

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

What are the costs?

- Any and all costs associated with the disaffiliation, including legal fees incurred by either party.
- Any unpaid apportionments / tithe for the twelve months immediately prior to the disaffiliation date.
- An additional twelve months of apportionments / tithe.
- 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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- Clergy compensation through June 30th.
- An 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 be included in the 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.
- 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 in 2023.

When does disaffiliation become effective?

July 1st of the year following the Annual Conference approval.