The Board of Pension and Health Benefits recommends that the Annual Conference continue its present health care rules and policies for active clergy, their families, and Conference lay employees for 2021, and that no substantive changes in eligibility or funding patterns be made for the next year. The Board is committed to insuring that quality, affordable health care is available to all our clergy, their families, and our Conference lay employees, working within the limits imposed by the financial realities that continue to face us all.

**REC 20-03 | PENSIONS 2: RETIREE HEALTH CARE**

**Recommendation No.2 – Retiree Health Care**

The Board of Pension and Health Benefits is recommending to the annual conference that the 2021 Target HRA be reduced to the prior level of $2800 for participants age 84 and under. The Target HRA is the amount for pastors serving 50 years at the point of retirement, and under age 85. The actual HRA contributed for each participant is 2% of the Target HRA for each year under appointment prior to retirement. For example, a pastor serving 35 years will receive 2% x 35 = 70% of the HRA or $1,960 for 2021 (Note: the average years of service is currently 35 years).

**REC 20-04 | PENSIONS 3: CLERGY HOUSING ALLOWANCE**

**Recommendation No. 3 – Clergy Housing Allowance**

The California-Pacific Conference (the “Conference”) adopts the following resolution relating to rental/housing allowances for retired or disabled clergypersons of the Conference:

WHEREAS, the religious denomination known as The United Methodist Church (the “Church”), of which this Conference is a part, has in the past functioned and continues to function through ministers of the gospel (within the meaning of Internal Revenue Code section 107) who were or are duly ordained, commissioned, or licensed ministers of the Church (“Clergypersons”);

WHEREAS, the practice of the Church and of this Conference was and is to provide active Clergypersons with a parsonage or a rental/housing allowance as part of their gross compensation;

WHEREAS, pensions or other amounts paid to retired and disabled Clergypersons are considered to be deferred compensation and are paid to retired and disabled Clergypersons in consideration of previous active service; and

WHEREAS, the Internal Revenue Service has recognized the Conference (or its predecessors) as the appropriate organization to designate a rental/housing allowance for retired and disabled Clergypersons who are or were members of this Conference;

NOW, THEREFORE, BE IT RESOLVED:

THAT an amount equal to 100% of the pension or disability payments received from plans authorized under *The Book of Discipline of The United Methodist Church* (the “Discipline”), which includes all such payments from Wespath Benefits and Investments (Wespath), and any funds distributed from the Lynch Fund as a pension supplement, during the year 2021 by each retired or disabled Clergyperson who is or was a member of the Conference, or its predecessors, be and hereby is designated as a rental/housing allowance for each such Clergyperson; and