

## Bridge of Hope (BOH) Talking Points

*Disclaimer: The following summary is compiled from various reports, discussions, my own memory and notes over the past few weeks. It is a recap to provide information and facilitate discussion but is not an exhaustive report and may not accurately reflect the intent of BOH.*

Original BOH need by 1/1/2022:	\$115M
Amount received from all sources so far:	\$53M (rounded)
Balance needed	\$62M

Income to meet the \$115M was projected to come from four sources: sale of historic assets, BOH tithes and bequests, sale of program property and World Wide Mission Tithes over and above mission budget. Program Property is defined as property originally bought to support the mission of the church through various programs. This includes most congregational buildings and campgrounds.

Actual income has lagged expectations in all four categories and the Presiding Bishopric believes the current plan will not result in funding our retirement obligations. The PB has thus decided to extend the BOH plan to 1/1/2024, which increases our need from \$115M to \$120M due to loss of two years of interest. The balance needing to be raised by 1/1/24 therefore goes to \$67M.

The balance of \$67M assumes the worst case scenario; that is, no increase in tithing and no sale of historic assets or program properties for 4+ years. In order to guarantee we have sufficient funds on hand as of 1/1/24, the AIP funds will be managed to assure we have funds as of that date. This will require that 65% of the AIP funds be put into reserve for the retirement liability. The exact plan will be developed over the remainder of 2019 with consultation among the PB, Council of Twelve, Field Support Ministers and mission center leaders. The plan will include discussions regarding sale of program properties. (FYI, about two thirds of WOMC congregations have funds in AIP accounts.)

No congregation or campground property will be offered for sale without the knowledge of those having an interest in the property. Sales will likely come from properties which are currently a burden on a jurisdiction; e.g., a campground which is greatly underutilized and which brings in little income or a church building that is draining the assets of a congregation. (I have already been approached by a couple of congregations in this category, indicating the congregation can only afford to remain open with a building for a few more years.) Use of net proceeds from program property sales will also be subject to discussion.

The exact procedures to set aside 65% of AIP funds is still to be worked out, but here is one example. If your congregation has an account with \$30,000 invested (which is about our average) you would have to maintain a \$19,500 minimum balance. That is, you could spend no more than \$10,500, plus income, from the account. You would still receive all interest/gain on the entire \$30K. Congregations that have been observing the guidelines of taking no more than 4% of the principal per year should see no change in their available funds. Congregations planning special projects (roof, etc.) would work with MC and FSM to plan for this.

If your AIP is a legacy account (defined as a will or legally documented gift that designates specific uses for the funds) that will receive separate consideration. I think we have only one of those in the MC.

It's possible we could have a MC wide minimum balance. For example, if we had a total of \$1M in the MC accounts, our minimum balance would be \$650K. \$500K of that could come from the WOMC AIP, leaving the congregations with \$150K for their share. Again, I'm only speculating here.

It's widely anticipated that we will not need to use the entire 65% to fund the plan. As mentioned above, that's only if we sell no properties and no one increases their tithing. The PB strategy includes generating new sources of tithing and income and they expect to decrease the minimum balance each year as income from other sources is received. But for now we will plan for the worst case so our retirees will have confidence their retirement will be funded. And, some who have not yet retired are being offered lump sum amounts, which if accepted will decrease the long term liability of the plan.

It's important to note that any funds from the AIP account will not be taken, but borrowed at zero interest. Repayment will come from bequests and legacies which will be received after 1/1/24. There would be a loss of interest to the AIP, but not principal.

And, finally, a word about our retirees. We know many of them. Anyone who was employed by the church before January 1, 2016, is in this category. This includes all of our MC Presidents before me and all of our MCFOs before Gary. Some of them have not started drawing retirement yet.