

## Options For Handling The Cost of Disaffiliation

The Way Forward Committee has discussed the cost of disaffiliation from the United Methodist Church many times over the last seven months. Below is the latest draft of the estimated cost to disaffiliate as of August 10, 2023. Since the Council on Stewards will be voting on September 5, 2023, whether to enter discernment regarding the future of Pendleton United Methodist Church, the committee thought it would be timely to provide an updated estimate and some information on possible options that will be available to the church concerning how PUMC might handle the financial cost.

Currently PUMC has a debt/loan of \$214,984 at the Peoples Bank for remodeling of the old church building which will be owed no matter what the vote on disaffiliation turns out to be. This article discusses a few of the options to allow PUMC to handle the estimated additional cost of \$263,088 to disaffiliate from the United Methodist Church. Although there are many options, three of the options are outlined below. In the coming weeks more information will be provided on how PUMC can move forward either as an independent church or under a different Methodist Church umbrella should the church vote to disaffiliate.

Option 1: Add the cost of \$263,088 for disaffiliation to the current loan amount of \$214,984 and obtain a new loan for \$478,072. PUMC would initiate a new campaign to handle this debt and pay off the loan. If PUMC remains an independent church, there will be a saving in apportionments of \$36,527 each year because the church will not have to pay this amount to the United Methodist Church. This could help offset the cost of the new loan amount over a period of years.

Option 2: Add the cost of \$263,088 for disaffiliation to the current loan amount of \$214,984 and obtain a new loan for \$478,072. PUMC would initiate a new campaign to handle this debt and pay off the loan. If PUMC joins the Global Methodist Church, it is projected that the apportionments will be 75% less than the current apportionments under the United Methodist Church. There will be a saving in apportionments of \$27,395 each year because the church will not have to pay this amount to the United Methodist Church. This could help offset the cost of the new loan amount over a period of years.

Option 3: With any option, PUMC could consider selling the current parsonage. The appraised value of the current parsonage is \$340,000. If PUMC elects to sell the parsonage for this amount, the proceeds could be used to offset some of the outstanding loan amounts. Using the \$478,072 as the loan amount and subtracting the \$340,000 would leave a balance of \$138,072 which is less than the current loan of \$214,984. This does not take into consideration, insurance and maintenance cost of the current parsonage which would be additional savings each year. If the parsonage is sold, PUMC could offer any future minister a housing allowance which is estimated to be in a range of \$15,000 to 20,000 per year. Most new ministers like this arrangement because it allows them to build equity and they are able to choose their home based on the needs of their family. The practice of providing a housing allowance is being used by many United Methodist Churches today.

## Estimated Amount to Disaffiliate from United Methodist Church

As of August 10, 2023

A title equal to 10 percent of the appraised value of all church property and liquid assets.	10% Of Appraised Value Less Loan Amount	Appraised Amount	Loan Amount
<b>Church building, including cemetery</b>	\$ 121,502	\$ 1,430,000	\$
<b>Excess Land</b>	\$ 27,500	\$ 275,000	
<b>Parsonage/Land</b>	\$ 34,000	\$ 340,000	
<b>Liquid Assets</b>	\$ 27,464	\$ 274,635	Liquid Assets as of 8-
<b>Total</b>	\$ 210,465		
<b>All unpaid apportionment giving for the prior year, as well as for the year of Disaffiliation up to the date of the Annual Conference vote.</b>			
<b>2023 Actual Amount</b>		\$ 36,527	2023 Budgeted Amount
<b>An additional 12 months of apportionment giving 2024 estimated Based on 2023 Plus 3%</b>	\$ 37,623		
<b>All unpaid salary and benefits due to clergy appointed to the church.</b>			
<b>Salary, as of 2023:</b>	\$ -	\$ 96,825	Budgeted Annual Amount
<b>Benefits, as of 2023:</b>			Would Stop at Annual Vote in June 2024
<b>A withdrawal liability equal to the church's proportional share of any unfunded pension obligations.</b>			
<b>Pension obligations</b>	\$ 15,000		Very conservative estimate
<b>Other financial considerations and legal liabilities of the local church – such as the disposition of any debts, loans, leases, endowments, foundations and cemeteries – must be satisfied or transferred to a new entity.</b>			
<b>PUMC Outstanding Loan Amount as of 8-10-23. This Amount is Due No Matter If PUMC Disaffiliates or Not</b>		\$ 214,984	
<b>Estimated Amount to Disaffiliate Paid to SC UMC Conference</b>	\$ 263,088		