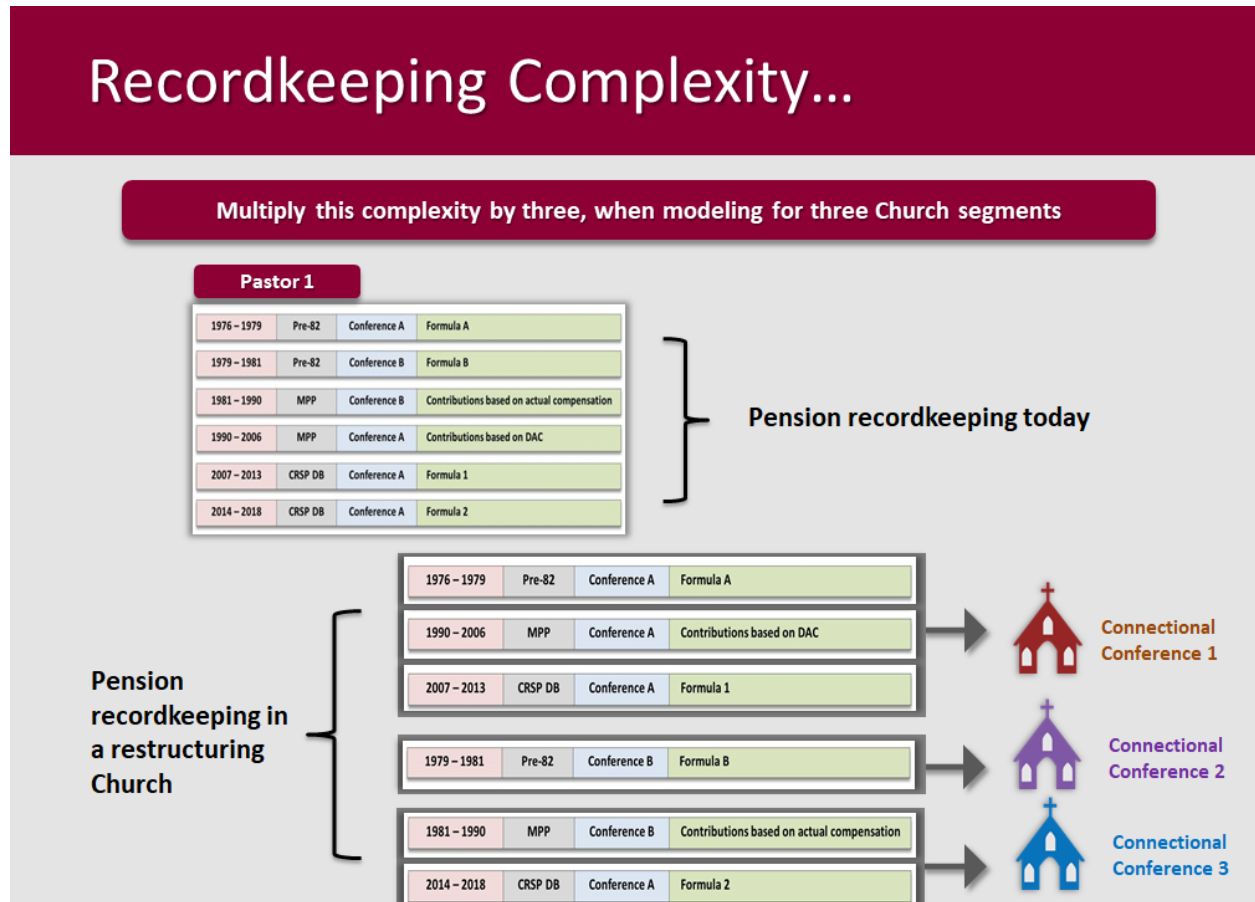
Participants earn DB pension accruals based on service years under annual conference appointments. Wespath’s recordkeeping tracks earned service year by year at each local church, and assigns the costs of each year of service to the appropriate annual conference. When a local church is transferred to another annual conference, under ¶141 and ¶1260, pension credit for some clergy must be reassigned from one conference to another. This can cause a change in the obligations and funded status of the pension liabilities of one or more annual conferences.

Wespath’s most recent experience with this sort of complexity involved the merger of four conferences into one Upper New York Annual Conference. That merger involved merging the pension obligations of parts of four conferences into one, and reallocating 1,233 local churches. Reassignments shifted pension obligations related to clergy service in 168 local churches in Wyoming to Central Pennsylvania, which became Susquehanna, and related to 117 churches from Troy Conference to New England. Wespath staff and conference personnel needed 2 years (over 7,000 employee hours) to complete the work.

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If the landscape after 2019 involves even moderate reconfiguration of annual conferences and churches from one annual conference to another, and thereby pension obligations and related assets, Wespath would need time to accomplish the administrative work to support the new structures.

The following graphic illustrates some of the complexity required by restructuring reassignments:



Alternatively, as explained below, the DB plans could be frozen and future administration simplified.

IV. Wespath Analysis of Pension Implications of the Current Commission Models

Wespath wishes to continue serving participants, congregations, and annual conferences comprising the UMC, in accordance with the 2019 General Conference, in whatever future form the Church takes. Wespath will continue to be in relationship with, and care for, tens of thousands of retired and active clergy who have earned benefits under the UMC pension plans, for many years. While the ultimate form of the Church after 2019 is unknown, as it becomes clearer Wespath will make necessary adjustments to continue serving the Church.

In the pension context, Wespath must assess material risks of disruption to the financial health of annual conferences, i.e., the plan sponsors, under the One Church Model, the Connectional Conference Model, or the Traditionalist Model.

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The **One Church Model** attempts to preserve the Church in its current form, though membership attrition and a changing society and Church nevertheless will necessitate a substantial change to the retirement plan, meaning a shift from a traditional pension to an account balance type plan, in the foreseeable future. However, if the One Church Model is amended to include an “exit avenue” for local churches or the creation of affiliated autonomous churches in the U.S., the nature of many churches’ connection to the UMC may change or end. Numerous local churches could move from one annual conference to another or exit the Connection, thereby substantially changing the ongoing financial strength of one or more annual conferences. This outcome, without changes to the current pension plan design and Legacy Plan funding, could lead to risks for retired and active clergy.

The **Connectional Conference Model** risks substantial reconfiguration of annual conferences and local churches. If annual conferences choose different connectional conferences, and the philosophies regarding pension benefits for the connectional conferences diverge, one plan designed for today’s UMC may not be well suited for three connectional conferences with varying numbers of annual conferences and diverse demographics. Moreover, if local churches elect to move from one annual conference to another across connectional conferences, the administration of earned service and the related past and future funding would be challenging, and may remain open to change even after participants retire.

The **Traditionalist Model** risks one or more annual conferences, the legally responsible plan sponsors of CRSP and the Legacy Plans, changing their connection with the Church. Numerous local churches and clergy could withdraw from the Church to unite with one or more self-governing Methodist churches or affiliated autonomous Methodist churches. In addition, local churches and clergy, including retired plan participants, who are part of a departing annual conference could choose to remain affiliated with the UMC, but without an associated plan sponsor. The administration of earned service and the related past and future funding would be challenging, and subject to ongoing changes.

- **Under any Model, a DC plan is the most flexible and sustainable design for the future Church in the foreseeable future beyond 2019.**
- **In addition, if there are significant disruptions to the Church as a result of the 2019 General Conference, in addition to implementing a defined contribution plan as soon as administratively feasible, CRSP and the Legacy Plans should be frozen and fully funded as of the effective date at which any unit of the Church can change the nature of its connection based on the outcome of the 2019 General Conference. Future funding needs related to those benefits should be calculated and assessed to the units of the Church in a different manner.**

The Commission’s scope gives “consideration to greater freedom and flexibility to a future United Methodist Church”. A DC plan would provide retirement security to the clergy who serve the Church, through a flexible design that would include retirement contributions for clergy from local churches and annual conferences, and through economies of scale in Wespatt’s administrative and investment services. A DC plan is more sustainable by avoiding long-term guarantees that may hinder the form of the future Church, and that may be jeopardized by ongoing changes. A DC plan also involves much simpler recordkeeping and administration, and participant accounts are fully funded and portable. Freezing CRSP and the Legacy Plans, finding new simpler ways to allocate the accrued liabilities and administer those benefits, and seeking new methods for funding those plans, if needed in the future, could help alleviate the burden of the Legacy Plans on the future Church. Together, these changes could help invigorate the Church to new growth and remove barriers to its witness in the world.

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A. DC Plan for the Future and Freeze Legacy Plans

In order to secure promised benefits from disruptive risks, WespAth believes that the nature of the plans going forward needs to change. As a result, the following non-*Disciplinary* legislation should be considered by the General Conference under (i) the One Church Model, if it is amended to include an exit avenue for units of the Church, (ii) the Connectional Conference Model, or (iii) the Traditionalist Model:

The General Board of Pension and Health Benefits is directed to bring to the 2020 General Conference amendments to the mandatory clergy benefits plans under *Discipline* ¶1504.1, and as necessary to other parts of the ¶1500s, to support the decisions of this General Conference. In these amendments, the General Board of Pension and Health Benefits shall consider ways that the benefit plans can support “greater freedom and flexibility to a future United Methodist Church”.

These amendments shall include:

- Freezing the defined benefit components and ceasing account balance annuitization features of the Clergy Retirement Security Program and its supplements (which include the Pre-82 plan and the Ministerial Pension Plan)
 - Securing from the annual conferences accurate and final service records related to the frozen plans
 - Implementing new funding and liability allocation methods and mechanisms that reduce connectional risk and administrative complexity in recordkeeping
- Creating a new mandatory retirement plan that is a defined contribution plan
- Creating greater flexibility in governance and design of the plan to better reflect a changed Connection, e.g., through plan options governed separately by the connectional conferences, annual conferences, or self-governing Methodist church or affiliated autonomous Methodist church, or through new separate plans that are governed by new legal entities established by the General Board of Pension and Health Benefits pursuant to ¶1503 to serve the future Church more flexibly.

V. Exit Avenues

In order to protect the benefits of retired clergy and those who continue to serve, the Commission and Council may consider the following approaches to the departure of units of the Church.

A. Local Churches

For local churches leaving the UMC, WespAth suggests using an equitable method to determine the local church’s share of the annual conference’s aggregate unfunded pension liabilities measured on a “market basis” that takes into account the separating local church’s past and estimated future contributions towards the annual conference’s pension obligations compared to that of all other local churches in the annual conference. Suggested language follows:

Amend *The Book of Discipline* by adding a new subparagraph 23 to ¶1504:

If a local church or charge in the United States changes its relationship to The United Methodist Church through closure, abandonment, or release from the trust clause pursuant to ¶2548, ¶2549, or otherwise, notwithstanding whether property with title held by the local church is subject to the trust (under the terms of ¶2501), the local church shall contribute a withdrawal liability in an

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amount equal to its pro rata share of any aggregate unfunded pension obligations to the annual conference. The General Board of Pension and Health Benefits shall determine the aggregate funding obligations of the annual conference using market factors similar to a commercial annuity provider, from which the annual conference will determine the local church's share.

Additionally, the proposal should consider converting the accrued DB benefits of clergy who terminate their conference relationship into equivalent DC account balances to reduce risks to annual conferences from which local churches and clergy exit. This would shift the investment return and longevity risks from UMC annual conferences to the clergy who choose to end their covenant with the Church.

Suggested *non-Disciplinary* language follows:

The General Board of Pension and Health Benefits is directed by the General Conference to amend the Clergy Retirement Security Program such that active clergy participants who terminate their annual conference relationship under ¶1360 of *The Book of Discipline* will be treated as terminated vested participants under the Clergy Retirement Security Program. The terminated vested participant's accrued pension benefits shall be secured and protected from future disruptions by converting such benefits to an actuarially equivalent account balance, using factors corresponding to those used when determining annual conference plan sponsor contributions to the Clergy Retirement Security Program. Such converted benefits, along with all other retirement account balances, shall be transferred to the United Methodist Personal Investment Plan, a voluntary defined contribution plan maintained by the General Board of Pension and Health Benefits under ¶1504.2. The General Board of Pension and Health Benefits is directed, authorized and empowered to amend the Clergy Retirement Security Program effective as of the close of the 2019 General Conference and in the manner described above.

B. Annual Conferences

Though not contemplated in the One Church Plan, if under another Model, or in any other manner, an annual conference were to disaffiliate from the Church, in order to protect the benefits of retired clergy and the accrued benefits of actives, and to remove Connectional risks to the annual conferences that remain in the Church, the General Conference should consider the following approach. In the event that the *Discipline* is amended such that a U.S. annual conference can become a self-governing Methodist church, an affiliated autonomous Methodist church, or otherwise disaffiliate from the UMC (whether a *de jure* or *de facto* disaffiliation), the following approach would provide more certainty to the former annual conference and its retired and active clergy, and mitigate the risks to the annual conferences that remain part of the Church.

The proposal could include the following additional *Discipline* text:

If a U.S. annual conference ceases to be a part of The United Methodist Church through becoming a self-governing Methodist church, an affiliated autonomous Methodist church or otherwise, it should contribute to the General Board of Pension and Health Benefits any amount necessary to fully fund its obligations under the Clergy Retirement Security Program. The former annual conference's sponsorship of and legal responsibilities under the Clergy Retirement Security Program will continue as a self-governing Methodist church or affiliated autonomous Methodist church. However, accruals and benefit improvements under the Clergy Retirement Security Program shall cease. The sponsorship and administration of the Clergy Retirement Security Program for the former annual conference will be sequestered and treated separately from all other annual conferences that

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remain part of The United Methodist Church. For purposes of administering the Clergy Retirement Security Program in this manner, the General Board of Pension and Health Benefits is authorized and empowered to:

- Identify which of the former annual conference’s plan participants have chosen to remain with The United Methodist Church, and those who are members of the former annual conference (whether the former annual conference becomes a self-governing Methodist church, affiliated autonomous Methodist church or otherwise disaffiliates) based on records of service and membership of the annual conferences; non-clergy participants, e.g., surviving spouses, contingent annuitants, and alternate payees, will be deemed to remain associated with The United Methodist Church;
- Calculate and sequester the former annual conference’s share of defined benefit plan assets and liabilities for all participants of the former annual conference using factors corresponding to those used when determining annual conference plan sponsor contributions to the Clergy Retirement Security Program; and to the extent and at any time that certain participants, whether active or inactive, become the responsibility of The United Methodist Church, retain for The United Methodist Church from such calculated share an amount necessary to fully fund the liabilities of such participants using factors similar to a commercial annuity provider;
- Calculate the amount of any plan contributions required to be made by the former annual conference in the future, as part of its ongoing sponsorship of its separate frozen part of the Clergy Retirement Security Program;
- Collaborate with the former annual conference to determine how plan design changes may be requested by the former annual conference, and the scope and administrative reasonableness of amendments that may be made to the separate frozen part of the Clergy Retirement Security Program; and
- Amend the Clergy Retirement Security Program effective as of the close of the 2019 General Conference to conform with this paragraph of *The Book of Discipline*.

If the former annual conference (self-governing Methodist church, affiliated autonomous Methodist church, or otherwise) does not satisfy any required ongoing contributions within a reasonable time under this paragraph or the terms of the Clergy Retirement Security Program, as determined by the General Board of Pension and Health Benefits, or the former annual conference elects not to or fails to satisfy its legal sponsorship of the Clergy Retirement Security Program, the General Board of Pension and Health Benefits shall convert all accrued pension benefits of the former annual conference’s assigned participants to an actuarially equivalent account balance, adjusted, as necessary, to take into account the former annual conference’s funding level of the Clergy Retirement Security Program. Such account balances, and all other retirement account balances, will be transferred to the United Methodist Personal Investment Plan. The General Board of Pension and Health Benefits may also take such actions if the Clergy Retirement Security Program is amended to require an account balance conversion for similar classes of participants, or if continuing administration for the former annual conference is no longer administratively reasonable.

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VI. Closing

The foregoing represents Wespath's analysis and opinion regarding the potential pension plan impacts of the Commission's proposals based on the facts and circumstances known at this time. Ultimately, the necessary changes to the plans will depend on the outcome of the 2019 General Conference and subsequent decisions by annual conferences and local churches. Wespath is prepared to make the changes required to continue to serve the Church in whatever form it takes, while caring for those who rely on the plans for their retirement security.