Benefits Billing for 2027 NIC

Churches and clergy are beginning to budget for 2027, and the cost of health insurance is a common concern. Wespath provided our 2027 rates this spring, including an aggregate 20% increase driven by several factors.

Here's what we learned from Wespath regarding the double-digit increase in premiums:

1. The average increase across Conferences in Healthflex was 15.5%, with some Conferences receiving an increase as high as 23%
2. Catastrophic claims were far higher than expected
3. Significant price inflation across all services
4. Substantial increase in cancer treatment costs

One crucial factor to understand is that we are basically self-insured. There is no big company underwriting our insurance, it is us, in the Conferences through Wespath. We pool certain large claims with other Conferences to help keep our costs down. Wespath looks ahead based on previous years to ensure we are collecting enough to pay the claims.

2024 and 2025 were high claim years driven by significantly high-cost claims.

The premiums that Wespath charged to Conferences this year (2026) are not enough to pay for the now-expected claims they will receive.

<u>Health Insurance (for those eligible)</u>

Clergy Flat Rate*

Based on this information, the NIC Board of Pensions has set the Clergy Flat Rate at $2,000 per month for 2027. This rate will be billed monthly through the Prosper website starting in January 2027.

*Because we are a connectional church, every church with eligible clergy pays the same Clergy Flat Rate, regardless of whether the clergy is single, partnered or with family. These shared payments help offset the overall cost of health insurance and keep individual and family coverage closer to affordable. In addition to the Clergy Flat Rate and participants' plan contributions, the Northern Illinois Conference will contribute approximately $500,000 in 2027 toward health insurance for clergy and their families.

For two-point charges only (50%/50%), the Clergy Flat Rate will be billed to each appointed church at $1,000 each. We no longer will bill the total amount to the "lead church".

For clergy couples who are both appointed to a local church, each church will pay $1,000 per month flat rate.

Waive.Off.- .previously.Pilot.Program

For clergy who decided after June 1, 2025, to waive the health insurance based on the criteria of the current program, the church is still responsible to pay the Clergy Flat Rate of $2,000 per month. No financial assistance is paid to the clergy person. Again, because we are a connectional conference, the cost of the clergy flat rate helps the entire conference regardless of the clergy person in your church is on the program or not.

Clergy in the Pilot Program before June 1, 2025, continue to remain at their current benefit level for 2027.

Premium Deduction of Benefits

Healthcare premium deduction benefits (medical, dental, vision) will increase for 2027. Participants of the program are responsible for the premiums, which are set by the Board of Pension and Health Benefits.

Local churches are responsible for collecting the premiums from participant's payroll and remitting to NIC based on invoiced amount in Prosper. It is the responsibility of the church to collect the premiums from the clergy to submit to the conference. If the church does not pay, the amount will stay on the church's Prosper bill until it is paid in full. It is not the responsibility of the clergy to pay the conference. If these amounts are not submitted to the Conference in a timely manner, the participant will be referred to Wespath for non-payment and possible termination of health insurance. We never want to do this, but please know the Conference cannot subsidize health insurance for non-paying churches and clergy.

<u>Retirement</u>

COMPASS (For 50% and above appointments)

Compass, the clergy retirement program, began in 2026. Per the Compass program, the church is responsible for $150 plus 3% of plan compensation plus a 4% match per month. For.more.details?.please.see.the.Clergy.Compensation.Form¡

If the clergy contributes up to 4% of their own money, this amount is "matched by the church". If the clergy contribution is greater than 4%, the church only matches 4%. If the clergy contribution is less than 4%, the church will still be billed 4%.

NIC will bill each local church via Prosper for the amount due based on the formula. There will no longer be a separate bill from Wespath for the clergy contribution (UMPIP) for those on Compass. The amount billed should be the same as the Clergy Compensation Form submitted during charge conference.

*For those not eligible for Compass, UMPIP will still be billed via Wespath if the church has decided to adopt the plan. This agreement is between the church and Wespath only.

SUMMARY: The church will pay 7% of plan compensation, plus the monthly FLAT FEE.

FLAT FEE:

$150 (100% appt.)

$112.50 (75% appt.)

$75.00 (50% appt.)

If the clergy person is serving in a multi-point charge, the TOTAL amount of the appointment time is used to determine the flat fee. Only 1 flat fee is charged per clergy.

CPP – Comprehensive Protection Plan

There will be no changes to Clergy Protection Plan (CPP) for 2027. NIC will continue to bill 3% of total compensation via Prosper.

Currently eligible for CPP:

- Those Serving 100%: Elders, Provisional Elders, Deacons and Provisional Deacons in a local church appointment, Licensed local pastors, full members of other UM conferences, full members of other denominations.
- Those Serving 75%: Elders, Provisional Elders, Deacons and Provisional Deacons in a local church appointment, full members of other UM conferences, full members of other denominations.
- Those serving 50% and 25% appointments and DS Supply are not eligible.

For laity retirement, local churches will continue to work directly with Wespath.

We invite you to watch for trainings this Fall or contact the Benefits office if you have any questions.