

Kindling the flames of discipleship
Your giving through the Arkansas Conference



Benevolence Guide 2016

Presented by
the Arkansas Conference Center for
Administrative Services

In the book of Acts, when the apostles were gathered together in one place, the Holy Spirit descended upon them as “tongues of fire”—the flames of Pentecost. And two thousand years later, we still call upon that same Spirit for the fire, the passion, the inspiration to declare and share our faith in Christ.

Just as those who gathered together on that miraculous day, we live in Christ more fully when we don’t do it all by ourselves. We rely on each other, because faith grows in community. Each person has the potential to help others become closer to Christ. Together, individual sparks become a steady fire, and the Holy Spirit works in ever more powerful ways.

We learn from those who go before us—those who feed our faith, as a fire must be fed to continue burning. In turn, we fan the flames, and we see new ministries nurtured and the love of Jesus shared in new places, with new people.

We use the resources at our disposal—spiritual, financial, educational and more—for transformation. When we carry out life-changing work in the name of Christ, we see more vital ministry not just in our churches, but also in the mission fields surrounding them. When we pass the flame to others, everyone benefits from the results.

These four pages include information about what the United Methodists of this Conference have promised to support for the coming year. Inside, you’ll find:

- the 2016 budget approved in June by this year’s Arkansas Annual Conference
- an explanation of how the Arkansas Tithe Initiative will be phased in over the coming year, including a timeline
- the Arkansas Tithe Initiative formula that determines each congregation’s share of apportioned giving to ministries beyond the local church.

Through this benevolence guide, the Arkansas Conference Office of Administrative Services seeks to share why your giving matters, and how and where it makes a difference. Thank you for your part in kindling the fire that enables us all to make disciples of Jesus Christ, who make more disciples equipped to transform lives, communities and the world.



Arkansas Conference 2016 Budget

Fund #1: Clergy and Retiree Benefits

(determined by the Pension and Health Benefits Committee)

Conference Staff Pension (clergy only)	150,000
Retiree Health Care	800,000
Disability Health Care	120,000
Reserve Funding	200,000
Subtotal Clergy and Retiree Benefits	1,270,000

Fund #2: General Apportionments

(determined by General Conference)

World Service Fund	1,313,189
Ministerial Education Fund	450,844
Black College Fund	179,846
Africa University Fund	40,260
Episcopal Fund	423,321
General Administration	158,547
Interdenominational Cooperation	35,276
Subtotal General Apportionments	2,601,283

Fund #3: Jurisdictional Apportionments

(determined by Jurisdictional Conference)

Jurisdictional Administration	24,745
Lydia Patterson Institute	52,833
Mount Sequoyah	12,634
Subtotal Jurisdictional Apportionments	90,212

Fund #4: Conference Administration

(determined by the Conference Council on Finance and Administration)

District Superintendents	621,700
DS Travel	97,500
DS Health Insurance	0
Finance and Management	517,182
Episcopal Residence	24,000
Episcopal Office	25,000
Episcopal Discretionary	12,000
Board of Ordained Ministry Administration	134,980
Pastors Moving Expense	85,000
Administrative Boards	202,600
Stabilization	200,000
Subtotal Conference Administration	1,919,962

Fund #5: Resourcing Local Congregations

(determined by the Extended Cabinet)

Conference Ministries Office	501,074
Equitable Compensation	83,000
Conference Center for Vitality	462,052
Conference Center for Technology	667,216
General & Jurisdictional Conference Delegate Expenses	7,500
Connectional Ministries*	1,730,519
Subtotal Resourcing Local Congregations	3,451,361

Fund #6: Institutional Ministries

(determined by the Extended Cabinet)

Camp Aldersgate	114,000
Hendrix College Student Scholarships	288,000
Philander Smith College	320,000
Subtotal Institutional Ministries	722,000

Total Conference Budget \$10,054,818

Special apportionment for Pre-1982 Clergy Pension Fund \$600,000

* Connectional Ministries include:

New & Refocusing Ministries, Committee on Episcopacy, Committee on Nominations, New Church Development, Leadership Development, Age-level Ministries, Board of Church & Society, Disaster Preparedness & Response, Discipleship, Board of Global Ministries, Higher Education & Campus Ministries, Board of Laity, Outdoor Ministries, Commission on Religion & Race, Commission on the Status & Role of Women, Connectional Allowance, Connectional Ministries Travel, Volunteers In Mission.

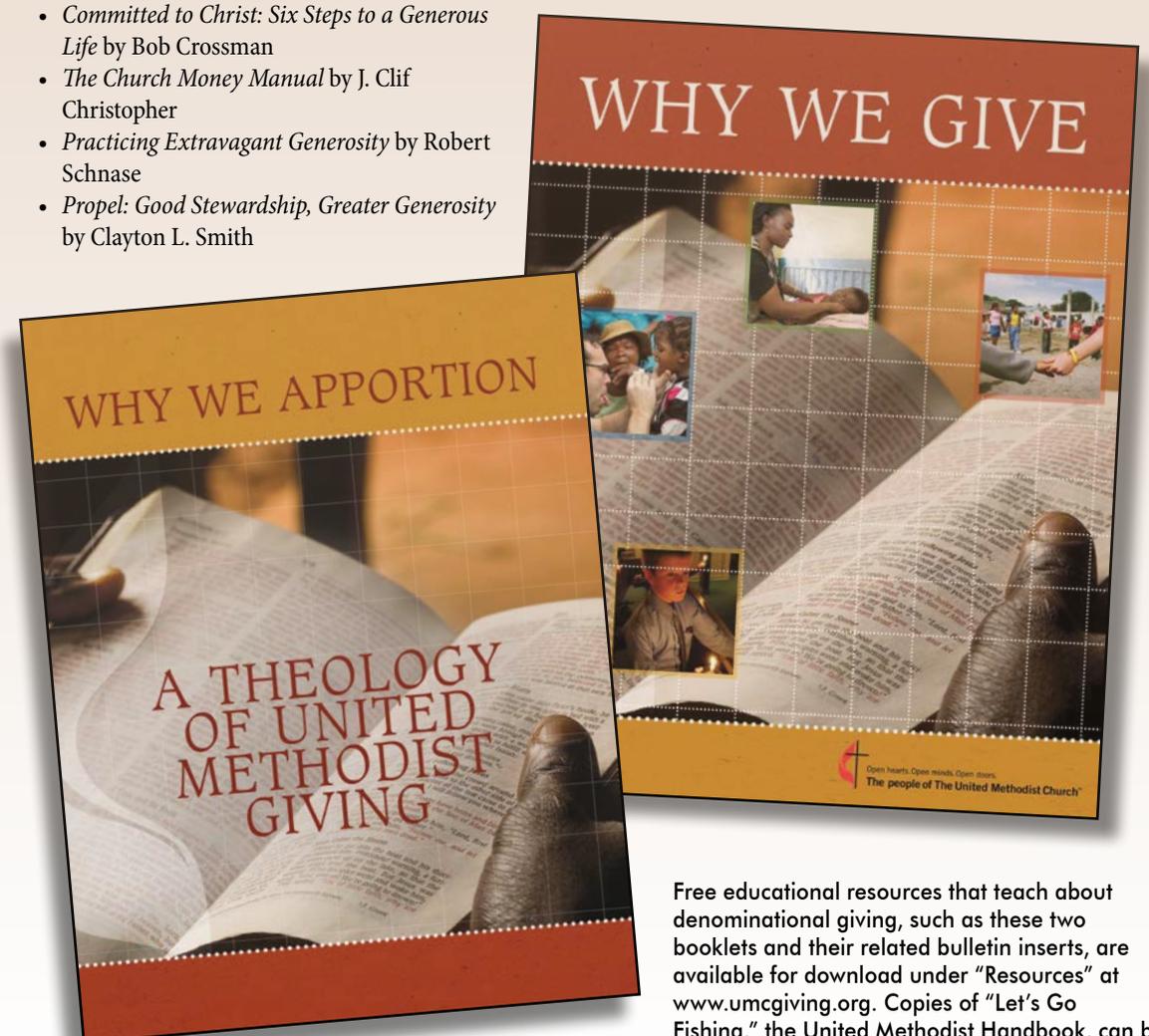
Giving as part of discipleship

Growing as a disciple of Jesus Christ includes developing a greater hunger to give back to God. Among the many stewardship, generosity and giving resources available for local church finance leaders and pastors, the selection below features some of the top United Methodist-related materials.

- **Discipleship Ministries, www.umcdiscipleship.org/stewardship** – includes digital downloads, self- and leader-guided online webinars, DVDs and videos, guides for budget building, capital campaigns and planned giving.
- **UMC Giving, www.umcsgiving.org** – includes many free resources related to connectional giving, such as The Advance and Special Sundays. Digital downloads and DVDs available.
- **National Association of United Methodist Foundations, www.naumf.org** – includes links to training, publishers and professional organizations.
- **General Council on Finance and Administration, www.gcfa.org** – local church resources including information on audits, real property matters and legal services.
- **Vital Congregations, www.umvitalcongregations.org**.
- **Lewis Leadership Center, www.churchleadership.com** – resources such as the *Theology of Stewardship and Biblical Generosity, Fostering a Culture of Generosity* and *Funding Ministry in Changing Times*.
- **United Methodist Church of the Resurrection stewardship resource page, www.cor.org/stewardship**.

Numerous books and studies related to the spiritual practice of giving are available through Cokesbury, the retail division of the United Methodist Publishing House. Contact Arkansas' Cokesbury Community Resource Consultant, Rachel Nicklas, at 501-553-8614 or rnicklas@cokebury.com; or purchase resources online at www.cokesbury.com. This listing includes church-wide stewardship programs as well as individual studies and books.

- *The Paradox of Generosity: Giving We Receive, Grasping We Lose* by Christian Smith & Hilary Davidson
- *Earn. Save. Give.: Wesley's Simple Rules for Money* by James A. Harnish
- *Treasure* by Jacob Armstrong
- *Committed to Christ: Six Steps to a Generous Life* by Bob Crossman
- *The Church Money Manual* by J. Clif Christopher
- *Practicing Extravagant Generosity* by Robert Schnase
- *Propel: Good Stewardship, Greater Generosity* by Clayton L. Smith



Free educational resources that teach about denominational giving, such as these two booklets and their related bulletin inserts, are available for download under "Resources" at www.umcsgiving.org. Copies of "Let's Go Fishing," the United Methodist Handbook, can be ordered in print, also at no charge.

Our shared ministry makes a difference...

...in young lives:

Each year on the first weekend of March, more than 1,200 youth and youth leaders gather for Veritas, the largest annual Arkansas United Methodist youth event. They experience passionate worship, spiritual renewal and community building. Some of these young people begin to discern a call to a lifetime of ministry and Christian service. Without local churches' apportionment giving, life-changing events such as Veritas would not happen.



...in restoring hope:

When disaster strikes, United Methodists of Arkansas get to work. Our connection enables us to respond quickly, not just with people ready to clear storm debris, but also with specially-trained care teams to attend to emotional and spiritual needs of those who have suffered a loss. Local churches' gifts make it possible for our Disaster Response Team to act quickly and efficiently in times of trouble.

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Arkansas Tithe Initiative

A new system for sharing our gifts

At the 2015 Arkansas Annual Conference, clergy and lay members approved a measure known as the Arkansas Tithe Initiative. One of the primary goals of the Tithe Initiative is to more closely relate connectional giving to the biblical model of a tithe—10 percent. The formula seeks to keep the bulk of local church offering—90 percent—available for use within the congregation's mission field.

The new formula, based on income received by the local church, creates a more transparent and equitable calculation process than the system based on a local church's expenses. Every church will use the same calculation, rather than a complex structure that can feel unjust even if it is not.

This formula ties the conference budget directly to the financial health of local churches, thus enhancing the sustainability of future conference and local church budgets. By basing the local church apportionment on the total revenue available to that congregation to spend on normal operating expenses (and thus their ability to pay apportionments), the system avoids penalizing congregations for decisions on how they will spend their revenue.



The Arkansas Tithe Initiative:
A New Way to Share Ministry

Implementation timeline for the Arkansas Tithe Initiative

- Oct. 1, 2015 – Monthly income reporting began: local churches send information to Conference Statistician
- March 2016 – Conference Council on Finance & Administration prepares final Tithe Initiative recommendations for the Annual Conference
- June 19-22, 2016 – Arkansas Annual Conference finalizes income and exclusions; 2017 Conference budget set
- Feb. 10, 2017 – Monthly tithe due for January income
- March 10, 2017 – Monthly tithe due for February income
- Tithes for subsequent months will be based on a local church's income during the previous month.

Center for Administrative Services



The staff of the Arkansas Conference Center for Administrative Services is here to answer your questions about apportionments, health care coverage choices, clergy pensions and more. Front row, from left: Diane Denham, assistant treasurer; Wendy Brunson Daniels, assistant benefits officer; Melissa Sanders, office manager and Conference statistician. Back row: Cathy Hall Hughes, church relations liaison; Todd Burris, treasurer and director of administrative services; Mona Williams, benefits officer. Not pictured: Che Dolan, administrative assistant/receptionist.

How to reach Center for Administrative Services staff

Mailing address: P.O. Box 3611, Little Rock, AR 72203

Physical address: 800 Daisy Bates Drive, Little Rock, AR 72202

(Second floor of the Kendall Center, Philander Smith College)

Phone: 501-324-8020; **Toll-free:** 877-646-1816

Worksheet: How pension for full-time clergy will be billed in 2016

Beginning Jan. 1, 2016, local churches will pay 100 percent of their own full-time clergy's pension costs. The Conference will bill churches for pension based on Plan compensation of the full-time pastor or pastors appointed there. The pension invoice will include clergy retirement, known as CRSP-DB and CRSP-DC, along with CPP, the premium cost for clergy death and disability benefits. Churches will no longer be billed for health plan premiums. Each church is billed on a quarterly basis, but may choose to pay monthly.

In 2015, 75 percent of total pension costs were billed to local churches, with the remaining 25 percent included in the Conference budget and covered through Ministerial Support apportionments. For 2016, the Clergy and Retiree Benefits Fund will provide for retiree/surviving spouse healthcare premium stipends; Conference-responsible Extension Ministry benefits; and healthcare premium stipends for clergy on approved Medical Leave.

2016 Pastor's Gross Salary*	\$ _____
2016 Housing**	\$ _____
Total Plan Compensation	\$ _____
Plan Compensation Amount x 0.15	\$ _____
Total Pension Bill for 2016	\$ _____
2016 Monthly Billing Amount (÷ 12)	\$ _____

Example: Susannah Wesley UMC, Anytown, Ark.

2016 Pastor's Gross Salary*	\$50,000.00
2016 Housing**	\$12,500.00
Total Plan Compensation	\$62,500.00
Plan Compensation Amount x 0.15	\$9,375.00
Total Pension Bill for 2016	\$9,375.00
2016 Monthly Billing Amount (÷ 12)	\$781.25

* Does include UMPIP contribution. Does not include professional expense accounts.

**Housing is the actual allowance amount or, in the case of a parsonage, 25 percent of gross salary.

Worksheet: Calculating apportionments for Arkansas churches in 2016

Information for this worksheet should be gathered from Tables II and III of the local church's Statistical Report for the Calendar Year 2014, to which the line numbers refer. If you do not have this report, you can obtain a copy from your church office, or from the Conference Center for Administrative Services (see contact information on page 8).

Section I: Calculate the Expense-based apportionment

Health insurance paid to Conference (Line 47)	_____	
Pastor's salary (Line 48)	+ _____	
Associates' salaries (Line 49)	+ _____	
Utilities and allowances (Line 50)	+ _____	
Accountable reimbursements paid to pastors (Line 51)	+ _____	
Other cash allowances (Line 52)	+ _____	
Deacon ministry compensation (Line 53)	+ _____	
Diaconal ministry compensation (Line 54)	+ _____	
Other staff compensation (Line 55)	+ _____	
Current program expenses (Line 56)	+ _____	
Current operating expenses (Line 57)	+ _____	
Church Total Expense Consideration	= _____	
Conference Expense Financial Consideration		÷ 76,304,143.00
Church Expense Decimal		
<i>(0.00000000: use the first 8 places to the right of decimal)</i>	= _____	
2016 Conference Budget		x 10,054,818.00
TOTAL Expense-based Apportionment		
(Conference budget x Church Expense Decimal)	= _____	

Section II: Calculate the Tithe-based apportionment

Total Income for Annual Budget/Spending Plan (Line 62)	_____	
Total Income for Connectional and Other Institutional Sources Outside the Local Church (Line 64)	+ _____	
Church Total Income Consideration	= _____	
Tithe		x 0.10
TOTAL Tithe-based apportionment	= _____	

Section III: Calculate average of Expense-based and Tithe-based apportionment amounts

Church's Expense-based apportionment amount	_____	
Church's Tithe-based apportionment amount	+ _____	
Total of Expense-based apportionment amount and Tithe-based apportionment amount	= _____	
Calculate average		÷ 2
Average of church's Expense-based apportionment amount and Tithe-based apportionment amount	= _____	

Section IV: Calculate Pre-1982 pension apportionment amounts

Average of church's Expense-based apportionment amount and Tithe-based apportionment amount	_____	
Total of Conference average expense and income		÷ 10,055,272.00
Pre-1982 Decimal		
<i>(0.00000000: use the first 8 places to the right of decimal)</i>	= _____	
Pre-1982 Conference budget amount		x \$600,000.00
Pre-1982 apportionment amount	= _____	

Section V: Calculate 2016 Apportionment

Average of church's Expense-based apportionment amount and Tithe-based apportionment amount	_____	
Pre-1982 apportionment amount	+ _____	
TOTAL 2016 apportionment	= _____	

Example: Susannah Wesley UMC, Anytown, Ark.

Section I: Calculate the Expense-based apportionment

Health insurance paid to Conference (Line 47)	_____	11,280
Pastor's salary (Line 48)	+ _____	70,000
Associates' salaries (Line 49)	+ _____	4,700
Utilities and allowances (Line 50)	+ _____	6,500
Accountable reimbursements paid to pastors (Line 51)	+ _____	5,120
Other cash allowances (Line 52)	+ _____	4,000
Deacon ministry compensation (Line 53)	+ _____	2,500
Diaconal ministry compensation (Line 54)	+ _____	2,500
Other staff compensation (Line 55)	+ _____	154,794
Current program expenses (Line 56)	+ _____	46,010
Current operating expenses (Line 57)	+ _____	150,146
Church Total Expense Consideration	= _____	457,550
Conference Expense Financial Consideration		÷ 76,304,143.00
Church Expense Decimal		
<i>(0.00000000: use the first 8 places to the right of decimal)</i>	= _____	0.00599640
2016 Conference Budget		x 10,054,818.00
TOTAL Expense-based Apportionment		
(Conference budget x Church Expense Decimal)	= _____	60,293

Section II: Calculate the Tithe-based apportionment

Total Income for Annual Budget/Spending Plan (Line 62)	_____	539,309
Total Income for Connectional and Other Institutional Sources Outside the Local Church (Line 64)	+ _____	0
Church Total Income Consideration	= _____	539,309
Tithe		x 0.10
TOTAL Tithe-based apportionment	= _____	53,931

Section III: Calculate average of Expense-based and Tithe-based apportionment amounts

Church's Expense-based apportionment amount	_____	60,293
Church's Tithe-based apportionment amount	+ _____	53,931
Total of Expense-based apportionment amount and Tithe-based apportionment amount	= _____	114,224
Calculate average		÷ 2
Average of church's Expense-based apportionment amount and Tithe-based apportionment amount	= _____	57,112

Section IV: Calculate Pre-1982 pension apportionment amounts

Average of church's Expense-based apportionment amount and Tithe-based apportionment amount	_____	57,112
Total of Conference average expense and income		÷ 10,055,272.00
Pre-1982 Decimal		
<i>(0.00000000: use the first 8 places to the right of decimal)</i>	= _____	0.00567979
Pre-1982 Conference budget amount		x \$600,000.00
Pre-1982 apportionment amount	= _____	3,408

Section V: Calculate 2016 Apportionment

Average of church's Expense-based apportionment amount and Tithe-based apportionment amount	_____	57,112
Pre-1982 apportionment amount	+ _____	3,408
TOTAL 2016 apportionment	= _____	60,520

What is 'Pre-1982 pension,' and why do our churches still pay it?

The purpose of Section IV in the worksheet above has raised some questions among Arkansas Conference churches.

The pension plan for clergy who served in the years before 1982 was a defined benefit plan—that is, a type of plan in which the sponsor (in this case, the Arkansas Area of the United Methodist Church) promises to pay retirees a specific monthly benefit upon retirement. The amount of that benefit is predetermined by a formula based on the employee's earnings

history, tenure of service and age—unlike the current plan, which depends on individual investment returns.

Changing economic conditions led to that pre-1982 plan becoming under-funded in 2008. Since then, the Conference has been required to make "catch-up payments" to ensure that the plan is fully funded. The \$600,000 listed in Section IV is the sum of the catch-up payments planned for 2016.

We believe the pre-1982 pension plan will become fully

funded over the next couple of years. Because this budgeted amount will cease to be a part of the regular budget in the near future, the Conference Council on Finance and Administration and the Arkansas Tithe Initiative Task Force did not include it in the budget during the transition to the Arkansas Tithe Initiative apportionment formula. For now, though, it remains part of our responsibility as United Methodists of Arkansas.