



FAQS: DISAFFILIATION OF CHURCHES

What is the process for disaffiliation?

“Disaffiliation” was only adopted by the General Conference as a concept in 2019. Under Paragraph 2553 of the Book of Discipline, a church has “a limited right,” to disaffiliate for “reasons of conscience regarding a change in the requirements and provisions of the Book of Discipline related to the practice of homosexuality.” If the local church says they object to the provisions related to homosexuality, they have a right to leave and take their real estate and property with them. But there is an established process, and this entire passage is time limited. No disaffiliations will be allowed after December 31, 2023.

Paragraph 2553 also allows the conference to develop terms in addition to those listed. The Missouri Annual Conference has done just that as noted below.

The process for disaffiliation is as follows:

1. A church conference must be conducted at which the professing members present, and voting approve disaffiliation by a 2/3 majority vote (if clergy are also disaffiliating they must surrender credentials);
2. The local church must enter into a standard disaffiliation agreement with the annual conference, which includes at least the following:
 - a. Payment of the current apportionment PLUS 1 more year of apportionments;
 - b. Per Missouri’s additional terms, payment of one more year for a total of three years’ worth of apportionments;
 - c. Payment of a “withdrawal liability” in the amount of the church’s pro-rata share of any aggregate unfunded pension obligations as calculated by Wespath using “market factors similar to those of a commercial annuity provider” (Missouri’s share is currently about \$49.2 million, down from \$50.1 million in 2021);
 - d. Satisfaction of other debts or liabilities; and
 - e. Missouri has also adopted an additional requirement that the church return grant money received in the last five years.
3. Once payment is made, the Missouri Annual Conference’s Board of Trustees provides a Quit Claim Deed to extinguish the Missouri Annual Conference’s interest in real estate and a Bill of Sale to extinguish its interest in all other assets.

Churches and clergy should note that this process requires a vote of **all** professing members in attendance at the church conference. A church conference is governed by Paragraph 248 of the Book of Discipline and is treated much like a charge conference (Paragraphs 246-247) but includes all professing members on the church’s membership role.

We heard the Conference will negotiate the payment required for disaffiliation?

The Conference is willing to discuss a negotiation, but the Discipline mandates a minimum of the withdrawal liability related to pensions together with two years of apportionments. The Conference



will not be willing to discuss any payment less than that minimum and isn't likely to negotiate to even that floor. Those disaffiliating must understand that the payment of the withdrawal liability and several years of apportionments is intended to protect the churches and clergy left in the connection following a church's disaffiliation. The obligations owed to retirees and the need to continue ministry do not lapse or get reduced when a church leaves the denomination.

Why does a disaffiliating church have to pay a share of "pension liability?"

The United Methodist Church's various iterations of pension plans are extremely complex. The key to understanding the withdrawal liability is to recognize that since 1982, the United Methodist Church has maintained some form of "defined benefit" for its clergy. In a defined benefit plan, the employer undertakes a promise to pay a set amount to a retiree for the rest of the retiree's life, and in some cases, for the rest of a spouse's life. Those plans are administered by Wespath Benefits & Investments, but they are funded by annual conferences and local churches. Because Wespath cannot predict how long clergy and spouses will live, or how the various markets will perform, they are never absolutely certain they have enough assets to fund those payments for as long as necessary. Rather, they use actuarial valuations that assume a certain lifespan and certain returns obtained on funds already received to determine if funds are sufficient. If those returns do not meet the assumptions or if clergy live longer than expected, Wespath will be forced to turn to annual conferences to contribute more to the plans to meet the obligations to retirees. Paragraph 2553 has Wespath and the Conference calculate the "liability" to retirees assuming only returns that can be obtained in "fixed income" or highly secure investments. When that method is utilized, the funds providing the defined benefits do not have enough to pay out everything that will be owed to retirees. Missouri's share of the shortfall is about \$49.2 million. To calculate the withdrawal liability, the Conference multiplies that amount by the local church's current apportionment decimal. We do that because if we owed a future contribution, apportionments would be the only means of collection.

What does the Conference do with disaffiliation payments?

With respect to the pension withdrawal liability, the Conference Office of Finance & Administrative Ministries deposits the money in a fund at Wespath invested similarly to the various defined benefit plans. The Conference Clergy Support Team (also known as the Conference Board of Pensions) will utilize that fund first should additional contributions be charged to the conference in the future.

With respect to the apportionments received, we apply the first year to the current apportionments owed. The second and third year are then placed in a fund in the Conference's primary accounts specifically designated as "future apportionments." The Conference CFA will then use those to ease in the increasing burden of apportionments on local churches that remain within the United Methodist Church.

Finally, any grant funds received are returned to the funds from which they were paid out. For example, funds received from a Congregational Development grant will be returned to Congregational Development for use in starting New Places for New People, including new churches.



We heard the Conference has empty coffers and is just pursuing disaffiliating churches to fill those. Is that true?

That could not be further from the truth. While the pandemic has been difficult for all churches, the Missouri Annual Conference is as healthy as it has ever been. Our churches are generous, especially those who desire to remain United Methodist. The disaffiliation payment addresses the future of the Missouri Annual Conference. The Conference is never stronger than the connection of churches that give it life. As churches disaffiliate, it leaves a burden on those churches that remain. The 2019 General Conference adopted Paragraph 2553 for a reason. It allows a church to depart graciously for reasons of conscience. But it also provides for those churches that remain. That's why it adopted both the minimum financial requirement and allowed conferences to adopt additional terms. The Missouri Conference set its current requirement for disaffiliation not to punish the disaffiliating congregation, but rather, to address the needs of those churches that remain.

Did the conference close a church in Joplin because it wanted to disaffiliate?

No. This idea arose out of a direct falsehood that the Conference and its attorneys are seeking to address. The church in question did not close because it sought to disaffiliate, but because it lacked the resources to continue. In fact, the Conference attempted to keep that church, which had been a relatively recent new church start, going after the unfortunate departure of its pastor. More, the departure of the pastor happened only after a lengthy supervisory process. The Conference does not desire to comment on the actions of its clergy, but the departure occurred after attempted conversations by both the district superintendent and bishop about topics unrelated to disaffiliation. The closure of the church occurred several months later when the remaining members decided they could not continue as a congregation.

Did the conference take that church's real estate?

No. Despite statements to the contrary from leaders of disaffiliating churches, the Missouri Annual Conference never owned the real estate in question. Rather, it was owned by the Southwest District, which had allowed the church to use it during the congregation's relatively short life. The conference took no action with respect to the real estate. The same can be said of its corporate paperwork. As a new church start, the Conference had more control over the congregation's corporate governance than it does over chartered churches. This has been a standard practice for starting new churches since 2014. This is done for the protection of both a new church pastor and to relieve the burden of legal administration on a new church. It is not done as punishment or as a means of undue control.

Do churches who hire an attorney pay less than a church than does not?

The conference and its leadership would never tell a disaffiliating church not to hire legal counsel. In fact, attorneys can be extremely helpful in reviewing the standard Disaffiliation Agreement and accompanying documents. The conference is not looking to take advantage of any local church. But, if an attorney is asking for a large "retainer" or tries to hurry a church's leadership toward doing things like amending corporate paperwork or filing a lawsuit, the church's leadership should be wary. The truth is, we are aware of situations in which a disaffiliating church paid more to its attorney than the conference required for disaffiliation. That's simply unacceptable in the minds of conference



leaders. Missouri has many honest attorneys practicing throughout the state. The Conference Chancellor and other attorneys working with the Conference have worked with many of those local attorneys on disaffiliation to come to terms that benefitted both the local church disaffiliating and those churches remaining in the Conference. In fact, the Missouri Conference believes its Disaffiliation Agreement is better because of those situations and the input of attorneys representing disaffiliating churches. Despite promises to the contrary, there has not been a single instance in which a disaffiliating church seeking to retain its building has somehow dodged the required disaffiliation payment. We simply urge caution when hiring an attorney.