



North Alabama Conference of The United Methodist Church

Dear Friends,

The North Alabama Conference is an amazing Annual Conference. During the ten years I have served as your episcopal leader, I have seen firsthand how the clergy and laity of this Conference work together to make a difference in the church and community.

Together we have baptized babies, confirmed youth, introduced Christ to adults, grown healthy churches, experienced God's grace, worked to dismantle racism, been involved in mission and ministry and made a difference in many communities. In addition, we have contributed one million dollars to the Imagine No Malaria initiative, given a million-dollar gift to Birmingham-Southern College, launched new worship services, started numerous celebrate recovery services, experimented with a variety of Fresh Expressions, provided intern experiences for young adults serving with the poor, supported camping ministries through Camp Sumatanga, offered campus ministries through Wesley Foundations, equipped churches and clergy for cross-cultural appointments, raised up new lay and clergy leaders, built teams, partnered in ministry with our brothers and sisters around the world and so much more! These have been the outcome of working together. Indeed, we are more together!

Though we desire for all of our churches to continue on the journey together as a united North Alabama Conference, some of our congregations and clergy are considering withdrawing from The United Methodist Church to become a part of another expression of Methodism such as the Global Methodist Church. It will sadden us if these churches and clergy discern to withdraw. However, we will send them forth with our blessing to make disciples of Jesus Christ for the transformation of the world. Below are responses to frequently asked questions about continued affiliation with and disaffiliation from The United Methodist Church.

Thank you for your ministry and service. As always, it is a privilege to serve as your bishop.

Blessings,

Debra Wallace-Padgett

Resident Bishop

North Alabama Conference

North Alabama Conference FAQ on continued affiliation with and disaffiliation from The United Methodist Church

Where can I get information on withdrawal from and/or staying in The United Methodist Church?

We hope this FAQ will help. If you have questions not addressed in this document, contact your District Superintendent who will be happy to assist you in finding the information you are seeking.

Can a church or pastor be members of both The United Methodist Church and another denomination, such as the new Global Methodist Church?

No. There is no provision in the *Book of Discipline* or citation from the Judicial Council for a United Methodist **church** to also be in another denomination.

A **clergy** cannot hold credentials in The United Methodist Church and another denomination. Judicial Council Decision 696 asserts: “There is no disciplinary provision authorizing an ordained United Methodist minister to hold membership simultaneously in another denomination. Upon joining another denomination, membership in The United Methodist Church is terminated.”

Clergypersons whose conference relationship is terminated for any reason are no longer eligible to continue participating in the Conference's *HealthFlex* health care plan or other benefits where the Conference serves as the plan sponsor.

Will clergy credentials be transferable to another denomination? What is the process?

The United Methodist Church does not transfer United Methodist credentials to other denominations.

United Methodist clergy who choose to leave the denomination do so by notifying their District Superintendent and working with the Board of Ordained Ministry to follow the steps outlined in *Book of Discipline* ¶360.1 and ¶360.2.

Another denomination may recognize the ordination that occurred in The United Methodist Church and records of that action would be provided by the UMC if requested. The receiving denomination could have additional ordination or licensing requirements.

Can a clergy person join another denomination and later return to The United Methodist Church?

Yes, the *Book of Discipline* currently contains processes for reinstatement of orders or licenses for ministry. These processes are not quick nor automatic but they do exist and have been used previously.

What are the steps for a congregation to take that desires to withdraw from The United Methodist Church?

The United Methodist Book of Discipline outlines one process for a congregation to disaffiliate from the denomination and take the building and property (§2553). We anticipate separation agreement documents will be available soon for churches wanting to leave under §2553.

Pastors and congregation leaders should start with a conversation with their District Superintendent who can help find the best option to accomplish the congregation's goal.

Will the North Alabama Conference provide a model for churches to use to discern whether to stay connected with The United Methodist Church or withdraw from the denomination?

Yes. Contact your District Superintendent for more information.

What should a pastor do if a congregation desires to discuss leaving The United Methodist Church or asks to hold a Church Conference?

Pastors should consult with their District Superintendent who will then work with the pastor and congregation to assess and discern the best route to achieve the congregation's goal.

Will the North Alabama Conference allow congregations to use the §2553 Disaffiliation process?

§2553, which was added to the *Book of Discipline* by the 2019 Special Session of the General Conference and expires on December 31, 2023, can be used with local churches who discern it fits their context.

What is the typical timeline for a congregation to withdraw from The United Methodist Church?

Withdrawal from The United Methodist Church requires an assessment/discernment process guided by the District Superintendent. In addition, a church conference, negotiation of the withdrawal agreement and vote at the Annual Conference session are necessary steps. From start to finish this typically takes a minimum of six months. The time from the initial conversation with the District Superintendent to the negotiated agreement typically takes a minimum of six months. This is finalized by a majority vote at the following Annual Conference meeting.

Can a congregation that plans to leave The United Methodist Church and join another denomination refuse an appointment or refuse to move their current pastor?

The North Alabama Conference appointive cabinet does not intend to appoint a pastor planning to continue in The United Methodist Church to a congregation in the process of exiting unless it is agreeable to both parties

If a congregation joins another denomination, can they return to The United Methodist Church?

Yes, there are existing processes in the *Book of Discipline* that can be used to allow a congregation to re-affiliate with The United Methodist Church.

At what point would a pastor surrender her or his credentials in The United Methodist Church in order to move with their congregation into another denomination?

Membership in another denomination immediately terminates membership (and credentials for clergy) in The United Methodist Church. See Judicial Council Decision 696. "There is no disciplinary provision authorizing an ordained United Methodist minister to hold membership simultaneously in another denomination. Upon joining another denomination, membership in The United Methodist Church is terminated."

I thought North Alabama had fully funded pensions. Why do we have future pension liabilities?

Pensions liabilities occur because of promises made to pay pension benefits in the future. These benefits are known as “defined benefits” because the amount to be paid is largely defined by service years, elections made by a retiree and a past service rate.

While the North Alabama Conference pension plan liabilities are currently fully funded on a *funding basis*, the Conference’s pension plan liabilities are not fully funded on a *market basis*. Pension plan liabilities valued on a funding basis are based on a discount rate that reflects the long-term, average expected earnings of the plan assets, with no change anticipated in the party responsible for paying benefits. Pension plan liabilities valued on a market basis are based on a discount rate that reflects the value of plan liabilities priced on the open market with the possibility an outside party will assume responsibility for the payment of benefits.

Local churches terminating their relationship with The United Methodist Church are required to pay a pro-rata share of their annual conference’s market-based unfunded pension liability in accordance with ¶1504.23 in the Addendum to the *2016 Book of Discipline*.

How was the pension liability formula developed?

The North Alabama Conference Board of Pension and Health Benefits (the Board) determines the amount a local church owes for its share of the Conference’s market-based unfunded liability. This approach is consistent with how the Board determines the amount each local church is required to pay for pension benefits related to current service.

In accordance with ¶ 1504.23 in the *Book of Discipline*, the Board adopted a formula for calculating each local church’s share of the market-based unfunded pension liability based on the average market-based liability for the most recent four quarters as calculated by Wespath. In this way, the market volatility of plan assets and liabilities is smoothed and less severe.

The formula considers the lesser of (1) the local church’s average actual pension bill for the last five years (currently 2018 – 2022) and (2) the church’s most recent pension bill (currently 2022). The lesser of these two amounts, compared with the lesser of similar amounts for all other churches in the Conference, is then used to calculate a church’s proportionate fair share of the Conference’s average market-based unfunded pension liability. The formula is consistent with the Conference’s methodology for allocating pension cost for current service.

What proposals are before the General Conference from Wespath related to clergy and churches who leave The United Methodist Church and join another denomination for which Wespath will accept the pension responsibility (such as the Global Methodist Church)?

The most significant proposal submitted by Wespath to the 2020 General Conference, now scheduled for 2024, is to add a *new Book of Discipline* ¶2555: *Pension Matters for Disaffiliating Church Units*.

Unless and until the *Book of Discipline* is further amended, ¶1504.23, which requires the local church withdrawal liability payment, still applies. The withdrawal payment for pension liabilities as described in ¶1504.23 is practical if small numbers of U.S. local churches exit the UMC. However, if large segments exit the UMC—such as described in several of the proposals submitted to General Conference 2020 (rescheduled to 2024)—a different approach may be more practical.

Wespath submitted legislation for the 2020 General Conference to address the pension and benefits impact of a potential large-scale restructure of the denomination, including pension funding and liabilities for U.S. clergy. If approved by the General Conference, the legislation would create a new *Book of Discipline* ¶2555 (“Pension Matters for Disaffiliating Church Units”) to enable continuity of benefits and funding in much the same manner as exists today—in the event of large-scale movement of clergy, local churches or annual conferences into “New Methodist Expressions.”

Assuming a New Methodist Expression (*i.e.*, denomination) is viable and agrees to sponsor and fund pension benefits, the key provisions of the new ¶2555 would be as follows:

- Local churches moving to a New Methodist Expression would not owe a withdrawal payment.
- For clergy who move to a New Methodist Expression, accrued pension benefits would not be converted to an account balance in UMPIP.
- Assets and liabilities related to pension benefits for the clergy who move to a New Methodist Expression would be spun off into a separate legacy pension plan for the New Methodist Expression, which would be administered by Wespath in cooperation with governing bodies of the New Methodist Expression.
- New pension or retirements benefits (and other clergy benefits) would be maintained by the New Expression.
- The New Methodist Expression would have a new retirement plan that is separated from the connectional United Methodist Church plans. The New Methodist Expression could choose to have Wespath manage its new retirement plan, as well as other employee benefit plans.

Wespath’s proposal for a new ¶2555 is in alignment with various restructuring proposals submitted to the 2020 General Conference. However, Wespath’s petition must be voted on by the General Conference before it can take effect.

For clergy who move to a New Methodist Expression, the New Methodist Expression (if “viable”) would retain financial/legal responsibility for pensions of clergy that transfer from The United Methodist Church to the new denomination. The New Methodist Expression would assume future benefit responsibility for its clergy.

If clergy do not move to a New Methodist Expression, but instead simply leave The United Methodist Church by surrendering their credentials under ¶360 of the *Book of Discipline*, then the vested accrued pension benefits of such clergy will be converted to an account balance and deposited into their UMPIP account.

There are many considerations related to being “viable” as a plan sponsor for clergy benefits. Viability considers factors like scale, membership, financial stability and governance structure. In many cases, the New Methodist Expressions described in many of the 2020 General Conference proposals would be viable as a plan sponsor. However, a handful of local churches that leave the UMC might not be viable from a plan sponsorship perspective. Wespath will consider viability on a case-by-case basis.

With the postponement of GC 2020 until 2024, it doesn’t appear the new ¶2555 can be applied early for annual conferences or groups of local churches that want to move to a New Methodist Expression. Changes to the *Book of Discipline*—including adding a new paragraph—require approval by the General Conference before they can take effect. Unless and until such paragraph is approved, any disaffiliations of local churches or clergy, whether individually or in large numbers, will be subject to the pension provisions approved by the 2019 Special Session of the General Conference.

What would be the financial advantages for local churches to wait until 2024 before discerning about withdrawing?

There are several reasons a local church could benefit financially by waiting until 2024 to move forward with plans to withdraw from The United Methodist Church, including the following:

- Wespath is planning to introduce a new *Book of Discipline* ¶2555 which will allow a viable disaffiliating group to remain a sponsor of a sequestered portion of their related pension liabilities. *Under the proposed legislation, a pension withdrawal payment, which can be substantial, would not be required.* If a disaffiliating group does not meet the viability standards as determined by Wespath or chooses not to remain a plan sponsor, the group (i.e., its member churches) would be required to make a market-based unfunded pension liability payment.
- Legislation introduced in a new *Book of Discipline* ¶2556 “Reconciliation and Grace Through Separation and Restructuring,” known as the “Protocol” (see www.gracethroughseparation.com/legislation) will be before the delegates of the 2024 General Conference. The current Protocol legislation provides a mechanism for churches joining a viable new expression of Methodism to carry their pension liability with them into the new denomination as opposed to making a withdrawal liability payment to the North Alabama Conference. The current Protocol legislation also permits local churches to keep their property. Churches who want to disaffiliate from The United Methodist Church under the proposed terms of the Protocol would need to wait until General Conference adopts the Protocol or similar legislation.
- Minimal financial disruption upon leaving The United Methodist Church is good stewardship. The best way to avoid any adverse financial consequences of not waiting is to simply wait ... until 2024.

As is the case with all legislation presented at General Conference, the Wespath and Protocol proposals could be amended during General Conference.

What about churches who desire to remain in The United Methodist denomination?

Any congregation or clergy who chooses to remain members of The United Methodist Church will continue their disciple-making ministry as normal. As always, North Alabama Conference leaders will communicate important information and happenings related to The United Methodist Church.

In light of the third postponement of the 2020 General Conference, will the North Alabama Conference elect new delegates to the 2024 General Conference?

This depends on whether the Judicial Council rules that the 2020 General Conference was postponed or canceled.

If the 2020 General Conference is ruled **canceled**, the *Book of Discipline* ¶ 502.3 states, "Delegates to the General Conference shall be elected at the session of the annual conference held not more than two annual conference sessions before the calendar year preceding the session of the General Conference. At least thirty days prior to the beginning of that calendar year, the secretary of the General Conference shall notify the bishop and the secretary of each annual conference of the number of delegates to be elected by that annual conference." So, if the Judicial Council rules the General Conference canceled, a new slate of delegates will need to be elected during the 2023 North Alabama Annual Conference.

If the Judicial Council rules the General Conference **postponed**, the delegates elected in 2019 will be eligible to attend the 2024 General Conference. Any delegates who have withdrawn from The United Methodist Church to join another denomination will be replaced by the elected alternates.

Will the delay of General Conference impact the Jurisdictional Conferences set for November 2022?

This is still being determined as the Judicial Council considers a request by the Council of Bishops for a Declaratory Decision on this matter.

Will North Alabama have enough churches and clergy to require seven District Superintendents for any length of time?

Not all congregations and clergy who may be considering leaving The United Methodist Church have discerned whether they will remain connected or withdraw from the denomination. So there is no way to accurately predict how the size of the North Alabama Annual Conference may change.

North Alabama Conference Standing Rule 4.1 says, "There shall be no more than eight Districts in this Annual Conference." This means the Conference can adjust the number of Districts and District Superintendents as needed and stay within its rules.

Without the Protocol legislation being adopted by General Conference, can an entire Annual Conference leave The United Methodist Church and join another denomination?

During a special meeting, the Council of Bishops approved a list of six questions to be addressed by the Judicial Council including the legality of an entire annual conference voting to leave the denomination. (See the full list of questions at www.unitedmethodistbishops.org/newsdetail/16387925.)

The Judicial Council has placed this specific question on its docket as Docket No. 1021-23. (See www.resourceumc.org/-/media/umc-media/2022/03/11/16/12/cob-request-for-declaratory-decision-march-7-022.ashx) Briefs are due April 12, 2022. Reply Briefs are due April 22, 2022. Oral arguments could occur after briefs are submitted and then a ruling will be issued by the Judicial Council.

If the Judicial Council rules that an annual conference can vote to leave The United Methodist Church, could the members of the North Alabama Annual Conference call for such a vote?

If the Judicial Council rules that an entire conference could vote to exit the denomination and the members of the North Alabama Annual Conference desire such a vote, the bishop would likely call a special Annual Conference session in a timely way to address the request.

Will the new Global Methodist Church denomination accept all congregations that vote to affiliate with them?

Any specific questions about joining any other denomination should be directed to leaders of that denomination. Information is available on the Global Methodist Church website at <https://globalmethodist.org/>.

Can a pastor join the new Global Methodist Church and serve in The United Methodist Church (particularly while waiting for their current congregation to join the Global Methodist Church)?

Alignment with another denomination terminates membership and clergy credentials in The United Methodist Church. See Judicial Council Decision 696 in question two above.

If a church withdraws from The United Methodist Church does the Boy Scouts of America (BSA) agreement with the UMC still cover the withdrawn church? How about clergy?

If there is a BSA claim brought against a former United Methodist Church or clergy, the state court will have to make a decision of how it is handled. The burden of liability will be borne by the former United Methodist congregation/clergy.

How can the average member of The United Methodist Church find accurate information about The United Methodist Church and the Global Methodist Church?

In times of high anxiety and uncertainty, rumors, unverified information, speculation and opinions can often flood our inboxes, social media feeds and conversations. A best practice to help individuals discover accurate information is to get information about a specific organization from that organization's official publications, statements and leaders. Another step is to carefully verify information using original sources when possible.

North Alabama Conference leadership will continue to update this FAQ as new information (such as Judicial Council rulings and General Conference actions) is available.