

Draft Resolution for Congregation to consider at Annual Meeting

We are asking your assistance to help us simplify our operations and implement the budget in a consistent manner.

Many may not realize that we currently enact non-pay related aspects of the budget on January 1, but enact pay related aspects of the budget in February, following the congregational meeting. This creates small complications for creating the budget, however implementation of the budget creates a significant headache. It also inhibits the maximization of retirement contributions.

From a payroll and HR administration perspective it makes things messy and requires paperwork to be completed at the end of each year for the salaries based on the prior year's rates, as well as an adjustment following the congregational meeting for the newly approved rates that will be in effect for the remainder of the year.

By way of an example, the pastor's pension calculation is a particular challenge as the UCC Pension Board has difficulties making these adjustments in an accurate and timely manner. The UCC Pension Board bills one month in advance for employer annuity contributions and requires at least six weeks' notice in advance of any change. In 2023, it took 8 months for the Pension Board to sort out the impact of these changes - and countless hours of our volunteer treasurer's and bookkeeper's time.

We have explored several options, including moving the congregational meeting to November. As an alternative, we are asking the congregation to pass a resolution to allow the entire proposed budget to take effect as of January 1 (pending congregational approval and with the understanding that adjustments will need to be made should the congregation approve a budget with different levels of compensation). This will allow the paperwork to be submitted in a timely manner in accordance with the Pension Board's lead time.

Be it resolved that the congregation specifically authorizes the Governing Board to act in good faith by implementing the proposed annual budget as of January 1 each year, pending approval of the congregation. The enactment of the proposed budget does not constitute de facto acceptance of the budget. Should the congregation approve an alternative budget, the Governing Board will be responsible for making and communicating necessary adjustments.

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Let's say that in year 1, the Employer's contribution is \$100 a month.

And in year 2 the congregation approves a pay package that would increase the employer contribution to \$103 per month.

Because the increase does not take effect until February 1, and because the Pension board requires a six week notice of the change. Several things happen:

- 1) The contribution to the pension is \$3 less than it would be if the contribution takes effect Jan 1.
- 2) The bigger impact is the complexity because of the timing differences.

In Year 1, we receive a bill for the February contribution amount of \$100. March through November is the same.

	Year 1											
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Nov	Dec	
Contribution		100	100	100	100	100	100	100	100	100	100	100
	Feb Bill	Mar bill	Apr Bill	May Bill								Jan Y2 bill
PBUCC bills	100	100	100	100	100	100	100	100	100	100	100	100

In December of Year 1 we receive a bill, also for \$100, for January Year 2. This is o.k. in the current scenario, as the new rate does not take effect until Feb 1.

In January of Year 1, we receive a bill for \$100 for February Year 2. However, the congregation approved contributing \$103 starting in February. That is a \$3 difference.

As the Pension Board requires a 6-week lead time. If the paperwork is submitted shortly after the Congregational Meeting, March's billing will also be for \$100, rather than \$103. And so the actual amount that will need to be in the remaining billings for the Y2 tax year will have to be \$103.75. That is April – Nov, because the December billing is for Y3.

Year 1		Year 2											
Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Nov	Dec	
100	100	100	103	103	103	103	103	103	103	103	103	103	
	Jan Y2 bill	Feb Bill	Mar Bill										
100	100	100	100										
				103	103	103	103	103	103	103	103	Jan Y3bl	
	s/b =>	103	103									103	
	Under billed	3	3										
	Catch up			0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75		
	adj bill			103.75	103.75	103.75	103.75	103.75	103.75	103.75	103.75		

Paperwork will now need to be filed in late October to adjust the billed amount to \$103 for Dec of Y2 (the billed amount for Jan Y3).

If the compensation changes again in next year's budget, the calculations and adjustments will start all over again with the revised numbers. And this is if the Pension Board processes the paperwork accurately and on time.

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The alternative

In year 1 the Employer’s contribution is \$100 a month.

In Year 1, we receive a bill for the February contribution amount of \$100. March through November is the same.

	Year 1										
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Nov	Dec
Contribution		100	100	100	100	100	100	100	100	100	100
	Feb Bill	Mar bill	Apr Bill	May Bill							
PBUCC bills	100	100	100	100	100	100	100	100	100	100	Jan Y2 bill 103

And in year 2 the proposed budget includes an employer contribution of \$103 per month.

The change is effective Jan 1, pending congregational approval.

The Finance team processes the change request with the Pension Board in late Nov (6 weeks ahead of time).

In Dec of Y1 we receive a bill for \$103 (the Y2 amount).

Year 1		Year 2										
Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Nov	Dec
100	100	103	103	103	103	103	103	103	103	103	103	103
100	Jan Y2 bill 103	Feb Bill 103	Mar Bill 103	103	103	103	103	103	103	103	103	Jan Y3bl

In late Nov of Y2, the Finance Team again files paperwork to change the contribution, effective as of Jan 1 (if there is a change).