



THE AFRICAN METHODIST EPISCOPAL ZION CHURCH

ZION BENEFITS SERVICES, INC.

**Annual Report
To the**

**CONNECTIONAL TRUSTEES BOARD
&
CONNECTIONAL COUNCIL**

Held

July 18-21, 2017

Knoxville Marriott Hotel

Knoxville, TN

Hosted by

Midwest Episcopal District

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The Right Reverend Seth O. Lartey, Chairman – Board of Connectional Trustees

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ZION BENEFITS SERVICES, INC.

Dr. David A. Aiken, Sr., Executive Director

Annual Report
to
Connectional Trustees Board
&
Connectional Council

EXECUTIVE SUMMARY

On behalf of the Connectional Trustees/Zion Benefits Services Board I greet you in the, grace, mercy and peace of our Lord and Savior, Jesus the Christ.

With authorization of the aforementioned board, this report is given by the undersigned to inform this audience about the overall financial condition and operating effectiveness of the various ministries that are managed and administered by the Zion Benefits Services (ZBS) department. Ministries include Risk Management Solutions for the denomination and benevolent assistance programs for Zion's pastors and widows of deceased pastors. The report will also highlight areas where opportunities for improvement exist.

I. The Financial Condition

- a) The appended Audited Financial Statements for the fiscal year ending 12/31/2016, prepared by the firm of CAMS Ministries – John W. Spann, Jr., CPA, will demonstrate ZBS is maintaining a healthy Financial Position and profitable Operating Activities. In summary, ZBS Assets exceeded Liabilities by \$336,602 and Revenue exceeded Expenses by \$204,509.

II. The Varick Insurance Program

- a) The Varick Insurance Program continues to offer the best risk management and pricing options for our churches. Yet with only twenty-eight (28) percent of our churches participating in the denomination's program, clearly there's significant opportunity for growth.
- b) Because we are seeing too many instances where churches are either uninsured or under insured, ZBS will be contacting and working with presiding elders to identify and address this risky dilemma. No church should be without adequate property and/or liability insurance coverage.
- c) Our broker, Gallagher Insurance Co. has agreed to provide appraisals for every church in the Varick Insurance program at a cost of \$200.00 per location. This will be done in stages for selected regions, starting in October 2017.
- d) Claims activity during the past year has not been as favorable as the prior three (3) years. During the year 2016, Hurricane Matthew struck sixteen (16) of the churches in our program, causing \$392,727 in claims payments being made. Additionally, a major fire that caused damage to church-owned property (apartment building) in California resulted in a claim expense of approximately \$545,648. Beyond these two extraordinary events, thirty-two (32) other claims were processed at a cost of \$209,251. Brokers and carriers are providing everything asked of them to process most claims in a timely manner.

III. The Ministerial Relief Ministry

- a) During the year 2016, nineteen (19) spouses were added to the list of benefit recipients and fifteen (15) were deleted, which resulted in a year-end total of three hundred (300) individuals receiving assistance in this ministry.

IV. The Pastors' Life Insurance Ministry

- a) Presently, twelve hundred & seventy-one (1,271) pastors (active & retired) are insured under the denomination's Group Life Insurance policy that is carried by the Unum Insurance Company of America. During the year 2016 twenty (20) death claims were paid that total \$148,000. Synopsis of claims paid reveals the following distribution:

- 9 or 45% Under age 70 @ \$10,000.00 each
- 2 or 10% Between ages 70-75 @ \$6,500.00 each
- 9 or 45% Over 75 @ \$5,000.00 each

- b) While records indicate that the number of pastors that are eligible for enrollment in the Group Life Insurance program have completed the required Census Data & Beneficiary Designation Form, vigilant efforts care is required to ensure that all who are eligible are duly enrolled.

V. The Pastors' Retirement Assistance Ministry

- a) At year-end 2016, there were 111 retired pastors receiving a retirement subsidy from the denomination's budget, which average \$214.00 per retiree per month. Because of increases in the number of retirees applying for benefits and operating expenditures, the department requested and was granted an additional \$40,000 from the CBB in December 2016.
- b) Because of operational costs associated with the 401(k) that had been established to facilitate a method by which pastors and congregations could make contributions to a pastor's retirement savings, this plan was terminated effective January 1, 2017. Accounts for the eleven individuals enrolled in that plan are being directed to convert to a 403(b)(9) plan that is specifically designed for churches, and far less costly and stringent to operate, while offering better tax relief options than does a 401(k) plan.
- c) Complying with the 50th Quadrennial Session of the General Conference directive that a draft document of the Pastor's Retirement Benefit be brought to the 2017 Connectional Council for discussion and voting, the Connectional Budget and Zion Benefits Services have developed a Retirement Plan document that will be presented to this body subsequent to this report.

Finally, heartfelt expressions of gratitude are extended to the ZBS staff and each of you for the prayers, support and encouragement that you provide. Rest assured that Zion's Benefits Services department is in good hands and on a path to excellence. Therefore, let us all pray without ceasing and hold fast in the belief that with God's everlasting guidance and our faithful stewardship, far greater works will be performed, as I remain

His Servant,

