

## 2026 CAL-PAC PRELIMINARY REPORT

### REC 26-04 | PENSIONS 2: RETIREE HEALTH CARE

The Board of Pension and Health Benefits is recommending to the annual conference that the 2027 Target HRA be held at the 2026 level of \$2,600 for eligible participants, spouses and surviving spouses age 84 and under. The Target HRA is the amount for pastors serving 40 years at the point of retirement, and under age 85. The actual HRA contributed for each participant is 2.5% of the Target HRA for each year under appointment prior to retirement. For example, a pastor serving 35 years will receive 2.5 percentage points of the target x 35 = 88% of the HRA or \$2,275 for 2027.

The HRA contribution increases to 120% of the Target HRA (\$3,120 for 2027) upon attainment of age 85 for eligible participants, spouses, and surviving spouses.

An analysis of usage of HRA funds since the inception of this program in 2016 revealed that most retired clergy and/or surviving spouses were not using all of the provided HRA funds. If there is an instance of financial hardship, the Board is prepared, and welcomes the opportunity, to provide those individuals with additional funding through the Board's Financial Assistance funds to help meet their health benefit needs.

### REC 26-05 | PENSIONS 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, account-based retirement benefits, 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, account-based retirement benefits, 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), during the year 2027 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