

What is the financial cost of disaffiliation?

Paragraph 2553<sup>1</sup> of the UMC Book of Discipline describes the financial costs of disaffiliation. There are two main components:

1. Annual Apportionments. “The local church shall pay any unpaid apportionments for the 12 months prior to disaffiliation, as well as an additional 12 months of apportionments.”

Below are the apportionments for Wesley Memorial as set by the Western NC Conference:

2022 - \$182,650.00<sup>2</sup>

2023 - \$169,333.00<sup>3</sup>

2. Unfunded Pension Liability. “The local church shall contribute withdrawal liability in an amount equal to its pro rata share of any aggregate unfunded pension obligations to the annual conference.”

There are multiple ways that actuaries can calculate unfunded pension liabilities. The disaffiliation provision in the Book of Discipline uses the more conservative calculation. Wesley Memorial’s share of the unfunded pension liability is not yet known. The conference provides that estimate once a church makes contact with the District Superintendent to formally start the process leading a church vote. It is likely that Wesley Memorial’s share of the unfunded pension liability will be a multiple of the church’s annual apportionment.

Wespath is a non-profit agency which supervises and administers UMC retirement plans.<sup>4</sup> Wespath calculates the unfunded pension liability for each UMC conference on a monthly and quarterly basis.<sup>5</sup> Each conference determines how frequently to ask for the revised calculation. The Western NC Conference asks for the calculation on a quarterly basis. The most recent recalculation was as of September 1<sup>st</sup>. The recent increases in interest rates have favorably affected the calculation of unfunded pension liability.<sup>6</sup>

Steve Bouldin

---

1

<https://www.umc.org/en/content/book-of-discipline-2553-disaffiliation-over-human-sexuality>

<sup>2</sup> <https://www.wnccumc.org/church-apportionments/2165945?year=2022>

<sup>3</sup> <https://www.wnccumc.org/church-apportionments/2165945?year=2023>

<sup>4</sup> [https://en.wikipedia.org/wiki/Wespath\\_Benefits\\_and\\_Investments](https://en.wikipedia.org/wiki/Wespath_Benefits_and_Investments)

<sup>5</sup> <https://goodnewsmag.org/pension-liability-declines-dramatically/>

<sup>6</sup> <https://www.wespath.org/about-wespath/wayforwardwespathfaq>