INUMC Preliminary Disaffiliation Q&A

In the event a local United Methodist church is considering disaffiliation there are a number of things that need to be taken into consideration.

**On what grounds can a local church disaffiliate?**

The United Methodist Church Book of Discipline was amended, effective as of the close of the 2019 General Conference, Chapter Six, Church Property, by adding a new Section VIII. Disaffiliation of Local Churches Over Issues Related to Human Sexuality, adding a new ¶2553.

"Because of the current deep conflict within The United Methodist Church around issues of human sexuality, a local church shall have a limited right, under the provisions of this paragraph, to disaffiliate from the denomination for reasons of conscience regarding a change in the requirements and provisions of the Book of Discipline related to the practice of homosexuality or the ordination or marriage of self-avowed practicing homosexuals as resolved and adopted by the 2019 General Conference, or the actions or inactions of its annual conference related to these issues which follow." ¶2553.1

*This is the only reason for which a local church may disaffiliate.*

**What are the costs?**

- Any and all costs associated with the disaffiliation, including legal fees incurred by either party.

- Any unpaid apportionments / tithes for the twelve months immediately prior to the disaffiliation date.

- An additional twelve months of apportionments / tithes from the disaffiliation date, calculated utilizing the local church’s prior years tithable income.

- A *pro rata* share of the Indiana Conference unfunded pension obligations. In order to *estimate* a local church’s share of the unfunded pension obligations, multiply the local church’s total annual appointed clergy compensation (Salary + Housing) by two.*

- A *pro rata* share of the Indiana Conference Retiree Health Insurance Subsidy obligations. In order to *estimate* a local church’s share of the Retiree Health Insurance Subsidy obligations, multiply the local church’s tithable income by 0.08 (8%)**

*This calculation is provided simply to allow for an estimation of cost. The Unfunded Pension Obligation calculation will be utilized to provide local congregations with exact numbers on a case by case basis. For more information, please see “Unfunded Pension Obligation Rational & Calculation”.

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Monday, December 9, 2019
• Clergy compensation through June 30th of the year the Annual Conference will vote on the local church’s disaffiliation.

• Any outstanding pension and health insurance balances from the prior year.

• Reimbursement of grants / salary subsidy issued by the Indiana Conference for the prior twelve months.

• Any unpaid loans or other obligations to other United Methodist entities.

Are there other consequences to disaffiliation that should be considered?

• As of the disaffiliation date, a local church shall cease to been included in the UMC group federal tax exemption ruling. A disaffiliated local church will need to apply for a separate 501(c)(3) Tax-Exempt status.

• A local church shall either satisfy all of its debts, loans, and liabilities, or assign or transfer such obligations to its new entity, releasing Local Church and Annual Conference from any liability related to such debts, loans and liabilities.

• A local church shall cease all use of “United Methodist,” the Cross & Flame insignia, and any other intellectual property associated with the UMC or Annual Conference. ¶2553.1

• A local church enrolled in the voluntary Church Mutual Conference-Wide Property and Casualty Insurance Program will, at the policy renewal date, no longer be eligible to receive the benefits associated with the program.

Why would a local church consider disaffiliation?

The cost and obligations contained within the disaffiliation document, once fulfilled, allow a local church to retain its real and personal, tangible and intangible property.

Is there a time limit to disaffiliation?

A local church must comply with all of its obligations regarding disaffiliation ten business days before the beginning of the meeting of Annual Conference; the disaffiliation must be completed by Annual Conference 2023. ¶2553.2

When does disaffiliation become effective?

July 1st in the year following the Annual Conference approval of the local church’s disaffiliation.
What about the Judicial Council and the voting irregularities from GC2019? How do those affect this provision and possible disaffiliation?

The Judicial Council ruled that ¶2553 went into effect as of the close of GC2019, therefore the Conference Trustees, Committee on Finance and Administration, Committee on Pensions and Benefits, and Cabinet have provided this process and a Disaffiliation Agreement as required within this provision of the Book of Discipline. The Judicial Council has not yet ruled on whether the voting irregularities will invalidate this provision, but remanded it for further briefing. Churches choosing to proceed should keep that in mind.

How does a Local Church begin the process?

**Step 1.** In order for a church to initiate the disaffiliation process it must be approved by the local church council or equivalent governance structure by a simple majority. A record of the vote should list who was present and a tally of the vote.

**Step 2.** Once Step 1 is complete, the local church should contact their Conference Superintendent to initiate the process. The Conference Superintendent can also provide guidance on Step 1, if desired.