

United Church of God, *an International Association*
Council of Elders Meeting Report
Aug. 11, 2009—Cincinnati, Ohio

Chairman Roy Holladay called the meeting to order around 9 a.m. Eastern Daylight Savings Time with prayer by Doug Horchak. All members of the Council were in attendance.

Executive Session

The first item of business was in executive session to discuss the assessment of the treasurer, Jason Lovelady.

After the executive session, several of the wives of the Council members and various ones from the office staff joined the meeting.

Retirement Policy

Britt Taylor updated the Council with regard to the Church's retirement policy. Britt Taylor gave a brief history of the development of the retirement policy for the Church. He said that a major component was to make sure it was fair and equitable to all employees. From all the previous history and the recent discussions, two documents have been recommended: "U.S. Employee Retirement Policy" and "Retiree Discretionary Assistance Policy."

The "U.S. Employee Retirement Policy" was not changed in any material way from the current policy except for those sections that referred directly to discretionary assistance. Due to the temporary and discretionary elements of this program, it was determined that a separate policy was required.

The Church currently provides a defined contribution retirement plan (403(b) Thrift Plan) as detailed in the U.S. Employee Retirement Policy.

Britt Taylor stated that a target percentage (approximately 60 percent) of the retiree's final salary was established. A minister, if he had paid into Social Security, would receive approximately 60 percent of his salary (minister and wife), so this policy is pretty close to that. Currently the Church matches employee contributions up to \$2,000 at 200 percent (for a maximum contribution from the Church of \$4,000 yearly), into the 403(b) retirement thrift program, and that amount is close to what the Church would pay into Social Security for each minister.

Britt Taylor mentioned that there are several areas in the recent retirement policy that need to be refined. One is that employees who retire would be required to sign up for Medicare B.

Further, at age 62, the employee will receive a letter asking what his or her retirement plans are—with no pressure to retire. Victor Kubik asked about an employee seeking to retire before the age of 65. Britt Taylor responded that there is no exception for such written into the policy, but such cases would have to be approved specifically by the Council.

Britt Taylor then reviewed the “Retiree Discretionary Assistance Policy.” The Church also recognizes that most of its current employees worked for a former affiliation that had limited benefits and the current 403(b) Thrift Plan has not been in existence long enough to provide adequate retirement income for most employees. With that in mind, the Church will offer discretionary retiree assistance through a limited, temporary, transitional program.

Bob Berendt asked about a theoretical situation in which an employee has a heart attack at 62. Is that person eligible for this assistance? Jason Lovelady responded that would come under the disability policy rather than the retirement policy.

After the lunch break, the Council resumed its meeting with prayer by Melvin Rhodes.

Britt Taylor continued with the discussion about retirement. The discretionary assistance policy calls for an annual review by the Council, which decides to continue, modify or terminate the assistance. The procedures are very similar to the current procedures already in place. He also reported that the widow’s assistance was increased from two-thirds to three-quarters of what her husband would have received as retirement benefits.

He said that all of a retiree’s benefits (Social Security, 403(b) program funds and/or a pension) will be considered to reduce the amount of the retiree’s assistance from the Church.

In answer to a question from Paul Kieffer, Britt Taylor said that when determining the reduction for the 403(b) thrift program, the amount is still established in the same way, whether the employee saved more than or less than the \$2,000 yearly amount that is matched.

Britt Taylor, responding to a question from Paul Kieffer, stated that the retirement assistance would be based on the employee’s base salary, excluding any other items such as additional pay as a regional pastor.

Roy Holladay asked how long these payments would continue should a retiree live longer than expected. Britt Taylor stated that the annuity tables are established using actuarial tables, but if a retiree has annuitized his or her 403(b) program, the payments would continue at the same rate even if the employee lives to 100 or more.

Roy Holladay mentioned that the death benefit for a widow of a retired employee was set at \$5,000 and expressed that the amount seemed very low and would not even pay for the funeral. Britt Taylor responded that when seeking to raise that death benefit, with an employee base that is older, it would make the premiums prohibitive.

Jason Lovelady stated that the Church's retirement policy is the 403(b) Thrift Plan. The discretionary assistance is not a defined benefit program. Input has been received from insurance companies, certified public accountant firms and from other legal entities.

Mr. Lovelady then gave current figures on the discretionary assistance program that demonstrate the escalating cost of the program. He stated that, in five years, the projections show that the additional amount to add to the net amount would be an extra \$1 million. In 10 years, it would require another half million dollars. He then recommended using a figure of \$200,000 as an annual retirement fund offset. This amount would be reviewed annually based on needs and the amount available in the retirement fund.

He said that, if a financial adjustment were needed due to a worsening of the Church's financial position, the idea would be to reduce the base assistance to 58 percent, 55 percent, 52 percent, 50 percent or whatever would be required, and it would be applied evenly across the board.

Jason Lovelady requested that, for planning next year's budget, a decision with regard to these policies be made no later than December of this year. Jim Franks asked for a document that lists the major changes in the two documents discussed today. Jason Lovelady stated that he and Britt Taylor can provide that document later this week.

Restructuring Budget Priorities

Roy Holladay stated that, in the recent Strategic Planning and Finance Committee meeting, it was determined that the upcoming December and February Council meetings were too late to begin discussions with regard to the next year's fiscal budget. Therefore, it was decided to begin preliminary discussions for the 2010-2011 fiscal year at these meetings.

Paul Kieffer said that all agree that we need to train ministers for the future growth of the Church. He stated that the Strategic Plan does not give a higher priority to preaching the gospel above caring for the disciples, but gives equal weight to both. He stated that, at the beginning of United, the thrust was on caring for the brethren, including securing sites for the Fall Festivals. The focus on training replacement pastors has been evident in the last few years—especially as we look forward into the next five to 15 years.

Paul Kieffer mentioned that the opinion of the Strategic Planning and Finance Committee is that more weight should be given to preaching the gospel, involving a

rebalancing of the priorities. The committee suggested reallocating 1.25 percent, or \$300,000, of the current fiscal year budget to Public Proclamation. The committee further suggested that, at the end of a fiscal year, any funds allocated to proclamation, but not spent, be allocated to the next fiscal year and not be put into the general reserve fund.

The committee proposed that the percentage allocated to Public Proclamation be increased by 1 percent annually for the next five years starting with the 2010-2011 fiscal budget. As well, the committee proposed that, if overall spending needed to be reduced, priority be given to maintaining the level of funds allocated to Public Proclamation.

Paul Kieffer said that, while it is important that the Church focus on the youth for the future of the Church, it is just as essential, for the health of the organization, to invest in Public Proclamation as it is to nurture disciples.

Jason Lovelady stated that the budget was just approved by the General Conference of Elders (GCE) and there is a significant amount of the Media budget under review with up to \$800,000 not allocated as to how it will be used. It would not send a good message to the GCE if there is \$800,000 not allocated and an additional \$300,000 is added to it.

He also pointed out that there is no provision in accounting to carry over unspent budgeted funds. He also stated that it is always good to budget conservatively. He commented that this is a good time to begin dialogue on future budgetary years.

Doug Horchak asked if the move of the \$300,000 is for a specific need or is it based on principle. Paul Kieffer stated that this can be done per the budget allocation resolution passed 12 years ago, which allows the administration and Council to adjust the budget by up to 5 percent without seeking the approval of the GCE.

Paul Kieffer stated that, in both of the previous fiscal years, the amount spent on media was less than what was allocated in the budget. He said that this gives the impression that we may be losing ground or receding.

Doug Horchak said that he would be more inclined to consider the suggestion to reallocate the current budget if there was a reason given for recommending the increase. Paul Kieffer stated that the Strategic Plan does not weight issues and this is an attempt to place greater weight on Public Proclamation. Robin Webber mentioned that this is a placement of funds from one area to another, which is well within the purview of the Council.

Victor Kubik mentioned that, once an organization gets older, a sense of calcification can set in—asking for the same thing over and over. Jim Franks said that the treasurer, the president and the operation manager for Media do not support the recommendation to reallocate the budget. He said that he would like to have had the opportunity to talk about this first.

Roy Holladay said that this is a good-faith attempt to “get the ball rolling” on reexamining our budget priorities. He agreed that the Strategic Planning and Finance Committee and the administration should sit down to discuss these issues. He said that this whole issue cannot really be finalized until the branding discussions are completed in December. Paul Kieffer said that some of what is behind this thinking is perception. He said that many times, when there was a budget shortfall, Media was the first item to be cut. He noted that there has been a resolution on the books for a number of years to perform a certain media production, but each year that has been cut out because of budgetary restraints. He mentioned that, if we want to do more in Public Proclamation, then we need to come together and go forward.

Jason Lovelady said that, from 2003 to this current fiscal year, Media has spent over \$28 million—or approximately \$200,000 more than budgeted. Aaron Dean asked if we should get into the mode of spending on media when there is a surplus and not spending on media when there is a deficit. Jason Lovelady said that it is a matter of planning and working together.

Robert Berendt said that he has a different opinion from the treasurer. He said each one of the members elected to the Council this year stated in his write-up that he wanted to do more to preach the gospel. The brethren want to see new people come in the door each Sabbath. We need to all learn to cut more, and it would send a great message to the brethren that we are seeking to tighten our belts to provide more media efforts.

Jason Lovelady said that it would be like someone coming into his office asking for an additional amount of money, but having no idea how it would be spent. He said that he could not approve such a request.

Bill Eddington said that there is a very widespread perception that we are not doing enough in our media efforts—that perception is reality. He commented that, in a sense, it is a “red herring” to say that we have overspent the Media budget in times past. The actual issue is whether we are allocating enough toward proclaiming the gospel. He asked what policy we can create to access our reserves if an excellent opportunity arises to preach the gospel. He reiterated that the perception is we are not doing enough.

Darris McNeely said that, in the last year and going into this fiscal year, there is a possibility of over \$1 million of the funds budgeted for Media not being spent. He commented that there has been a great deal of groundwork laid over the last few years in Media, but what has been missing is planning and commitment. He commented that the administration presented a proposed media mix at the Council’s February meetings, but never got to discuss it. From that, the Council established a Media Committee. He recommended that the Council remand that proposal to the Media Committee to discuss it in conjunction with the branding project.

Scott Ashley said that the Media Committee’s focus is not to waste any more time. The GCE wants change and wants things done differently. The vehicles for

proclaiming the gospel have not changed. The idea is to spend what was lost—what was not spent last year, much less the last two years.

He then covered the circulation of our publications and the downward trends. He commented that we are reaping what we have sown, and we are therefore not growing to the degree that we would like. What are we going to invest for the future? It must be an investment in growth and new members or there will not be people to populate the congregations for ministers to pastor—nor to financially support the rest of the budget.

Melvin Rhodes said that some members in his area, although devoted to the United Church of God, follow the media efforts of other Church of God groups and sometimes donate to help fund them, because they do not believe United is doing enough of a work. It would help the membership to see a greater work being done—especially on television.

President Kilough said that media has always been a difficult area to get a handle on. The biggest challenge is getting a balance in media. He mentioned that anything that is done symbolically will be short-lived. In the last two years, there has been positioning to make the Web the primary mode of media and proclaiming the gospel, but not the only focus. He said that what will change the perception of the membership is when a clearly defined plan is put into place. We need an outside-in view of what we need to do, but without the defined plan, we will just waste time. He said that the money is not the issue, and the money is not the solution. People want to see results once a plan is defined and the priorities are laid out for all to see. Plans must drive the budget. Without a plan we are simply reallocating funds.

Robin Webber said that we need a stimulus package in the Church. We talk and we talk, and we plan and we plan, then go our ways. If we put the energy of this Church into preaching the gospel, then the relationships in the Church will increase. We need intensity and passion—to wake up the Church and show that we are serious about doing a work. He commented that the membership does not believe we are committed to what we say we are committed to. The membership needs to know that we are committed—the brethren want a change. We must put our philosophical differences aside and move forward. There are some members who are reticent about making donations to United, because they just don't believe that United is doing enough of a work, but that would change if they perceive more work is being done to preach the gospel.

Larry Salyer mentioned we could have thrown the \$500,000 at just anything, and, if we had, we would probably not be having this talk. He recommended that this be considered very carefully in the December meeting. He said that the Council has to give the direction to Media Operations to come up with a media mix.

Paul Kieffer then asked the treasurer, Jason Lovelady, if he would not oppose the budget reallocation if there were a plan presented. Jason Lovelady said that he would not, but would want to have the administration consider the plan first before agreeing to it.

Paul Kieffer then asked the treasurer if he would not be opposed to accessing reserves, if there were a resolution of the Council to approve such a move. Jason Lovelady said that he would consider such an action.

Paul Kieffer said that he believes the only way to weight a strategic plan is by how much budget is given to a strategic initiative. With that in mind, he asked, is it okay to increase Public Proclamation by 1 percent? Jason Lovelady said that it is too early in the process right now to assess that, because all the other areas have to be considered. In general, yes, it can be considered, but he could not agree to it right now.

Paul Kieffer said that the Strategic Planning and Finance Committee basically wants more weight added to the proclamation of the gospel.

Roy Holladay asked that, over the next couple of months, the Strategic Planning and Finance Committee, in conjunction with the treasurer, establish an access to reserves policy. He then requested Clyde Kilough, Larry Salyer and Darris McNeely to get together and ratchet up the recommendations for a media mix. He also asked the Strategic Planning and Finance Committee to meet with the administration to propose a plan as to how the proposed reallocation of funds would be used.

Concerns With the Outside Speakers Policy

Jim Franks discussed the recently updated outside speakers policy. He asked what the intent of the policy is since the word “permission” or “approval” is not used. It is not clear if either approval or permission is required or not.

He also referred to a case where the pastor of an elder gave approval, but the pastor in the area where the elder will speak is very much against it. He said that he is currently dealing with one situation like this scenario.

Victor Kubik cautioned about placing something down in policy form just to address an issue that will arise very rarely. He said sometimes there are biases involved as well and there needs to be a coming together to discuss such situations on a case-by-case basis. Jim Franks asked that the Roles and Rules Committee reconsider the policy with regard to these two issues. Bill Eddington said that the committee will do so.

Aaron Dean said that some pastors just find it easier to say “no” when a question like this comes up.

The session ended with prayer by Paul Kieffer just after 6 p.m.

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Gerald Seelig
Council Reporter

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