

## Appendix A – Discernment Workbook

The following process should be followed to help the congregation discern whether disaffiliation is a preferable option. Please complete all items in the process and provide the dates when each item is completed. The completed workbook and accompanying documentation will be necessary to complete the disaffiliation process.

The discernment process is meant to help the congregation decide whether to disaffiliate with all pertinent information in-hand. This process should take 4-6 months. Copies of this worksheet and documentation should be sent to the district superintendent and conference trustees via the conference office and be made available to the congregation.

**(Date)**

\_\_\_\_\_ **(1) Church council/administrative board/single board votes to begin discernment period and notifies the district superintendent in writing.** The agenda, with the topic of disaffiliation, should be publicized in the church bulletin and/or newsletter in advance.

*Does the church council affirm that they wish to consider disaffiliation because of “reasons of conscience” as described in Paragraph 2553 of the Addendum to the 2016 Book of Discipline?* \_\_\_\_\_

\_\_\_\_\_ **(2) Written assessment of the practical implications of disaffiliation is completed. The assessment must provide explanation of the following:**

- a. How does the church plan to incorporate or reincorporate as a new entity? What is the proposed new name of the church? How will the church seek ruling or determination letter for 501(c)3 status with the IRS apart from the group tax exemption for the United Methodist Church?
- b. What is the plan for designated funds, endowed funds, and/or foundations including the notification and consent of donors?
- c. Is the church receiving any grants, moneys, or other assets for ministry from the United Methodist Church or the New Mexico Annual Conference? If so, what is the plan to return and/or discontinue use of unused funds.
- d. What will be the new entity’s plan to secure the following services after disaffiliation is complete? (Please include a potential provider and the

estimated cost. This information will help the congregation and leadership accurately assess the approximate cost to disaffiliate and operate outside of the United Methodist/New Mexico Conference insurance plans.)

- Health insurance for any full-time employees.
- Workers compensation insurance for all employees.
- General liability and property insurance.

(Note: When a church finalizes disaffiliation, they likely can keep their existing liability and property policy.)

- e. What will be the process for pastoral succession going forward? Will the current pastor continue to serve the congregation? What happens when she/he retires, moves, or otherwise leaves? *(Please note: the New Mexico Conference will no longer provide appointed pastors to the local church once disaffiliation is finalized.)*
- f. Is there any other practical planning or work that will need to occur before the congregation disaffiliates?

\_\_\_\_\_ **(3-a) Calculation from the conference treasurer of shared ministry financial costs and conference benefits officer of the local church's aggregate share of pension liabilities. (Form 1 – Financial Responsibility)**

\_\_\_\_\_ **(3-b) List of all debts, loans, or other liabilities is completed.**

What is the church's plan to pay or transfer those debts to the new entity? Does the church have any debts or arrearages owed to the annual conference? How will the church fully repay or transfer these obligations before disaffiliation?

\_\_\_\_\_ **(3-c) List of any other costs or fees associated with disaffiliation is completed, including legal fees, incorporation fees, etc.**

\_\_\_\_\_ **(4) Any other information deemed necessary by the pastor or church council chairperson for the congregation to make an informed decision is included.**

\_\_\_\_\_ **Written assessment and all related materials are provided to the district superintendent, conference trustees, and made available to the congregation.**

\_\_\_\_\_ **Listening sessions are completed by the district superintendent or designated elder. A guide for the listening sessions is found in FORM 2 of this workbook. (Please record any findings from the listening sessions and include as an addendum).**

\_\_\_\_\_ Date of first listening session

\_\_\_\_\_ Date of second listening session

\_\_\_\_\_ Upon completion of all steps in the discernment process, church council votes to continue or discontinue disaffiliation. Results of the vote are reported to the district superintendent. If the vote is to continue with disaffiliation, the district superintendent calls a CHURCH CONFERENCE within 120 days.

\_\_\_\_\_ Date of church conference

**Form 1 – Financial Responsibility:** To be completed by the conference treasurer and benefits officer and returned the District Superintendent who provides to the local church.

*Please Note: The figures recorded by the conference treasurer and benefits officer represent a good-faith estimate of the congregation’s liabilities under Par. 2553 as of the date on which this form is completed. The exact figures change over time and may be different at the time of finalization. The formula for calculating this cost will not change and follows Wespath’s guidance to Annual Conferences regarding disaffiliation.*

Estimate completed on: \_\_\_\_\_ Name of local church: \_\_\_\_\_

1. Pension Liability

The percentage decimal calculated to determine the local church’s pro rata share of pension liability. (a) \_\_\_\_\_

Amount of aggregate pension liability (b) \$ \_\_\_\_\_ (based on most recent Wespath information dated \_\_\_\_\_)

Amount of local church’s share of pension liability [1(a) /1(b)] **1(c)** \$ \_\_\_\_\_

2. Retiree/Disability Support (RDS)

Monthly amount (a) \$ \_\_\_\_\_

Projected months remain in year of disaffiliation (b) \_\_\_\_\_

Amount of RDS obligation 2(a) x [2(b) + 12] **2(c)** \$ \_\_\_\_\_

3. Arrearages identified as of date \_\_\_\_\_ Total **3(a)** \$ \_\_\_\_\_

*Breakdown attached*

4. Tithe/Appportionments Shared Ministry

Reported income from line 52 of the Statistical report \$ \_\_\_\_\_ {year \_\_\_\_\_}

8% of the reported income (a) \_\_\_\_\_

Amount paid 12 months prior from disaffiliation date of \_\_\_\_\_ (b) \$ \_\_\_\_\_

Amount due [(a) – (b)] (c) \$ \_\_\_\_\_

Amount due for Tithe [(a) + (c)] **4(d)** \$ \_\_\_\_\_

Other unpaid obligations \_\_\_\_\_ **4(e)** \$ \_\_\_\_\_

5. Total of Withdrawal Liability to the New Mexico Annual Conference Benefits

[1(c) + 2(c)+ 3(a)+ 4(d)+4(e)] \$ \_\_\_\_\_

*I certify that the information above is correct and reflects an accurate estimate or final statement of the Withdrawal Liability of the local church identified above.*

\_\_\_\_\_, Conference Treasurer \_\_\_\_\_, Conference  
Benefit Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_

### **Explanation of Tithe/Apportionment estimate:**

*Per Paragraph 2553, the local church must pay in full the past 12 months' apportionments tithe as well as the next twelve months' apportionments tithe. The tithe is defined as 8% of the local church ordinary operational revenue from all sources, based on their reported operational income from line 52 of the annual statistical tables.*

*Example: In 2021, the reported income from line 52 was \$200,000. The 8% is \$16,000. The local church is obligated to pay the difference between this amount and what has been remitted for the past 12 months.*

*The additional 12 months will be calculated using the same formula.*

### **Explanation of Pension Liability estimate:**

¶1504.23, which became effective at the close of the 2019 General Conference states "...the local church shall contribute a withdrawal liability in an amount equal to its pro rata share of any aggregate unfunded pension obligations to the annual conference." These pension obligations are for pension benefits that are defined benefits; Pre-82, MPP Annuities and CRSP-DB.

Wespath will identify these funding obligations using market factors similar to a commercial annuity provider. As market factors are used, the amount of the pension liability is determined on a time limited basis and, will be requested by the annual conference as needed. As an example, the estimated mandatory amount identified on 3/1/22 is only valid until 5/31/22.

Paragraph 1504.23 continues with the responsibility of the annual conference to determine how the amount required from the local church to meet this withdrawal liability. The annual conference is not prohibited from identifying other obligations.

The New Mexico Annual Conference has determined that a percentage decimal of the average of 5 years of CRSP-DB contributions of the local church will be compared to the total of all the averages. This allows for the fact that not all churches contribute to CRSP-DB as they may not have a Full-time Elder or Local Pastor at their church. As an example:

- the total of all the churches 5-year averages is \$436,929.00
- the total of one local church's 5-year average is \$5,416.00
- the percentage decimal that will be used to calculate the church's pro rata share is  
$$5416.00/436,929 = .012$$
- If the funding obligation determined by Wespath is \$13,000,000 at the time of disaffiliation, this church will have a withdrawal liability of  $\$13,000,000 \times .012 = \$156,000$ .  
( 16% to Pre-82 fund, 33% to MPP Annuities Fund, 51% to CRSP-DB fund)

Also required will be the remainder of the RDS obligation plus one year of RDS payments and any arrearages the local church may have at the time of disaffiliation.

If the local church used above as an example is disaffiliating in October 2022, the amount that will be calculated by the Board of Pensions is:

1. Withdrawal Liability -- \$156,000
2. RDS is \$308.50 per month.  $\$308.50 \times 3$  months (Oct., Nov., Dec.) plus  $\$308.50 \times 12$  Months --- \$4627.50
3. Arrearages total – \$2066.00

Total amount to Board of Pensions - \$167,629.50

*Pastors or lay-leaders may contact Griselda Sandoval, Conference Treasurer or Anna Marshall, Conference Benefits Officer if they would like further information.*

**Griselda Sandoval, Conference Treasurer – [gsandoval@nmconfum.com](mailto:gsandoval@nmconfum.com)**

**Anna Marshall, Conference Benefits Officer – [anna@nmconfum.com](mailto:anna@nmconfum.com)**

## Form 2 - Guidelines for a Church Listening Session

*A local church shall host **at least two** listening sessions as part of the discernment process for disaffiliation. Churches may host additional sessions if they believe it would be helpful to the decision-making process or to include additional voices or perspective. The listening sessions should be conducted after the written assessment of disaffiliation is complete so that the congregation has the opportunity to study and consider all pertinent information.*

*Listening sessions should be advertised and open to the full professing membership of the church. At least one of the listening sessions should be advertised and open to those beyond the professing membership who participate in the ministries of the church. Either the district superintendent or a designated elder, other than the appointed pastor, should facilitate the listening sessions.*

*When listening sessions are complete, a report of their findings should be added to the written assessment as an addendum and presented to the church council and district superintendent.*

**Each listening session should be an opportunity for those gathered to share and discuss the congregation's identity, strengths, and hopes in addition to the decision to disaffiliate. Toward that end, the following questions should be discussed and responses recorded.**

1. Why did you start attending \_\_\_\_\_ Church?
2. What is something special that you love about your church?
3. What are \_\_\_\_\_ Church's strengths?
4. If an outsider were to ask you why \_\_\_\_\_ Church is considering leaving the United Methodist Church, what would you tell them?
5. What do you hope for the future of \_\_\_\_\_ Church?
6. How do you think the decision to remain or disaffiliate will be a facet of the church's witness?
7. Are there any other thoughts or comments you wish to share, either with regard to the future of this church or the decision the congregation is discerning to leave or remain in the United Methodist Church?