

**Financial Policies**  
**as Presented by the**  
**Council on Finance and Administration**

The following index is provided as a quick method to access this important document.

Stewardship Recommendation .....	CFA-2
Ministry Shares Calculations.....	CFA-2
Section I. Administrative Policies .....	CFA-5
A. Local Church Contributions .....	CFA-5
B. Clergy Support Items.....	CFA-5
C. Cabinet Level Salaries.....	CFA-6
Section II. Travel Policies .....	CFA-6
Section III. Moving Policy .....	CFA-8
Section IV. Investment Policies.....	CFA-12
Section V. Miscellaneous Policies.....	CFA-15
A. Conference-Wide Appeal for Funds.....	CFA-15
B. World Service Apportionment .....	CFA-15
C. General Church Apportionments.....	CFA-15
D. Presentation of Proposed Budgets .....	CFA-16
E. Auditing Requirements.....	CFA-16
F. Bonding of Treasurers .....	CFA-16
G. Control System.....	CFA-16
H. Housing/Furnishing Allowance.....	CFA-17
I. Conflict of Interest .....	CFA-17
J. Depositories.....	CFA-17
K. Interest Earnings.....	CFA-17
L. Electronic Main and Internet Usage .....	CFA-18
Special Offerings .....	CFA-19
Calendar Dates for Year-end Reports.....	CFA-19
Budget Summary .....	CFA-20

Note: For other specific rules of a financial nature please check the following:

- Board of Equitable Compensation
- Board of Pension & Health Benefits

### Stewardship Recommendation

The members of the Annual Conference strongly urge each local church to conduct an every-member commitment program as outlined by Discipleship Ministries or some other effective means of involving the congregation in the needs and program of the church. (Resources are also available through Discipleship Ministries of the United Methodist Church.)

### Ministry Shares Calculation

Ministry Shares represent the connectional commitment of the United Methodist Church. All United Methodist churches share in support of the programs and ministries of the UMC as it offers Christ through district, conference, or worldwide activities. The Ministry Share components addressed through these policies include ministries managed by the Michigan Conference, the Ministerial Pension Fund, Church World Service, and the Episcopal Fund.

1. For the purpose of establishing a uniform system of financing the Conference, all Ministry Shares made by the Conference and Districts shall be based on the Grade Figure System employed by the Conference for the common budget.
2. The Council on Finance and Administration shall apportion the amount comprising the annual budget among the churches of the Michigan Annual Conference for the fiscal year (January through December.) These Ministry Shares shall be based on the Grade Figure System and in conformity with the requirements of *The Book of Discipline of The United Methodist Church* and rules adopted by the Annual Conference.
3. The Grade Figure System has been chosen because it allows Ministry Shares for the local church to be based upon the financial relationship of the local church to the total of the churches in the Conference. Each church is expected to assume its portion of the common budget. Giving in addition to Ministry Shares, such as designated special day offerings, authorized General and Conference Advance Specials, etc. is to be made in keeping with the *Discipline* affirmation that “payment in full [of the World Service apportionment] by local churches is the first benevolent responsibility of the church (§812).”
4. The grade figure for the common budget shall be determined by the current operating expense budget (lines 40 - 47 of the Local Church Report) plus non-United Methodist benevolent giving (line 38 of the Local Church Report), except that in any year when the Ministry Shares are paid in full, the non-United Methodist benevolent giving amount will be excluded from the calculation. Annual variances in the resulting calculation will be moderated by using a four-year rolling average of these numbers. (Note: the line numbers can change based upon changes to the Statistical Report.)
5. Steps in determining the grade figure for the common budget:
  - a. For each local church, for each of the four most recent years reported, find the sum of lines 40 through 47 of the Local Church Report (plus line 38 non UMC benevolences – unless ministry shares are paid in full). For each year that Ministry Shares were paid in full, exclude the amount from Line 38. Add the four annual sums and find the simple average.
  - b. Divide the simple average by the Conference total (simple average) for the same lines.
  - c. Example:

Local church total 2017 = \$89,750	Conference total 2017 = \$57,147,624
Local church total 2016 = \$86,317	Conference total 2016 = \$58,487,020
Local church total 2015 = \$71,725	Conference total 2015 = \$56,025,720
Local church total 2014 = \$75,726	Conference total 2014 = \$51,369,385
Sum divided by four = \$80,879	Sum divided by four = \$55,757,437

Local church average \$80,879 divided by Conference average \$55,757,437 equals grade figure of 0.001451; multiply by the total common budget to calculate the Ministry Shares.

6. Special policies are further set out below for churches without a 4-year history:
  - a. Calculation of Ministry Shares for new churches: a new church will be assigned Ministry Shares by the Conference and the District 20% of its “full” amount during the first calendar year after the effective charter year. During the second calendar year, the Ministry Shares will be at 40%; during the third year 60%, fourth year 80%; fifth year and thereafter 100%. Prior to the end of the year of their chartering, new church starts are expected to send a tithe (10%) of their giving receipts to the Conference on a quarterly basis.
  - b. Calculation of Ministry Shares for merged churches: the statistics of the merging churches will be added together before calculating the Ministry Shares of the newly formed church for the ensuing year. Reasons for departure from this procedure will be reviewed by CF&A upon appeal, and adjustments may be made on a case-by-case basis.
  - c. Calculation of Ministry Shares for vital merger churches: a new classification of merged churches will be “Vital Mergers.” Those mergers fulfilling the Vital Merger qualifications will be considered a new church start by the New Church Development Committee. As part of the Vital Merger process, the congregations involved will create a proposed budget for the merged church which will go into effect on the date the merged church begins worshipping and meeting as one congregation. This budget will be developed in consultation with, and given approval by, the District Superintendent and the District Committee on Church Building and Location. This budget will then be forwarded to the Conference Treasurers office to be used to formulate Ministry Share figures for the newly merged church. A new total base figure will be calculated for the merged church based on the formula outlined in paragraph 6. This new total base figure will be in effect until the actual financial records of the merged church are reported for the first full year of its existence and can be used to calculate a total base figure based on actual expenditures. The Vital Merger church will be assigned Ministry Shares by the Conference and District at 25% of its “full” amount during the first calendar year after the merger. During the second calendar year, the Ministry Shares will be 50%; 75% for the third calendar year; and 100% for the fourth calendar year and thereafter. The church must submit to the District Superintendent and Conference Treasurer’s offices and the Board of Pensions a plan for managed debt repayment for any conference pension or health care arrearages.
  - d. Calculation of Ministry Shares for adoption merger churches: a new classification of merged churches will be “Adoption Mergers.” In an Adoption Merger, a larger, healthy congregation (known as the parent congregation) agrees to partner with a smaller, usually struggling congregation (known as the partner congregation), assuming leadership and all assets and liabilities of the partner church, with the intention that the partner church is absorbed by the parent church but remains open and the church becomes a multi-site congregation. The adoption will be approved by the New Start Team, the District Superintendent, and the District Committee on Church Building and Location. The Ministry Shares for churches involved in the Adoption will be calculated as follows: 1) the year the Adoption becomes effective the Ministry Shares calculation will be calculated on the parent church only, using the standard calculation of a four-year rolling average, 2) the second year the Ministry Shares will be calculated on the parent church’s expenses for the four preceding years, which will include one year of the combined expenses of both campuses, 3) the third year the Ministry Shares will be calculated on the parent church’s expenses for the four preceding years, which will include two years of the combined expenses, 4) the fourth year the Ministry Shares will be calculated on the parent church’s expenses for the four preceding years, which will include three years of the combined expenses. The church must submit to the District Superintendent, the Conference Treasurer’s office and the Director of Benefits and Human Resources a plan

- for managed debt repayment for any conference pension or health care arrearages.
7. As Ministry Shares are received during the year, the World Service apportionment from the General church shall be paid at the level of receipts.
  8. The portion of the Ministry Share for each local church designated for the Episcopal Fund shall be paid in the same proportion as the church pays its pastor. (§18.3 of *The Book of Discipline of The United Methodist Church 2016*)
  9. Funds received in excess of expenses for the Conference fiscal year shall be placed in the reserves of the respective Ministry Share funds and maintained by the Conference Treasurer.
  10. During the Conference fiscal year, the Council on Finance and Administration, by a two-thirds (2/3) vote of its members, may use for the benefit of, or distribute to, Conference agencies and causes from the respective funds, such amounts as the Council by its action, up- on concurrence with the Bishop, shall determine are required for use or distribution before the next session of the Annual Conference.

### **Benefits Billings Calculation**

11. Benefits Billings provide funding for the following areas: contributions for the denomination's retirement plan; premiums for the denomination's welfare plan; all expenses related to operations of the Conference Benefits Office and Conference Board of Pension & Health Benefits. Therefore, every local church will be administered a Benefits Billing in connectional support of these conference ministries. The calculation for Benefits Billings shall be separate from the grade figure for the common budget and shall be based upon the annual compensation paid by each local church to its Appointed Clergyperson or District Superintendent Assignment. The Conference Benefits Office will send the Benefits Billings to each local church monthly.
12. Steps in calculating the Benefits Billing:
  - a. For the purpose of Benefits Billing calculations, compensation includes base cash salary plus housing if provided. Twenty-five (25) percent of the base cash salary is added to the salary to determine compensation if a parsonage is provided. If a housing allowance is provided, the actual amount of the housing allowance is added to the salary to determine total compensation.
  - b. A fixed percentage of total compensation is used to calculate Benefits Billing. The fixed percentage will be established annually by CFA in collaboration with the Conference Board of Pensions and Health Benefits.
  - c. A reduced percentage will be used in situations of Retired Clergy Appointments, District Superintendent Assignments (DSA), or temporary situations of no appointment/assignment.
  - d. Benefits Billing amounts will be adjusted the first of the month following a change in compensation or appointment status.
  - e. Example with Benefits Billing percentage fixed at 12%:
    - i. Compensation = \$40,000 salary plus parsonage Local church Benefits Billing compensation is  $\$40,000 + 25\% \text{ of } \$40,000 \text{ or } \$50,000 \times 12\% = \$6,000$  annually, billed \$500 monthly
    - ii. Compensation = \$27,000 salary plus \$15,000 housing allowance Local church Benefits Billing compensation is  $\$27,000 + \$15,000 \text{ or } \$42,000 \times 12\% = \$5,040$  annually, billed \$420 monthly
    - iii. Compensation = \$34,000 salary with no housing Local church Benefits Billing is  $\$34,000 \times 12\% = \$4,080$  annually, billed \$340 monthly
13. Overpayment of a church's Benefits Billings or Common Budget Ministry Shares will be carried over to that church's Benefits Billings or Common Budget Ministry Shares for the following year.

## **Section I - Administration**

### **A. Local Church Contributions**

1. All ministry shares apportioned to individual churches for the conference fiscal year shall be divided in ten (10) monthly installments. A statement will be sent from the treasurer's office 12 times a year.
2. All contributions, whether apportioned or un-apportioned, for Michigan Conference agencies and institutions, and for all benevolent causes of The United Methodist Church, shall be sent to the Conference Treasurer for distribution.

### **B. Clergy Support Items**

1. Travel Reimbursement - Churches shall reimburse pastors of local congregations for travel expenses using a voucher system based on reimbursement equivalent to the IRS allowance for business mileage.
2. Expense Reimbursement - Churches may reimburse pastors of local congregations for professional expenses as defined by IRS code. A voucher system shall be used for such reimbursement.
3. Utilities - Churches shall pay all utilities in full for their parsonages, including heat, electricity, water, sewage, internet, and basic telephone service.
4. Annual Conference – The Michigan Conference recommends that the local church pay living expenses for their clergy and lay members who attend Annual Conference. Such expenses should be paid at the rate specified for registration, meals and lodging as shown on the Annual Conference registration materials.
5. Health Insurance
  - a. Enrollment in the conference active group health care plan in most situations will be mandatory for all eligible participants. Enrollment of eligible dependents is optional at the discretion of the participant.
  - b. Each charge or conference-approved group shall share with the participant the full cost of conference group health insurance covering the pastor/conference lay employee and his/her dependents according to the approved premium sharing schedule.
  - c. Even if a pastor is enrolled as a dependent in a spouse's health care plan, the church will be expected to share a portion of the cost of the conference active group health care.
  - d. In the case of health benefits coverage for dependents when there is a legal separation or divorce, please refer to the conditions established by the healthcare policy of the Conference Board of Pension & Health Benefits.
  - e. At the time of a pastoral move, the insurance should be paid to the end of the billing period by the church from which the pastor is moving.
  - f. If a pastor chooses to be enrolled as a dependent on a spouse's health insurance plan, the pastor must have a signed waiver of coverage placed in the file in the Benefit's office. Joining the active conference group health care plan during the open enrollment period is always an option. Enrollment since the last previous open enrollment period is a prerequisite to receiving certain retirement benefits.
6. Effective dates for salary and Clergy Retirement Security Plan/Comprehensive Protection Plan (CRSP/ CPP) Payments for Ministerial Appointment Changes
  - a. The salary shall be paid through June 30 when an appointment change is made at the session of Annual Conference. Salary payments for mid-year appointments will coincide with the effective date of the appointment.
  - b. Payment on CRSP/ CPP billing from the General Board of Pension and Health Benefits shall be made for the entire month of June for those appointment changes made during the session of Annual Conference. CRSP/ CPP payments for

mid-year appointments with an effective date of the first of the month shall be made for the previous month for the outgoing pastor and for the current month for the incoming pastor. Payments for appointment changes effective the 15<sup>th</sup> of a month shall be made for half of the current month for the outgoing pastor and half of the current month for the incoming pastor.

7. United Methodist Personal Investment Plan (UMPIP) - This is the pastor's recommended contribution (at least three percent) to his/her own personal retirement account. The local church is not required to contribute to this. Where churches do, however, it shall be considered as part of the total cash salary and so reported.

### **C. Cabinet Level Salaries**

The salaries of District Superintendents, Director of Connectional Mission and Ministries, Director of Conference Benefits and Human Resources Services, Director of Administrative Services and Conference Treasurer, Director of Communications, Director of Clergy Excellence, and the Director of Congregational Vibrancy shall be set by Council of Finance & Administration. Council of Finance & Administration shall consider the best information available, including, but not limited to, the denominational average compensation, Conference average compensation, the average salary of the top 10 highest paid pastors, and the US Consumer Price index or inflation rate.

## **Section II – Travel Expense Policies**

### **A. Conference Travel**

Expenses incurred due to travel on behalf of the Michigan Conference of the United Methodist Church may be reimbursed. All persons who are entitled to travel and other expense reimbursements must complete and submit an expense reimbursement form on a regular basis. Expenses within the appropriate budget limits will be reimbursed. Each form should include detailed explanations of trip expenses and mileage. Receipts for all expenses exceeding \$10 must be attached to the report. According to IRS regulations, reimbursed expenses which are inadequately supported or undocumented may be considered additional compensation and thus be taxable to the recipient.

1. Who May Request Travel Reimbursement – Any Conference employee or member of a Commission, Board, or agency who has traveled for a required Conference purpose may request travel reimbursement. Such amounts must be reasonable. Expenses relating to commuting will not be reimbursed.
2. Information and Documentation Requirements
  - a. Airlines – Receipt from airline must be provided. Electronic tickets may be documented with the emailed receipt from the airline company. Air travel insurance is not a reimbursable expense.
  - b. Auto Expenses – Includes parking fees, tolls, car rental (see below), taxicab, shuttles and other expense incurred in ground transportation; all of which are eligible to be reimbursed. No police or court fines or tickets for parking violations will be reimbursed.
  - c. Car Rental – Rental cars are reimbursable where common carriers are not available or feasible due to scheduling needs, or actual rental cost including gas and other charges are less than the standard mileage rate or common carrier cost.
  - d. Dates of Travel – The expense report should clearly indicate the dates of travel for each trip.
  - e. Incidentals – Tips for baggage handling, porters, bellhops, restaurant service, and business telephone charges are reimbursable. Incidentals should not exceed \$10 per day.
  - f. Lodging – Lodging should be obtained at the most reasonable rate available for

the location. A copy of the bill should be submitted with the expense report. Actual cost will be reimbursed when a copy of the bill is submitted.

Entertainment expenses are not reimbursable.

- g. Meals – Meals are reimbursable when travel begins prior to or ends after the normal mealtime. Reimbursement will not be made for alcoholic beverages. Generally, meals should not exceed \$40 per day. The maximum daily meal allowance begins when you leave your office. The trip ends when you arrive back at your office but excludes personal travel during the total trip.
  - h. Mileage – Miles traveled on Conference business will be reimbursed at the appropriate rate approved by the Internal Revenue Service. Total miles per trip should be itemized for each day reported. Mileage to be reimbursed is the roundtrip miles from the primary office location unless the trip originates from home in a different city in which case the mileage to be reimbursed is the lesser of the round-trip miles from the primary office location or the home location. Odometer readings are not required but may be reported. Commuting miles and miles incurred for personal business enroute for Conference business are not reimbursable. A group mileage report may be completed for committee meetings where there are no other expenses which require receipts to be attached to the report. Any expense reimbursement requiring a receipt must be reported separately by individuals.
  - i. Purpose – The business purpose of each trip must be clearly documented on the travel expense report. Confidential information need not be disclosed but should be maintained in a personal log or diary for your own records. Group meal receipts must document all individuals included in the expense.
  - j. Receipts – Receipts must be submitted for all expenses exceeding \$10. The receipt should report individual items purchased. The original detailed receipts and the credit card authorization receipt showing the partial card number and any tip amounts must accompany any requisition submitted for expenses paid by credit card. Please submit original receipts only. If costs are being shared by another organization and receipts are required for that entity, a copy of the shared items and corresponding expense report submitted to the second organization may be submitted.
  - k. Registration Fees – Evidence of fees paid must be submitted.
  - l. Spouse Expenses – Spousal travel expenses will only be reimbursed in situations where their presence is required by the Conference on Conference business. To avoid any perception that personal expenses are being reimbursed, Board minutes or other written documentation should document a spouse's required presence.
3. Who May Approve Expense Reports
- The Bishop may approve travel reimbursement of District Superintendents; the Director of Connectional Ministries may approve travel reimbursement request for Associate Directors and Treasurer. The Treasurer may approve reimbursement requests by any employee of the Conference and the Bishop. No individual may approve a reimbursement to themselves.

Group Mileage Reports may be approved by an officer of the committee, Director of Connectional Ministries or Treasurer. The individual approving the group travel should not be listed as a payee for travel on the same report.

4. Timing of Check Requests and Processing

Forms for each month should be received in the Treasurer's Office as soon as feasible after the month's travel is completed. Travel expense reimbursement requests will be processed in the normal processing schedule. Forms which are incomplete or improperly

filled out may result in a delay in processing the check or may be returned for further information.

5. Travel and other expense advances are issued only in very rare instances, except for District Superintendents and conference staff. Upon signing a promissory note, an advance may be obtained, which will be due and payable when the person leaves the staff position.
6. Conference personnel who draw travel allowance by voucher shall receive reimbursement equivalent to the federal IRS allowance for business mileage. This is designed to cover the cost of automobile operation.
7. All others drawing travel expenses from conference funds shall receive reimbursement equivalent to the federal IRS allowance for moving and medical care mileage for car and travel and \$.02 per mile per passenger up to five people. This is designed to cover out-of-pocket expenses (i.e. gas and oil).

**B. Travel expense by conference agencies**

1. The travel expense of authorized representatives of conference agencies attending meetings convened by conference agencies drawing their full budget from the conference shall be paid by the agency which calls the meeting.
2. Dependent reimbursement cost necessary for dependents (children, sick or elderly) may be distributed from the Administrative budget for a member of any board, commission or committee meeting. The amount reimbursed shall not exceed \$40 per day, per member.
3. Travel to non-United Methodist agencies - The travel expenses of authorized conference representatives attending meetings convened by non-United Methodist agencies within the state of Michigan, shall be paid by the conference, as provided in Part 1 of this section, to the extent the expenses are not borne by the convening agency.

### **Section III – Moving Expense Policy**

**A. Eligible Persons and Moves**

1. No moving expenses will be approved until the Appointment Status Sheet is received by the Conference Treasurer's office.
2. All pastors under active appointment within the Michigan Conference structure are eligible to receive moving expense benefits. This will include local church pastors, district superintendents, staff members of conference or district councils, boards, and agencies, treasurers, bishop's assistants, superintendents or directors of parish development, conference-approved evangelists, and campus ministers.
3. Seminary students and pastors from outside the Michigan Conference who are accepting appointment in the conference are eligible for moving expense benefits as provided in this code up to a limit of 750 miles.
4. The conference will pay for one retirement move for pastors who have retired or plan to retire from Episcopal appointment in the conference. The move must be taken within five years of the retirement date. The designation of a retirement move must be declared in writing before the moving expenses are incurred via an Appointment Status Sheet. A move within the state of Michigan shall be paid in accordance with the provisions of this code. A move outside the state shall be paid up to the cost equivalent of 600 miles beyond the state border. Pastors called out of retirement and assigned to a charge will be granted an additional retirement move.
5. A disability move or the move of the surviving spouse of an eligible pastor shall be paid in accordance with the policy for retiring pastors. The conference shall pay for the move out of the parsonage or other approved housing, to another residence in the event of an eligible pastor's death, in accordance with the policy for retiring pastors.
6. When a separation or pending divorce action makes a move advisable, the spouse of a

pastor is entitled to reimbursement for one move. Benefits are the same as those available to a surviving spouse of a deceased pastor.

7. Moves within a charge from one parsonage to another are the responsibility of the local charge unless ordered by the cabinet.
8. Pastors not eligible for moving expense benefits include those:
  - a. under appointment outside the structure of the conference.
  - b. on sabbatical, leave of absence, or location.
  - c. who no longer have membership in the annual conference.

#### **B. Policy for Moves**

1. Interstate moves – Moves to or from states other than Michigan. Interstate moves are very competitive, and 2 or 3 estimates should be obtained before choosing a moving company to get the lowest rate available. Most movers will provide a “Not to Exceed” estimate.
2. Intrastate moves - Moves greater than 40 miles within the State of Michigan. These moves are regulated by State Law and the cost is based solely on weight and distance. Multiple estimates are not required.
3. Local zone moves (40 miles outside of corporate limits) - Local zone moves are not regulated as are other moves within the state. Therefore, 2 or 3 estimates should be obtained to get the lowest rate available. Charges will be based on an hourly rate times the number of employees involved. Most movers will provide “Not To Exceed” estimates if asked.
4. Family travel - Family travel for pastors covered by this policy will be paid upon request, for one car, at the IRS rate (except the first 100 miles), plus tolls. One overnight lodging will be paid for moves of more than 350 miles upon presentation of receipts.
5. Expenses covered by this code:
  - a. Normal state tariff provision for loading, transporting and unloading of household goods up to a maximum weight of 20,000 pounds, including professional books and equipment. Reasonable additional weight will be allowed for clergy couples to enable movement of professional books and equipment for each clergy person. Handwritten weight certificates will not be accepted.
  - b. Up to \$150 will be paid by the conference to cover needed packing materials, including wardrobes and dish packs. Mattress boxes will be provided.
  - c. One extra pickup and one extra delivery for each clergy person defined as the church office or local storage unit within 15 miles of the clergy member’s housing.
  - d. Reasonable charges for necessary handling of special items such as a piano or freezer.
  - e. Standard liability insurance of 60 cents per pound which is furnished by the moving company, at no extra charge, under basic tariff provisions.

*NOTE: It is now required that the householder sign a release statement on the Bill of Lading on the day of the move to release the shipment to a value of 60 cents per pound per article. Failure to do this will allow the moving company to charge a premium for insurance to cover the shipment at a value of up to \$1.50 per pound.*
  - f. Where there are medically recognized physical limitations, up to \$1,000 additional shall be allowed for packing. A physician’s authorization must be provided. Contact the Conference Treasurer for authorization.
  - g. Storage charges are the responsibility of the local church if the parsonage is not ready for occupancy. The conference will pay only to the place of storage.
  - h. When a moving company has been selected and an estimate given, contact the treasurer’s office for authorization to be given to the mover. Because Michigan

in-state moves are regulated by tariff, only one estimate is needed if items 1 and 2 above do not apply to the move.

6. Expenses NOT covered by this code:
  - a. Moving of items other than normal household goods and books, such as boats, trailers, autos, building materials, firewood, fishing shanties, dog houses, etc.
  - b. Packing and/or unpacking services, except as noted in 5.f.
  - c. Full value insurance beyond standard liability insurance provided by the moving company.
  - d. Charges for waiting time, extra labor, connecting and disconnecting appliances.
  - e. Consequential damages resulting from any part or aspect of the move.
  - f. Emotional or pain and suffering damages arising directly or indirectly, from any part or aspect of the move.

#### **C. Miscellaneous Policies**

1. No moving company shall employ a pastor or an immediate member of his/her family to solicit business at any time for the purpose of receiving a commission or other consideration.
2. No company shall be allowed to establish an office at the seat of the conference for the purpose of soliciting business.
3. Each pastor is advised to request a copy of his/her inventory sheet from the mover at the time of loading and that it be signed by both the pastor and the moving company.
4. Pastors may want to check with their moving company or home insurance company and request an all-risk policy that would cover all damages in the moving of their household goods from one residence to another.

#### **D. Administration**

1. The Conference Treasurer shall administer the Moving Expense Fund.
2. Pastors anticipating a move shall consult with the Conference Treasurer's office to review the guidelines of this code.
3. The pastor shall be responsible for contacting a moving company and for scheduling the loading and unloading of household goods.
4. A written estimate of the cost of moving services shall be made by the moving company and a copy shall be sent to the conference treasurer's office in advance of the move.
5. A letter of authorization shall be sent from the Conference Treasurer's office in advance of the move.
6. Billing for the cost of moving expenses covered by this code shall be made directly to the Conference Treasurer's office. Moving expenses not covered by this code shall be billed directly to the pastor.
7. Provision for payment of any unusual expenses which are not defined by this code shall be arranged through consultation with the Conference Treasurer prior to the move.
8. Requests for exception to the provisions of this code shall be made to the Conference Treasurer in advance of the move. The Treasurer shall review and decide on each exception after consultation with the cabinet and/or CFA, as necessary.
9. **Pursuant to IRS rules, employer paid moves are considered taxable to the employee. The treasurer's office will provide 1099-MISC to the employee in accordance with the IRS rules.**

**Approved Moving Companies**  
(Listed Alphabetically)

- 1.\*\* Corrigan Moving Systems  
United Van Lines  
4204 Holiday Dr.  
Flint 48507  
810-235-9700 / 800-695-0540  
[www.Corriganmoving.com](http://www.Corriganmoving.com)
- 2.\*\* Corrigan Moving Systems  
United Van Lines  
7409 Expressway Court St  
Grand Rapids 49548  
616-455-4500  
[www.Corriganmoving.com](http://www.Corriganmoving.com)
3. Escanaba Moving Systems  
United Van Lines  
2601 Danforth  
Escanaba 49829  
906-786-8205
4. Frisbie Moving and Storage  
United Van Lines  
14225 Schaefer Hwy  
Detroit 48227  
313-837-0808
5. Guindon Moving & Storage Co.  
1600 3rd Ave. N.  
Escanaba 49829  
800-562-1075 / 906-786-6560
6. Palmer Moving & Storage  
North American Van Lines  
24660 Dequindre  
Warren 48091-3332  
800-521-3954
7. Rose Moving & Storage  
Allied Van Lines  
41775 Ecorse Road, #190  
Belleville, MI 48111  
800-521-2220  
[www.rosemoving.com](http://www.rosemoving.com)
8. Taylor Moving & Storage  
8320 Hilton Rd.  
Brighton, MI 48114  
810-229-7070 / 800-241-7122  
[www.taylormoving-storage.com](http://www.taylormoving-storage.com)

\*\* These companies are “Preferred Movers” and may offer additional services. Please contact the movers directly to find out what additional services they may be able to offer.

## Section IV – Investment Policy

### A. Statement of Purpose

The purpose of this Investment Policy (IP) is to provide governance and oversight to investments of conference funds under the control and responsibility of the Michigan Conference Council of Finance & Administration. The intent is to facilitate and not hinder conference agencies in the execution of their duties related to the management of their investment portfolios and in the use of their funds as provided in the *2016 Book of Discipline of The United Methodist Church*. In recognition of its fiduciary responsibilities and the mandate of the *2016 Book of Discipline of The United Methodist Church (613.5)*, the Council of Finance & Administration has developed this IP governing investment of their respective conference funds.

### B. Delineation of Responsibilities

1. Under the *2016 Book of Discipline of The United Methodist Church (612.1)*, the purpose of the Council of Finance & Administration shall be to develop, maintain, and administer a comprehensive and coordinated plan of fiscal and administrative policies, procedures, and management services for the conference. Accordingly, the Council of Finance & Administration is responsible for establishing principles, policies, standards and guidelines for the investment of all monies, assets and properties of the conference.
2. The Council of Finance & Administration is ultimately responsible for the financial integrity and oversight of conference financial resources. Under this IP all operational and implementation of policy decisions may be delegated to the Investment Committee.
3. The Council of Finance & Administration shall at least once per year review the IP, the effectiveness of the Investment Committee and the overall results of the investments and will acknowledge in writing that they have done so.

### C. Members of the Investment Committee

The Conference Investment Committee shall be a sub-committee of Council of Finance & Administration and be composed of five Council of Finance & Administration members selected by Council of Finance & Administration. The members' individual terms shall not exceed eight years and shall be staggered to provide for continuity and experienced leadership. The chairperson and other offices shall be nominated by the Committee from among its members and approved by the Council of Finance & Administration.

Responsibilities of the Investment Committee:

1. To define and develop investment goals, and other operational guidelines.
2. To recommend to the Council of Finance & Administration the selection and discharge of the Investment Managers.
3. To monitor and evaluate the performance results and risk posture of the Investment Manager(s).
4. To provide semi-annually to the Council of Finance & Administration a written account of the investment results, accounting summary and any significant developments.
5. To provide annually to the Council of Finance & Administration a written annual evaluation of the Investment Managers.
6. To require all portfolios will be managed with the aim of maximizing funds available for mission in a manner consistent with the preservation of capital, the Policies Relative to Socially Responsible Investments and the Social Principles of The United Methodist Church.
7. To establish effective communication procedures between the Committee, Council of Finance & Administration, the staff and the outside service providers.
8. To monitor and control investment expenses.
9. To delegate the execution and administration of certain Committee responsibilities as appropriate to the Conference Treasurer who serves as its staff.

10. To carry out any other duties required for the legal operations of the investments, including but not limited to hiring outside vendors to perform various services.
11. To report to the Council of Finance & Administration any significant deviations from this policy for prior approval before they are implemented.

**D. Investment Managers**

To achieve its investment objectives and to ensure alignment with United Methodist Policies Relative to Socially Responsible Investments and Social Principles, the Investment Managers of Conference Funds, shall be The United Methodist Foundation of Michigan and Wespath Benefits and Investments.

**E. Investment Performance Benchmarks**

The investment performance of total portfolios and asset class components will be measured against the published benchmark for the respective investment funds, as well as, against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives and guidelines as set forth in this IP. The standard of care when making decisions is the Prudent Expert Standard, defined as:

“...the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.”

**F. Responsibilities of Investment Managers**

The Investment Managers shall provide the Investment Committee quarterly or as necessary the following written reports:

1. the portfolio’s complete holdings;
2. a review of the investment performance measured against the respective benchmarks;
3. a commentary on investment results in light of the current investment environment on the goals and guidelines;
4. a review of the key investment decisions and the rationale for these decisions;
5. a discussion of the manager’s outlook and what specific decisions this outlook may indicate;
6. any recommendations as to changes in goals and guidelines in light of material and sustained changes in the capital market; and any significant change in the manager’s investment outlook, ownership or key employees.

**G. Socially Responsible Investment Guidelines**

As an Annual Conference of The United Methodist Church we are committed to implementation of the socially responsible investment policies in *2016 Book of Discipline of The United Methodist Church (717)*. (We encourage all of our congregations to be socially responsible investors.)

“Sustainable and Socially Responsible Investments-In the investment of money, it shall be the policy of The United Methodist Church that all general boards and agencies, including Wespath Benefits and Investments, and all administrative agencies and institutions, including hospitals, homes, educational institutions, annual conferences, foundations, and local churches, make a conscious effort to invest in institutions, companies, corporations, or funds with policies and practices that are socially responsible, consistent with the goals outlined in the Social Principles. All United Methodist institutions shall endeavor to seek investments in institutions, companies, corporations, or funds that promote racial and gender justice, protect human rights, prevent the use of sweatshop or forced labor, avoid human suffering, and preserve the natural world, including mitigating the effects of climate change. In addition, United Methodist institutions shall endeavor to avoid investments in companies engaged in cored business activities that are not aligned with the Social Principles through their direct or indirect involvement with the production of anti-personnel weapons and armaments (both

nuclear and conventional weapons), alcoholic beverages or tobacco; or that are involved in privately operated correctional facilities, gambling, pornography or other forms of exploitative adult entertainment. The boards and agencies are to give careful consideration to environmental, social, and governance factors when making investment decisions and actively exercise their responsibility as owners of the companies in which they invest. This includes engaging with companies to create positive change and hold them accountable for their actions, while also considering exclusion if companies fail to act responsibly.”

#### **H. Target Asset Allocations and Rebalancing Guidelines**

The purpose of allocating among asset classes is to ensure the proper level of diversification and risk for each portfolio. The primary considerations in the asset allocation decision process are:

1. maintaining inflation-adjusted purchasing power;
2. growing the corpus of the funds to meet future obligations;
3. achieving a minimum return in excess of inflation but with minimal annual fluctuations in the corpus; and,
4. maintaining the longevity of the assets and their distributions while taking into consideration that there may be no additional contributions.

#### **I. General Investment Policies**

1. Not less than 30% nor more than 70% of the market value of the assets of the fund shall be in equity securities, unless otherwise determined by the Investment Committee.
2. Not more than 20% of the market value of the assets of the fund shall be in cash or cash equivalents, unless otherwise determined by the Investment Committee.
3. No more than 10% of the market value of the assets are in the securities of any one issuer, except for securities of the U.S. Government or its agencies.
4. No more than 20% of the market value of the equity assets are in the equity issues of companies in any one industry.
5. Periodically market conditions may cause the portfolio’s investments in various equities (mutual funds) to temporarily vary from the established industry allocation policy.
6. Fixed-Income securities may be held only if such securities are issued by the U.S. Treasury or any agency of the U.S. Government, or are corporate bonds rated in one of the top two letter classifications by Moody’s or Standard and Poor’s. Convertible securities will be considered as equity securities.
7. Short-term securities may be held only if such securities are issued by the U.S. Treasury or an agency of the U.S. Government; are commercial paper rated P-1 by Moody’s, A-1 by Standard and Poor’s or F-1 by Fitch’s; or are certificates of deposit of U.S. banks which have or whose holding companies have a Standard and Poor’s rating of A+ or better.
8. No direct investments shall be made in foreign currency denominated securities, including American Depository Receipts except as follows: Investments may be made in common stocks, bonds and American Depository Receipts of those foreign securities listed on the New York, American or NASDAQ exchanges. Investments in a foreign securities pooled fund operated by a U.S. is also permitted provided that all transactions are in dollars.
9. Investments shall not be made in commodities, real estate (except Real Estate Investment Trusts [REITS]), commodity contracts, financial futures, oil, gas mineral leases, mineral rights or royalty contracts.
10. Margin transactions, short sales, options, put, calls, straddles, and/or spreads shall not be used.
11. Investments shall not be made in the securities of an issuer which, together with any predecessor, has been in operation for less than three years.
12. Investments shall not be made in securities for which market quotations are not readily available.

13. Investments shall not be made in securities for the purpose of exercising control or management.
14. Private placements of debt or equity will not be purchased.
15. Investments shall not knowingly be made in securities of companies which have significant interest in the following activities: alcoholic beverages, tobacco, or gambling.
16. Investments shall not knowingly be made in voting securities of companies which derive more than 15% of revenue from military contracts including both domestic and foreign customers. In the case of nonvoting securities, the limit shall be 5% of revenue.
17. Investments shall not knowingly be made in companies which derive more than 3% of revenue from nuclear weapons contracts.
18. Investments shall not be made if such investments will result in income which would require the filing of federal, state or local tax returns.

**J. Amendments and Revisions**

Amendments or changes to this IP may be made by the Council of Finance & Administration and incorporated directly into the policy as a revision and restatement or acknowledged and noted in an addendum until such time as the IP is revised and restated.

**K. Investment of Other Conference Funds**

The Conference Board of Pensions and Health Benefits and the Board of Trustees are given separate authority and responsibility in *2016 Book of Discipline of The United Methodist Church* for the management and investment of funds under their control. In carrying out their investment responsibilities, they may, if they determine, engage the services of the Investment Managers under this Policy to manage their funds, provided such funds shall be maintained in separate accounts. They shall also acknowledge that the responsibilities of the Investment Committee and Investment Managers and other investment guidelines as outlined in the Policy shall apply to their separate funds.

## **Section V – Miscellaneous Policies**

**A. Conference-Wide Appeal for Funds**

No proposal for apportionments or conference-wide appeals for funds shall be recognized from the conference floor until it has first been submitted to the Council on Finance and Administration prior to completion by the Council of its annual budget recommendation to the conference [See ¶614.5 a-c of *The 2016 Book of Discipline*.]

**B. World Service Apportionment**

1. Special attention should be given to the *2016 Book of Discipline* which reads in part: “The World Service Fund is basic in the financial program of The United Methodist Church. World Service on apportionment represents the minimum needs of the general agencies of the church. Payment in full of these apportionments by local churches and annual conferences is the first benevolent responsibility of the church.” (¶812 of *The 2016 Book of Discipline*).
2. Likewise, attention is called to ¶820.5 which reads: “Churches and individuals shall give priority to the support of the World Service and conference benevolences and other apportioned funds.”

**C. General Church Apportionments**

Recognizing the importance of ministries supported by the General Church apportionments, the Michigan Conference shall make every effort to support all apportioned items at 100%. If the level of receipts in any year is insufficient to do so, the CFA shall use general reserve funds to achieve the 100% goal, at the discretion of the Council of Finance & Administration. The Episcopal Fund shall be paid at 100%.

The Michigan Conference will continue to make monthly remittance on General Church

Apportionments and challenges its churches to do the same. Interpretive, educational and motivational assistance will be given to local church leaders in an effort to improve understanding of and support for all Ministry Shares.

**D. Presentation of Proposed Budgets**

The budgets of all conference boards, commissions, committees, institutions and agencies seeking support from the conference or from churches, groups or individual members of the churches of the conference, shall present their proposed budget for the ensuing year to the Council on Finance and Administration for recommendation to and approval by the annual conference. Conference program budgets will be processed by the Conference Leadership Council.

The following limitations shall apply only to those conference boards, commissions, committees, institutions, and agencies which receive their total budget support from the conference through Ministry Shares, fees, or gifts.

1. No annual conference agency expense of the budget under Connectional Ministry and Administration shall exceed the annual amount budgeted except as authorized by the conference Council on Finance and Administration.
2. Gifts and Bequests
  - a. No board, agency or commission may accept gifts or bequests that will obligate that board, agency or commission beyond its present budget.
  - b. If the receipt of such gifts or bequests could obligate the annual conference in the future, it cannot be received or accepted until it has been approved by the board, agency or commission, the Council on Finance and Administration, and the Annual Conference.
  - c. If the acceptance of such a gift or bequest must be determined prior to a session of the annual conference, approval may be given by a two-thirds vote each of the Board of Trustees and the Council on Finance and Administration voting separately.
3. Within the budget approved by the Annual Conference, the various conference boards, commissions, committees, institutions and agencies are individually given the task of distributing this in ways consistent with their assigned responsibilities.
4. No funds shall be shifted between budget areas of administration, program, and projects without the approval of the Council of Finance & Administration.
5. No program should be initiated or continued unless there is a reasonable assurance of adequate funds on a continuing basis to allow the program to be successful.

**E. Auditing Requirements**

All agencies receiving financial support from conference benevolences, or from any other authorized conference-wide appeal, shall make audited reports (as defined in the *2016 Book of Discipline*) to the Council on Finance and Administration concerning all such receipts and the disbursement thereof in such detail and at such times as the Council may direct. Furthermore, the books of the Conference Treasurer shall be audited annually as defined in the *2016 Book of Discipline of The United Methodist Church*.

**F. Bonding of Treasurers**

The conference contracts for fidelity bonds covering financial personnel of the conference agencies located in the conference headquarters and the conference treasurer as required by the *2016 Book of Discipline of The United Methodist Church*. In addition, a fidelity bond is provided for each conference trustee and for related staff up to \$1,000,000 by the General Council on Finance and Administration through the General Church Insurance Program.

**G. Control System**

The Council on Finance and Administration shall have a system of control in the disbursement of funds apportioned for conference staff, boards and agencies to ensure that they remain within their allocated budget. During the first six months of the fiscal year, the conference treasurer's

office will honor vouchers presented for expenditures up to 70% of the amount approved by the annual conference for that board or agency. For the remainder of the year, spending by a board or agency may not exceed that board or agency's prorated amount of Ministry Shares receipts to date not yet expended, with the exception of salaries and like expenses. Exceptions will be made only with the approval of the appropriate supervising council, or its executive committee (Conference Leadership Council, or the Council on Finance and Administration) as documented in its minutes.

There shall be no carrying forward of budgeted funds from Ministry Shares receipts from one year to the next by any agency or board of the conference without approval of the Council on Finance and Administration. The following exceptions have been approved:

1. A fund of up to \$10,000 may be accumulated for transitional activities at the time of a change of bishop, administered by the Episcopacy Committee.
2. A fund of up to \$25,000 may be accumulated for maintenance of conference owned properties, administered by the Board of Trustees.
3. A fund of up to \$25,000 may be accumulated for counseling needs, administered by the Conference Treasurer at the direction of the Episcopal Office, for victims of clergy sexual misconduct.
4. A fund of up to \$14,000 may be accumulated for district office equipment, to be administered by the Cabinet, and \$7,500 for equipment for the Conference Treasurer's office.

#### **H. Housing/Furnishing Allowance**

An amount of the salaries of the District Superintendents, Director of Connectional Mission and Ministries, Director of Conference Benefits and Human Resources Services, Director of Administrative Services and Conference Treasurer, Director of Communications, Director of Clergy Excellence, Director of Congregational Vibrancy, Associate Directors, assistant to the bishop and director of the United Methodist Foundation (if listed under the appointments) may be designated by that person and approved by CFA as a fair housing/furnishing allowance for Internal Revenue Service Section 107 purposes.

#### **I. Conflict of Interest**

Michigan Conference officials, employees and/or members of the various boards and commissions of the conference shall not, during their time of service, receive any compensation or have any financial interest in any contract or in any firm or corporation which provides goods or services (excluding publicly held companies where the official employee or member owns less than 1 percent of the voting stock thereof) or in any contract for the supply of goods or services or the procurement of furnishings or equipment, interest in any construction project of the conference, site procurement by the conference, or any other business whatsoever unless approved in writing in advance by the official's or employee's immediate supervisor and/or the board or commission upon which the member participates after full disclosure of the conflict including the amount of compensation and/or benefit the official, employee, or member will receive.

The term "official" "employee" or "member of the board or commission" shall include the official's, employee's or member's immediate family. Immediate family shall be defined as any person residing with the official, employee or member and their mother, father, and/or sons or daughters.

#### **J. Depositories**

Depositories for the funds of Central Treasury shall be determined by the Council of Finance & Administration upon recommendation by the Conference.

#### **K. Interest Earnings**

All interest earned on General Funds carried in Central Treasury shall be accumulated in a General Funds Interest Account. (This does not include funds in Central Treasury which are being

held for specific purposes and have been designated as Interest Earning Funds by the Council.) At the end of each fiscal year, this General Interest Account shall be transferred and accumulated in the Conference Contingency Fund to be administered by the Council of Finance & Administration.

**L. Policy on Electronic Mail and Internet Usage**

Conference employees are provided with e-mail and Internet access for the purpose of furthering the business of the Michigan Conference. All computing equipment provided to employees for their use remains the property of the Michigan Conference and use thereof is subject at any time to monitoring by management without notice.

Use of conference e-mail accounts is limited to business purposes. As such, they may not be used to solicit participation in any non-conference-sponsored activities. Employees who engage in personal use of conference e-mail do so at their own risk and expense. The Michigan Conference will neither assume nor share any responsibility for any harassment, defamation, copyright violation, or other violations of civil or criminal law that may occur as a result of personal and/or inappropriate e-mail use. Responsibility for such incidents shall rest solely with the person who engages in such activities. Employees are prohibited from accessing other employees' files without the express consent of appropriate management personnel. Employees are also prohibited from using conference computer equipment and e-mail accounts to forward chain letters, jokes, or "spam."

Employees are reminded that e-mail communications should be drafted with the same thought and concern that would be devoted to other types of written communications, such as letters or memoranda.

The conference reserves the right at any time and without notice to access and disclose all messages, sent from and received by conference e-mail accounts.

Employee access to the Internet on conference-owned computer equipment is strictly limited to business purposes. Employees are expressly prohibited from accessing any illegal websites. Accessing websites with racist, pornographic, defamatory, sexist, or otherwise offensive content is strictly prohibited. Employees who download copyrighted material in violation of the Copyright Act of 1976, 17 U.S.C. §101, *et seq.*, are reminded that they are subject to federal criminal prosecution. The Michigan Conference will not assume any responsibility for any civil or criminal prosecutions of employees in connection with improper Internet activity, nor will the Michigan Conference bear any portion of any legal fees employees may incur in connection with such improper activity.

The use of chat rooms with conference-owned computer equipment is strictly prohibited.

Conference employees are urged to exercise caution in opening e-mail attachments from unknown persons due to the risk of computer worms and viruses. Any conference employees who knowingly allow conference computer equipment to become infected by a virus or worm shall be subject to disciplinary action, up to and including immediate termination. Such employees may also be held legally and financially liable for these actions. The Michigan Conference reserves the right to commence civil litigation or to press criminal charges in such circumstances.

Violation of any conference rule regarding e-mail and Internet usage may result in disciplinary action, up to and including immediate discharge from employment.

The annual conference recommends:

### Special Offerings

- A. The support of general and conference Advance Specials as particularly approved by the annual conference (see *EngageMI*).
- B. The special days designated in the *Discipline* and by the Michigan Conference with offerings for:

	<b>2022</b>	<b>2023</b>
1. Human Relations Day	January 16	January 15
2. UMCOR Sunday	March 27	March 19
3. Native American Sunday	May 1	April 23
4. Golden Cross Sunday	May 15	May 14
5. Peace with Justice Sunday	June 12	June 4
6. Christian Education Sunday	August 21	August 20
7. Rural Life Sunday	September 11	September 10
8. World Communion Sunday	October 2	October 1
9. Disability Awareness Sunday	October 16	October 15
10. United Methodist Student Sunday	November 27	November 26

### Calendar

The following dates are established:

- A. January 7, 2023** Last day for submitting payments to the conference treasurer for credit on the previous conference fiscal year.
- B. January 20, 2023** Deadline for all boards, commissions, committees, and agencies to submit their budget requests for the ensuing conference fiscal year to the Council on Finance and Administration.
- C. January 31, 2023** Last day for receiving pastor's annual report by the conference statistician and treasurer.