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Suggested Title: Reconciliation and Grace Through Separation and Restructuring

Discipline Paragraph: New ¶ 2556

General Church Budget Implications: Yes

Global Implications: Yes

Add, effective as of the close of the 2020 General Conference, New ¶ 2556 as follows:

## **¶ 2556 –*Reconciliation and Grace Through Separation and Restructuring***

### *1. Background*

a) *Preamble*—After careful reflection, discussion, and prayer, The United Methodist Church and its members acknowledge fundamental differences regarding our understanding and interpretation of Scripture, our theology, and our practice. The February 2019 Special Session of the General Conference did not resolve our differences related to the full participation of LGBTQ persons in the life of the Church. The United Methodist Church is at an impasse, individual members as well as the Church at large have been injured, and the Church's witness and mission are being impeded.

The United Methodist Church has a deep desire to fulfill our long-stated mission to make disciples of Jesus Christ for the transformation of the world. The United Methodist Church is committed to recognizing, respecting, and protecting the rights and personal dignity of every person, including people of all races, sexual orientations, genders, national origins, ages, and social classes.

A group of leaders, comprising various constituencies of the Church, came together in an effort to reach a gracious and dignified resolution of the impasse, and agreed to a Protocol of Reconciliation and Grace Through Separation. They proposed restructuring and separation as the best means to resolve our differences, making provisions for The United Methodist Church to move forward as two or more separate entities, each of which remains true to its theological understanding while recognizing the dignity, equality, integrity, and respect of every person. This proposal was crafted in recognition of the regional contexts and divergent points of view within the global United Methodist Church and as a faithful step that maintains the possibility of continued cooperation around matters of shared mission and interest, enabling each of us to live out our faith authentically.

The General Conference agrees with these principles and enacts this new paragraph to implement the recommendations made in the Protocol. The alternatives to implementing the Protocol in its final negotiated form are likely to result in further conflict, loss of churches and members, and litigation, all of which have occurred in other denominations dealing with similar conflicts.

We envision a new future for the people of The United Methodist Church to avoid further harm to one another, including Lesbian, Gay, Bisexual, Transgender, and Queer United Methodists and their families and friends, as well as further harm to the church universal and to those with whom we strive to share the Gospel of Jesus Christ. We seek to move away from the caustic atmosphere that has often marked conversation in

The United Methodist Church and to move into a new season where we set one another free as we send each other into our respective mission fields to multiply our witness for Christ.

We envision an amicable separation in The United Methodist Church that would provide a pathway to new denominations of the Methodist movement and a restructuring of The United Methodist Church. These new denominations, though separate, will continue the rich heritage of the Methodist movement, while being free to share their respective witnesses for Christ unhindered by those with whom they have been in conflict.

We envision the post-separation United Methodist Church will strive to create a structure of regional conferences to facilitate ministry adaptable to regional contexts, and we further envision that the post-separation United Methodist Church will repeal the Traditional Plan and remove all other restrictive language related to LGBTQ persons. Not all traditional United Methodists may choose to separate from The United Methodist Church and join a New Methodist Denomination. We envision the Post-Separation United Methodist Church will strive to be a place where traditional United Methodists can continue to serve. As any separation occurs, we will release one another through the terms of this Protocol to joyful obedience to Christ's call on our lives.

*b) Authority*—Under ¶ 16 of the Constitution, the General Conference has “full legislative power over all matters distinctively connectional.” The impasse over the nature and condition of the inclusion of LGBTQ persons arises from deep theological disagreements and is impeding the work of the Church. An impasse that has impeded the work of the Church for so long resulting in an agreement to separate qualifies as a distinctively connectional issue.

The General Conference's legislative power extends not only to the subject matters listed in ¶¶ 16.1-15 of the Constitution, but to “such other legislation as may be necessary, subject to the limitations and restrictions of the Constitution of the Church.” (¶ 16.16). This legislative power includes formalizing all ecumenical relationships, and providing for the organization, promotion, and administrative work of the Church outside the United States (¶ 16.4). In addition, the Judicial Council has already held that annual conferences have the right under ¶ 33 of the Constitution to vote to withdraw from The United Methodist Church, but this right is subject to the General Conference's authority under ¶ 16.3 and ¶ 33 to regulate the process and set conditions for an annual conference to separate from The United Methodist Church (Judicial Council Decision 1366). A decision by a central conference or annual conference to separate from The United Methodist Church to form or join a New Methodist Denomination shall include all its local churches unless a local church (or an annual conference within a central conference) affirmatively votes to stay.

When an Annual Conference is remaining in The United Methodist Church, allowing local churches to separate on essentially the same terms and conditions is a distinctly connectional issue, and is consistent with the General Conference's authority to identify the circumstances in which the denomination's beneficial interest in local church property may be relinquished without necessarily requiring a majority vote of the annual conference members (e.g. ¶ 2540, ¶ 2541 and ¶ 2548).

Any certification required in this paragraph is provided for in ¶¶ 45-49 and 403f and is ministerial and administrative only; it does not delegate any power to the Council of Bishops, a College of Bishops, or a resident bishop.

c) *Definitions of terms within ¶ 2556.*

(1) LGBTQ shall mean the community that includes several subsets of persons based on their sexual orientation or gender identity/expression. The letters of the acronym stand for Lesbian, Gay, Bisexual, Transgender, and Queer (a non-binary self-identifier). The term non-binary recognizes that some who identify as queer don't identify with either of the two sexes, male or female.

(2) New Methodist Denomination shall mean any entity that meets the criteria in ¶ 2556.2.

(3) Post-separation United Methodist Church shall mean The United Methodist Church after the formation of a New Methodist Denomination under this ¶ 2556.

(4) Traditionalist Methodist Denomination shall mean a New Methodist Denomination that maintains the current stance of the *Book of Discipline* regarding the definition of marriage and ordination standards related to lesbian, gay, bisexual, transgender, and queer persons.

(5) Affiliated Institution shall mean any institution or entity that is not part of, but is affiliated with (in whole or in part), The United Methodist Church or a jurisdictional conference, annual conference, central conference, or local church through ownership, governance, control, agreement, historical ties, common religious bonds and convictions, or otherwise. This includes but is not limited to, foundations, schools, non-profits, boards, agencies, health and welfare organizations, or other legal entities.

(6) Controlled Entity shall mean an Affiliated Institution that is owned or otherwise legally controlled by a central conference, annual conference (including its districts), or a local church.

(7) A local church shall mean any local United Methodist church, inside or outside the United States.

(8) Separation Date shall mean the separation date in a separation agreement under this ¶ 2556 (or as extended by the parties to that agreement) when a central conference, annual conference, and/or local church ceases to be part of The United Methodist Church and becomes part of a New Methodist Denomination.

d) *Effective Date*—All provisions of ¶ 2556 shall take effect upon the adjournment of General Conference 2020. The provisions of this paragraph shall not be included in any call for any special session of the General Conference to be held prior to the convening of the regular session of the 2024 General Conference.

e) *Effect on Other Provisions*—This new ¶ 2556 supersedes any other provisions of the *Book of Discipline*, not in the Constitution, that might otherwise be applicable to or conflict with the processes addressed in this paragraph, unless they are expressly incorporated by reference. The provisions in this paragraph are intended to be the sole provisions applicable regarding separation from The United Methodist Church in order to form or join a New Methodist Denomination, and regarding the relationship of The United Methodist Church to New Methodist Denominations formed as a result of restructuring that occurs under this ¶ 2556. Other disaffiliation procedures, including

those found in ¶ 2553, shall be superseded by the procedures outlined in this paragraph. Notwithstanding the foregoing, nothing in ¶ 2556 shall affect existing, unrelated provisions in the *Book of Discipline* concerning ecumenical agreements, such as those relating to transfer of clergy to other denominations.

*f) Severability*—If any provision in ¶ 2556 is determined to be invalid or unconstitutional, that decision shall not affect the remainder of the provisions.

*2. New Methodist Denominations*—The United Methodist Church hereby creates a pathway for the development of new denominations of Methodism as set forth below. The United Methodist Church shall continue as the denomination for all central conferences, annual conferences, and local churches that do not choose to separate and form or join a New Methodist Denomination. New Methodist Denominations may be formed by the process set forth in this paragraph, including any Traditionalist Methodist Denomination that maintains the current stance of the *Book of Discipline* regarding the definition of marriage and ordination standards related to lesbian, gay, bisexual, transgender, and queer persons. A motion to separate from The United Methodist Church, in order to align with a New Methodist Denomination, shall specify the new denomination to be aligned with, the proposed Separation Date, and name the persons or body of the annual conference authorized to enter into a Separation Agreement on its behalf.

*a) Conditional Qualification*—The United Methodist Council of Bishops shall conditionally recognize as a New Methodist Denomination, with which local churches and annual conferences may opt (by vote or default) to align, any proposed association of local churches, annual conferences, or central conferences that meets all of the following criteria:

(1) The leadership group forming the new denomination must register their intent to form a New Methodist Denomination with the Secretary of the Council of Bishops by May 15, 2021.

(2) The New Methodist Denomination must propose a distinct legal existence, reflecting its polity, through incorporation of the New Methodist Denomination or incorporation of an administrative entity that is recognized under the applicable laws where it is organized.

(3) The New Methodist Denomination must propose to follow doctrinal standards consistent with the Articles of Religion of The Methodist Church, the Confession of Faith of the Evangelical United Brethren Church, and the General Rules of the Methodist Church, as set out in ¶ 104 of the *Book of Discipline*.

(4) The New Methodist Denomination must propose a definite and distinct ecclesiastical governance structure.

(5) The New Methodist Denomination must have written expressions of intent to align from a minimum of 100 United Methodist local churches, regardless of jurisdiction or geography, inside or outside the United States, that have voted under this paragraph or otherwise declared their intent to end their connectional relationship with The United Methodist Church to form or join together with others to form a New Methodist Denomination. It may also include new local churches formed by members who have left United Methodist local churches.

*b) Access*—Any proposed New Methodist Denomination that has registered its intent with the Secretary of the Council of Bishops (¶ 2556.2a) on or before May 15,

2021 shall be allowed to share information about the proposed New Methodist Denomination with central conference and annual conference members, as well as local church leaders, prior to any vote by such conferences or churches on whether to separate from The United Methodist Church to join a New Methodist Denomination. United Methodist bishops, clergy, and other leaders shall forward pertinent information to central and annual conference members, clergy, and local church leaders, and they shall not hinder representatives of the proposed New Methodist Denominations formed out of this paragraph from meeting with interested parties. Resident Bishops shall be notified of any meetings with interested parties. Meetings that take place on the property of a local church shall abide by the provisions of the *Book of Discipline* regarding use of local church property, including but not limited to ¶ 2533 and the consent of the appointed clergy.

c) *Qualification*—The conditional qualification in ¶ 2556.2a provides recognition for voting. The qualification provided in ¶ 2556.2c is necessary in order to form separation and ecumenical agreements. Upon review of the information required for Conditional Qualification in ¶ 2556.2a, along with any additional documentation demonstrating that the following requirements in ¶ 2556.2c have been met, the United Methodist Council of Bishops shall, if all requirements have been met, certify compliance with the requirements and recognize as a New Methodist Denomination, for all purposes under ¶ 2556, any association of local churches, annual conferences, or central conferences that meets the following criteria:

(1) The New Methodist Denomination must have a distinct legal existence, reflecting its polity, through incorporation of the New Methodist Denomination or incorporation of an administrative entity, that is able to be recognized under the applicable laws where it is organized.

(2) The New Methodist Denomination must follow doctrinal standards consistent with the Articles of Religion of The Methodist Church, the Confession of Faith of the Evangelical United Brethren Church, and the General Rules of the Methodist Church, as set out in ¶ 104 of the *Book of Discipline*.

(3) The New Methodist Denomination must have a definite and distinct ecclesiastical governance structure.

(4) The New Methodist Denomination must have a minimum of 100 United Methodist local churches, regardless of jurisdiction or geography, inside or outside the United States, that have voted under this paragraph to change their connectional relationship with The United Methodist Church to form or join together with others to form a New Methodist Denomination. It may also include new local churches formed by members who have left United Methodist local churches.

(5) An association that satisfies these criteria shall be considered a New Methodist Denomination, and it is the belief of the General Conference that such associations share common religious bonds and convictions with The United Methodist Church.

(6) Whether the New Methodist Denomination or its constituent entities, or both, is able to assume pension liabilities under a separate pension plan administered by the General Board of Pension and Health Benefits (also called Wespath), shall be determined under ¶ 2556.8c. If these entities are not able to assume pension liabilities under the terms of ¶ 2556.8c, the annual conferences and local churches in the United

States aligning with the New Methodist Denomination are subject to the terms of ¶ 2556.8c(4).

(7) References in this paragraph to the rights and obligations of the New Methodist Denomination shall include any constituting entity, including any administrative entity it may create that has the power to make or enforce contracts.

(8) Annual conferences or local churches that separate from The United Methodist Church to form or join a New Methodist Denomination must relinquish all ecumenical relationships with other denominations that were acquired during their affiliation with The United Methodist Church, but may re-establish such relationships following separation through their own dialogues.

3. *Process of alignment outside the United States*—The following shall be the process for churches in the central conferences to separate from The United Methodist Church to align with a New Methodist Denomination.

a) *Central Conferences*—Notwithstanding the terms of ¶ 572 or other provisions of the *Discipline* not in the Constitution, a central conference may by two-thirds vote of those members present and voting at a regular or called session choose to form or join a New Methodist Denomination. The central conference shall consider this decision upon motion from the floor that is supported by one-fifth of its members present and voting or may do so through its normal processes. The central conference may also call a special session for such purpose upon motion from the floor or through its normal processes. If the central conference does not vote to separate by December 31, 2021, it shall by default remain with the post-separation United Methodist Church.

b) *Annual Conferences*—Notwithstanding the terms of ¶ 572 or other provisions of the *Discipline* not in the Constitution, annual conferences that disagree with the decision of their central conference and wish to remain in The United Methodist Church (if the central conference has voted to separate) or to form or join a New Methodist Denomination (if the central conference has opted, by vote or default, to remain in The United Methodist Church), may, by a vote of 57 percent of those lay and clergy members present and voting at a regular or called session, choose, as applicable, to remain in The United Methodist Church or to form or join a New Methodist Denomination. The annual conference shall consider this decision upon motion from the floor that is supported by one-fifth of its lay and clergy members present and voting or may do so through its normal processes. The annual conference may also call a special session for this purpose upon motion from the floor or through its normal processes. If the annual conference does not vote to be in a different denomination from that of its central conference by July 1, 2022, it shall by default continue with the denomination of the central conference.

c) *Lay Equalizing Members*—For the purposes of this decision, all lay equalizing members shall be elected, as required by ¶ 32, except as otherwise provided for in the Constitution. The formula used by the annual conference in the election of lay equalizing members shall be made public prior to the annual conference session at which the decision regarding alignment is made.

d) *Local Churches*—Local churches in the central conferences that disagree with the alignment decision (by vote or default) of their annual conference, may, by a vote of those professing members present and voting at a regular or called church conference, choose, as applicable, to remain in The United Methodist Church, or to separate and

form or join a New Methodist Denomination. The church council or equivalent body of each local church shall determine in advance whether to require a simple majority or two-thirds vote for such a decision. A vote on any such motion shall occur in a church conference held not more than 60 days after the request for such a vote is made by the church council or the pastor to the district superintendent. Notwithstanding other provisions in the *Book of Discipline*, such church conferences shall be held in consultation with the district superintendent, who shall without exercising discretion authorize such church conferences according to the process laid out in ¶ 246. Local churches not taking a vote by December 31, 2024, shall by default remain in the denomination of their annual conference.

e) *Wesley Foundations*—Wesley Foundations or other worshipping communities that are not local churches shall be considered as local churches under this paragraph and may decide their alignment by vote of their governing boards or other normal governing process. Local churches disaffiliating from The United Methodist Church and not joining a New Methodist Denomination shall not be covered by this ¶ 2556.3e and shall use the process established by ¶ 2556.12. The process found in ¶ 2556.12 can be used to the extent it is applicable under local law by local churches outside of the U.S.

f) *Approval*—Notwithstanding other provisions of the *Discipline* that are not in the Constitution, a local church's decision to separate from The United Methodist Church to form or join a New Methodist Denomination formed under this ¶ 2556.3 does not require approval by a vote of the annual conference members, and the annual conference or its leaders shall not hinder churches from taking all steps necessary to effectuate that decision as long as the conditions for separation specified in this ¶ 2556 are fulfilled.

4. *Process of alignment in the United States*—The following shall be the process for churches in the United States to separate from The United Methodist Church to align with a New Methodist Denomination.

a) *Annual Conferences*—An annual conference may, by a vote of 57 percent of the lay and clergy members present and voting at a regular or called session, choose to separate from The United Methodist Church to form or join a New Methodist Denomination. The annual conference shall consider this decision upon motion from the floor that is supported by one-fifth of its lay and clergy members present and voting or may do so through its normal processes. The annual conference may also call a special session for this purpose upon motion from the floor or through its normal processes. If the annual conference does not vote to separate by July 1, 2021, it shall by default remain part of The United Methodist Church.

b) *Lay Equalizing Members*—For the purposes of this decision, all lay equalizing members shall be elected, as required by ¶ 32, except as otherwise provided for in the Constitution. The formula used by the annual conference in the election of lay equalizing members shall be made public prior to the annual conference session at which the decision regarding alignment is made.

c) *Local Churches*—(1) Local churches in the United States that disagree with their annual conference's decision to separate from The United Methodist Church or that wish to make an earlier decision to separate from The United Methodist Church may, by vote of those professing members present and voting at a regular or called church conference, choose, as applicable, to remain in The United Methodist Church or to separate and form or join a New Methodist Denomination. The church council or

equivalent body of each congregation shall determine in advance whether to require a simple majority or two-thirds vote for such a decision. A vote on a motion to opt for a different affiliation from that of the annual conference shall occur in a church conference held not more than 60 days after the request for such a vote is made by the church council or the pastor to the district superintendent. Notwithstanding other provisions in the *Book of Discipline*, such church conferences shall be held in consultation with the district superintendent, who shall without exercising discretion authorize such church conferences according to the process laid out in ¶ 246. Local churches not taking a vote by December 31, 2024, shall by default remain in the denomination of their annual conference. If a church votes to affiliate with a New Methodist Denomination that fails to be certified according to the provisions of ¶ 2556.3c, then the local church will remain part of the post separation United Methodist Church.

(2) Wesley Foundations or other worshipping communities that are not local churches shall be considered as local churches under this paragraph and may decide their alignment by vote of their governing boards or other normal governing process.

(3) Local churches are permitted to take such votes prior to their annual conference's vote at any time following the adjournment of the 2020 General Conference, after appropriate notice (see ¶ 246) to all members.

(4) Local churches disaffiliating from The United Methodist Church and not becoming part of a New Methodist Denomination shall not be covered by this ¶ 2556.4 and shall instead use the process established by ¶ 2556.12.

*d) Approval*—Regardless of other provisions of the *Book of Discipline* that are not in the Constitution, a local church's decision to separate from The United Methodist Church to form or join a New Methodist Denomination formed under this ¶ 2556.4 does not require approval by a vote of the annual conference members, and the annual conference or its leaders shall not hinder churches from taking all steps necessary to effectuate that decision as long as the conditions for separation specified in this ¶ 2556 are fulfilled.

#### 5. *Transitional Operation*

*a)* Central conferences, annual conferences, and local churches that vote to separate from The United Methodist Church in order to form or join a New Methodist Denomination shall continue to function under The United Methodist Church until January 1, 2021, or the Separation Date, whichever is later. Apportionments owed by virtue of their affiliation with The United Methodist Church shall be expected to continue to be paid to The United Methodist Church through December 31, 2020, or the Separation Date, whichever is later. As of January 1, 2021, or the Separation Date, whichever is later, they shall cease to be under the authority of The United Methodist Church, and the New Methodist Denomination shall assume responsibility for any connectional expenses within its denomination.

*b)* Once a New Methodist Denomination has been legally formed (see ¶ 2556.2c(1)), it shall function under the umbrella, authority, and supervision of the leadership group that develops and promotes its vision (¶ 2556.2) until such time as it formally adopts its new governing documents and the effective date therein.

*c)* Any central conference, annual conference, or local church separating or disaffiliating from The United Methodist Church shall have a grace period of six months



following the Separation Date or Disaffiliation Date to remove signage and other uses of the United Methodist name and insignia.

d) The Separation Agreements for a central conference, annual conference, or local church shall provide that the releases and indemnities are effective as of the Separation Date.

e) Any clergy person who is a member of any central conference or annual conference that votes to separate from The United Methodist Church in order to form or join a New Methodist Denomination shall immediately, upon the recordation of the vote, resign any membership on a United Methodist general agency board and shall resign any position as a delegate or alternate to the United Methodist General Conference, unless that clergy person registers their intent to remain part of the post-separation United Methodist Church (§ 2556.6a). Notwithstanding the foregoing and the general terms of §§ 705 and 710.1, such resignation shall not be required of members of the General Board of Pension and Health Benefits (Wespath). Such clergy person shall also immediately resign from any central conference or jurisdictional conference board, if the central conference or jurisdiction remains part of the post-separation United Methodist Church.

f) Any lay person who is a member of any central conference or annual conference that votes to separate from The United Methodist Church in order to form or join a New Methodist Denomination shall immediately, upon the recordation of the vote, resign any membership on a United Methodist general agency board and shall resign any position as a delegate or alternate to the United Methodist General Conference, unless that lay person's membership is maintained in or transferred to a local church that chooses to remain part of the post-separation United Methodist Church (§§ 2556.3d or 2556.4c). Notwithstanding the foregoing and the general terms of §§ 705 and 710.1, such resignation shall not be required of members of the General Board of Pension and Health Benefits (Wespath). Such lay person also shall immediately resign from any central conference or jurisdictional conference board if the central conference or jurisdiction remains part of the post-separation United Methodist Church.

g) Any lay person who is a member of a local church that votes to separate from The United Methodist Church in order to form or join a New Methodist Denomination or to otherwise disaffiliate from The United Methodist Church shall immediately, upon the recordation of the vote, resign any membership on a United Methodist general agency board, central conference board, jurisdictional board, annual conference membership or board, or district board, unless that lay person transfers his or her membership to a local church that chooses to remain part of the post-separation United Methodist Church (§§ 2556.3d or 2556.4c). Notwithstanding the foregoing and the general terms of §§ 705 and 710.1, for lay persons who are members of local churches that separate to form or join a New Methodist Denomination, such resignation shall not be required of members of the General Board of Pension and Health Benefits (Wespath). Such lay person shall also immediately resign any position as a delegate or alternate to the United Methodist General Conference.

6. *Clergy*—Clergy shall by default remain members of their annual conference, unless they choose otherwise. The United Methodist Church will comply with the provisions of the *Book of Discipline* with the understanding that appointments may change during the process of restructuring. Clergy who join a New Methodist

Denomination as a result of a vote of their annual conference, or their own decision, will be subject to the rules and procedures of the New Methodist Denomination.

a) *Clergy Wishing to Remain in The United Methodist Church*—Clergy wishing to remain in The United Methodist Church following a vote by their central conference, annual conference, or local church to separate from The United Methodist Church shall so notify their District Superintendent. This notice must occur prior to the Separation Date of the conference or local church. The Clergy's new appointment shall be made using the appointment process outlined in ¶¶ 425-430 and may need to include the clergy transferring to another annual conference that is in the post-separation United Methodist Church.

b) *Clergy Wishing to Join a New Methodist Denomination*—Clergy wishing to cease their membership in The United Methodist Church to join a New Methodist Denomination shall notify their current district superintendent, their bishop, and the leadership of the New Methodist Denomination they wish to join. Clergy in the United States must make such notification prior to July 1, 2021. Clergy in the central conferences must make such notification prior to July 1, 2022. Clergy in local churches that vote to separate following these deadlines may notify their district superintendent of their desire to join the New Methodist Denomination within 60 days after such vote. Clergy persons shall not be required to withdraw from The United Methodist Church pursuant to ¶ 360.1. The initial transfer can be enacted by transferring to an annual conference, if any, that has joined a New Methodist Denomination or by transfer directly to a New Methodist Denomination. A transfer notation shall be made on the credentials of any clergy person who decides to transfer from The United Methodist Church to join a New Methodist Denomination formed under this paragraph with an effective date of transfer clearly noted on the credentials. Transfer to a New Methodist Denomination shall be effective upon written notice from the credentialing body in the New Methodist Denomination that the clergy person has met the standards for ministry in that denomination and has been received as ordained clergy. After the initial deadlines, clergy may transfer to New Methodist Denominations if provided under an ecumenical agreement and the processes of the New Methodist Denomination they wish to join.

c) *Transitional Appointments*—Clergy may serve in a transitional appointment in a denomination other than the one of which they are a member through the process outlined in the *Discipline* or the procedures adopted by a New Methodist Denomination. During transitional appointments, clergy shall abide by the applicable *Discipline* or other standards and requirements of the denomination to which they are appointed. Local churches shall ensure that clergy compensation shall not be interrupted during this time of transition.

d) *Files*—Upon written request by the clergy person, a copy of all personnel files held by The United Methodist Church or its districts or annual conferences related to that clergy person shall be forwarded to the person or agency in the New Methodist Denomination authorized to receive them. The United Methodist Church shall retain a copy of all personnel files for its records.

e) *Candidates*—It is recommended that candidates who are in process toward licensing, commissioning, or ordination be grandfathered into that point in the process in whichever denomination with which they desire to align, so that they would not have to repeat requirements for licensing or ordination. Boards of ordained ministry shall

promptly forward the paperwork and files of candidates to the proper body in the candidate's new denomination when requested in writing by the candidate.

*f) Bishops*—Active and retired bishops shall remain in The United Methodist Church unless they choose otherwise. A bishop who wishes to separate to join a New Methodist Denomination shall notify the president of the Council of Bishops and the leadership of the New Methodist Denomination with which they desire to align prior to July 1, 2021. Service as an active bishop in a New Methodist Denomination shall depend upon the governing provisions adopted by that denomination.

*7. Financial Issues Related to Entities Separating from The United Methodist Church to Form or Join a New Methodist Denomination.*

*a) Application*—This ¶ 2556.7 applies to those central conferences, annual conferences, and local churches that have chosen, under the provisions in ¶¶ 2556.3 or 2556.4, to separate from The United Methodist Church and form or join a New Methodist Denomination.

*b) Property, Assets, and Liabilities of Annual and Central Conferences that Separate*

(1) *General*—Annual conferences or central conferences that vote to separate from The United Methodist Church under the provisions of ¶ 2556, and thereafter form and/or join a New Methodist Denomination, shall retain all of their property, assets, and liabilities, subject to the procedures in this subparagraph. In addition, all local churches within any such annual or central conference that opt (by default or vote) to remain associated with that conference (as opposed to voting to remain within The United Methodist Church) shall likewise retain all of their assets and liabilities, subject to the procedures in this subparagraph. The assets and liabilities covered include, but are not limited to, those held directly by the relevant central conferences, annual conferences, and local churches, as well as all assets and liabilities held by their districts and any of their Controlled Entities.

(2) *Separation Agreements*—An annual conference or central conference separating from The United Methodist Church under ¶ 2556 must enter into a Separation Agreement with the General Council on Finance and Administration that does whatever is necessary to legally effectuate the separation in accordance with this ¶ 2556, including (without limitation) acknowledging that the separating annual conference or central conference, along with all local churches that have opted (by vote or default) to remain aligned with any such conference, are retaining both legal title to their respective property and assets and full responsibility for all of their liabilities. The New Methodist Denomination the annual conference or central conference is forming or joining shall be an additional party to this agreement. Working with the New Methodist Denomination, the General Council on Finance and Administration shall develop a standard form for such Separation Agreements, in consultation with Wespath regarding pension and benefit matters. The purpose of these agreements is to ensure the full and complete retention of all assets and liabilities by the separating entities, or in circumstances in which a new legal entity is being established, transfer (by valid assignment and assumption agreements or others) to an entity that is capable of assuming and satisfying all such liability, and by providing appropriate protections for units of The United Methodist Church from any claims relating to those assets or liabilities. The standard form and individual

Separation Agreements shall be consistent with ¶ 2556.7 and cannot impose any financial obligations or restrictions that are not contemplated by this subparagraph but may include terms and conditions necessary to effectuate the intent of this subparagraph.

(3) *Terms of Separation Agreements.*

a. *Authority*—The Separation Agreement must be signed by an authorized representative of a legal entity with the authority and capacity under applicable law to enter into enforceable agreements on behalf of the annual or central conference. If the annual conference or central conference cannot satisfy the General Council on Finance and Administration that it has such authority, it will need to establish a new legal entity that can do so. The New Methodist Denomination shall be an additional party to the Separation Agreement.

b. *Retention of Assets and Liabilities.*

(i) The Separation Agreement shall include provisions that confirm that all separating entities shall retain title to all of their property and assets subject to the procedures in this subparagraph.

(ii) The Separation Agreement shall include provisions that confirm that the separating entities are fully retaining or (if a new legal entity is being established) fully assuming all liabilities, including pension liabilities and plan sponsorship of a sequestered part of the pension plan, as described in ¶ 2556.8c to the satisfaction of Wespath, and all liabilities owed to third parties, including other United Methodist Church Affiliated Institutions, except as provided below. The annual conference or central conference must demonstrate that such liabilities have either been satisfied in full, with written confirmation of that fact supplied by the third party to whom the liability was or is owed, or fully assumed by the annual conference or central conference, the New Methodist Denomination, and/or another entity pursuant to agreements to which the applicable third party creditors have consented. This includes, but is not limited to, all applicable mortgages, debts, and other liens on church property.

c. *Indemnification; Insurance*—The separating annual or central conference and the New Methodist Denomination shall indemnify and hold harmless, and it has a duty to defend, all units of The United Methodist Church and their Affiliated Institutions as well as their officers, directors, agents, and employees from any liability or costs (including reasonable attorney fees) resulting from any claim, action, or cause of action that may exist, or that may arise in the future. Without limiting the authority of the General Council on Finance and Administration under ¶ 2556.7b(3), the indemnification shall include, but not be limited to (i) the acts or omissions of any clergy or other employees, volunteers, or others acting on behalf of the annual conference or central conferences and their respective entities or local churches (except for clergy who choose to remain with The United Methodist Church), based upon acts or omissions that occurred prior to the Separation Date; (ii) any other liabilities assumed under the Separation Agreement, including but not limited to claims by third-party creditors; and (iii) liability or cost incurred as a result of any claim, action, or cause of action for damages to persons or property resulting from the annual or central conference's failure to take all necessary steps as required by this ¶ 2556.7. The annual or central conference, and the New Methodist Denomination,

shall maintain insurance coverage with The United Methodist Church entities as identified in the Separation Agreement as additional named insured, against all covered claims described in this paragraph.

d. *Mutuality*—The Separation Agreement shall include provisions similar to those in ¶ 2556.7b(3)c for an appropriate entity of The United Methodist Church to indemnify and defend the annual or central conference and/or the New Methodist Denomination, for vicarious liability relating to the acts or omissions of clergy or local churches within that annual or central conference that elect to stay with The United Methodist Church, and to include the New Methodist Denomination as an additional named insured on insurance for such claims.

e. *GCFA Approval*—All provisions in the Separation Agreement relating to the retention or assumption of liabilities, including the amount and type of insurance, shall be to the satisfaction of the General Council on Finance and Administration, which satisfaction shall not be unreasonably withheld. Notwithstanding the foregoing, provisions of the Separation Agreement regarding the assumption or plan sponsorship and pension liabilities shall be to the satisfaction of Wespeth, and Wespeth may require separate execution by the annual conference, New Methodist Denomination, or both, of new pension plan adoption agreements incorporating new plan documents, and other benefit plan adoption agreements.

f. *Separation Date*—The Separation Agreement shall identify the Separation Date agreed to by the parties, which must be no earlier than January 1, 2021 and no more than six months after the vote to separate, except that the Separation Date may be extended for an additional period not exceeding twelve months provided that good faith efforts are occurring to resolve any outstanding issue delaying separation and such extended date is not later than June 30, 2026. If a Separation Agreement is not finalized and separation does not occur by the Separation Date (including an extended date), then by default the annual conference or central conference shall remain part of The United Methodist Church.

g. *Release*—Effective on the Separation Date, and provided all conditions in the Separation Agreement have been met, the execution of the Separation Agreement by authorized representatives of The United Methodist Church (e.g., General Council on Finance and Administration or some other representative) shall constitute a release and discharge of all assets of the conferences or local churches covered by that Separation Agreement from any trusts in favor of The United Methodist Church that had previously attached to those assets by virtue of trust provisions included in ¶¶ 2501 and 2503 of *The Book of Discipline of The United Methodist Church* or in any deeds or other instruments of conveyance pursuant to which the church entity acquired those assets in the first instance. For the sake of clarity, this ¶ 2556.7b(3)g does not release the assets, related to the pension and retirement plans, held in benefit plan trusts by Wespeth for the exclusive benefit of participants, which shall be governed by ¶ 2556.8c.

h. *Binding on Successors*—The rights and obligations of the annual or central conference shall transfer to any successor entity. The property and assets of the annual or central conference cannot be transferred or assigned unless any corresponding liabilities are satisfied or assigned, such as mortgages and liens on church real estate.

i. *Group Tax Exemption Ruling*—As of the Separation Date, an annual conference in the United States shall cease to use, and also shall ensure that its districts, local churches, and their Controlled Entities or their affiliated entities which have been included in the group tax exemption ruling shall cease to use, any and all documentation stating that they are included in the denomination's group tax exemption ruling administered by the General Council on Finance and Administration of The United Methodist Church.

j. *Restricted Assets*—No unit that remains affiliated with, nor any person purporting to represent the interests of The United Methodist Church or its Controlled Entities or Affiliated Institutions, is authorized to contest any decision or claim by the separating annual or central conference to any assets on the grounds that the conference's title or interest in the assets is subject to a restriction that requires the assets to be used for a particular purpose.

c) *Local Church Property, Assets, and Liabilities*

(1) *Application*—This provision applies to local churches that vote to separate from The United Methodist Church under the provisions of ¶ 2556.3d to form or join a New Methodist Denomination but that are currently within an annual conference or central conference that has not voted to separate. If the local church is joining a New Methodist Church that has an ecumenical agreement with The United Methodist Church that includes terms that simplify the process of separation of a local church under this ¶ 2556, those provisions shall be followed.

(2) *Retention of Assets and Liabilities*—A local church that separates under the provisions of ¶ 2556.3d or ¶ 2556.4c to form or join a New Methodist Denomination shall retain all of its property, assets, and liabilities, subject to the procedures in this subparagraph. Where real property is owned and titled by an annual conference or another entity than the local church, such real property shall remain in possession of the annual conference or other entity that owns it, unless the local church and the annual conference or other entity negotiate a change in ownership.

(3) *Pre-Separation Obligations*—The local church, prior to its separation, shall be expected to maintain its connectional responsibilities, including, but not limited to paying apportionments and direct billed benefit costs from the annual conference, through the Separation Date.

(4) *Separation Agreements*—Unless an applicable ecumenical agreement between The United Methodist Church and a New Methodist Denomination provides otherwise, a local church separating to form or join a New Methodist Denomination, and the New Methodist Denomination or a representative corporate entity with legal authority for the New Methodist Denomination it is joining, must enter into a Separation Agreement with the applicable annual conference on its behalf and for The United Methodist Church, to document the full retention of all assets and all liabilities by the separating church or, in cases in which a new legal entity is to be established, to effectuate the full assignment and assumption of all such assets and liabilities to the new entity. Working with the New Denominations, the General Council on Finance and Administration shall develop a standard form for such Separation Agreements. The purpose of these agreements is to ensure the full and complete retention of all assets and liabilities by the separating churches or, in circumstances in which a new

legal entity is being established, a legally effective and complete transfer of all assets and liabilities to an entity that is capable of assuming them, and to provide appropriate protections for annual conferences and other entities or Affiliated Institutions of The United Methodist Church from any claims relating to those assets or liabilities. The standard form and individual Separation Agreements shall be consistent with this ¶ 2556.7 and cannot impose any financial obligations or restrictions that are not contemplated by this paragraph, but may include terms and conditions necessary to effectuate the intent of this paragraph. Notwithstanding the foregoing, pension matters with regard to such local church shall be subject to ¶ 2556.7c(6)c below and ¶ 2556.8.

(5) *Role of the Annual Conference*—The approval by vote of the annual conference members shall not be required for a local church to separate under this subparagraph in order to form or join a New Methodist Denomination. The board of trustees of the applicable annual conference, with the advice of the bishop and the annual conference chancellor, annual conference treasurer, and annual conference benefits officer, shall have the responsibility to negotiate the terms of the separation agreements with local churches. The annual conference shall ensure that the separation agreements address any issues unique to an annual conference or a particular local church or applicable laws. In such negotiations, the annual conference trustees, in consultation with the bishop and above-mentioned annual conference officers, may develop additional standard terms or conditions so long as they are consistent with the standard terms required in this paragraph and the form developed by the General Council on Finance and Administration, and do not impose financial or other burdens, conditions, or obstacles to separation other than those in this ¶ 2556.7.

(6) *Agreement Terms.*

a. *Parties*—While the local church shall execute the Separation Agreement in its own name, if the local church has incorporated or otherwise established a new entity that will acquire its assets and property and assume its liabilities, that entity shall be a party to the Separation Agreement. The New Methodist Denomination shall be an additional party to the Separation Agreement. Provided the Separation Agreement includes all the requisite terms, the Chair of the Board of the Trustees of the relevant annual conference shall execute the Separation Agreement.

b. *Property*—The local church shall retain its real and personal, tangible and intangible property for no additional required consideration to the annual conference beyond that described in this subparagraph. If the local church property is going to be transferred to another legal entity, all such transfers shall become effective as of the Separation Date. All costs for transfer of title or other legal work shall be paid by the separating local church, except each party to such transfer shall pay its own attorney fees. Where real property is owned and titled by an annual conference or another entity than the local church, such real property shall remain in possession of the annual conference or other entity that owns it unless the local church and the annual conference or other entity negotiate a change in ownership.

c. *Pension Withdrawal Liability*—The local church shall be responsible for making the withdrawal liability payment in the amount required by ¶ 1504.23 unless the local church is excepted from such payment or the liability is otherwise satisfied under ¶ 2556.8.

d. *Financial Liabilities to Annual Conference Entities*—A Separation Agreement may require that by the Separation Date, some or all outstanding debts, loans, and liabilities owed by the local church to its annual conference (including the district or any Controlled Entities) pursuant to previously documented agreements be satisfied or assumed by another entity satisfactory to the annual conference, which satisfaction shall not be unreasonably withheld, to be repaid according to the terms of such loans unless the church elects to pay in full such items before the date of separation. The local church shall not be required to pay at separation any other financial obligations owed to the annual conference or district except for previously owed and documented unpaid portions related to health insurance payments, pension premium payments, or property insurance payments as applicable.

e. *Local Church Liabilities Owed to Other Parties*—Prior to separation, and before any local church property or assets may be transferred to another entity, all outstanding liabilities of the local church owed to third parties (including United Methodist Church Affiliated Institutions, but not including the annual conference, district, or their Controlled Entities), shall have either been (i) satisfied in full, with written confirmation of that fact supplied by the third party to whom the liability was owed; or (ii) fully assumed by the other entity pursuant to agreements to which the local church's third party creditors have consented, and which oblige the other entity to fully indemnify and defend the local church against any claims relating to those liabilities.

f. *Group Tax Exemption Ruling*—As of the Separation Date, the local church shall cease to use, and also shall ensure that any affiliates of the local church which have been included in the group tax exemption ruling shall cease to use any and all documentation stating that the local church is included in the denomination's group tax exemption ruling administered by the General Council on Finance and Administration of The United Methodist Church. The local church and any of its affiliates which have been included in the group tax exemption ruling will be removed as of the Separation Date.

g. *No Other Claims*—The local church shall not have a claim to or be entitled to a share of any assets of its annual conference.

h. *Indemnification; Insurance*—In further consideration for the transfer of property, the local church and the New Methodist Denomination shall indemnify and hold harmless, and have a duty to defend the annual conference, its Affiliated Institutions, and units of The United Methodist Church, as well as their officers, directors, agents, and employees from any liability or costs (including reasonable attorney fees) resulting from any claim, action, or cause of action that may exist, or that may arise in the future. Without limiting the authority of the General Council on Finance and Administration under ¶ 2556.7c(4) regarding the standard form, the indemnification shall include, but not be limited to (i) the acts or omissions of any clergy or other employees, volunteers, or others acting on behalf of the local church (except for clergy who choose to remain with The United Methodist Church), based upon acts or omissions that occurred prior to the Separation Date; (ii) any other liabilities assumed under the Separation Agreement, including but not limited to claims by third-party creditors; and (iii) liability or cost incurred as a result of any claim, action, or cause of action for damages to persons or property resulting from



local church's failure to take all necessary steps as required by this subparagraph. The local church and/or the New Methodist Denomination shall maintain insurance coverage, with the annual conference and The United Methodist Church entities identified in the Separation Agreement as an additional named insured, against all covered claims in this paragraph. Such insurance shall include the amount and type of insurance which shall be to the satisfaction of the annual conference, which satisfaction shall not be unreasonably withheld.

i. *Restricted Assets*—No unit that remains affiliated with, nor any person purporting to represent the interests of The United Methodist Church or its Controlled Entities or Affiliated Institutions, is authorized to contest any decision or claim by the separating local church to any assets on the grounds that the local church's title or interest in the assets is subject to a restriction that requires the assets to be used for a particular purpose.

j. *Separation Date*—The Separation Agreement will identify the Separation Date agreed to by the parties, which must be no earlier than January 1, 2021, and no more than six months after the vote to separate, except that the Separation Date may be extended for a period not exceeding an additional twelve months provided that good faith efforts are occurring to resolve any outstanding issue delaying separation, and the Separation Date is no later than June 30, 2026. If a Separation Agreement is not finalized and separation does not occur by the Separation Date (including an extended date), then by default the local church shall remain part of the annual conference.

k. *Release of Interest*—Effective on the Separation Date, and provided all conditions in the Separation Agreement have been met, the execution of the Separation Agreement by the Chair of the Board of Trustees of the relevant annual conference shall constitute a release and discharge of all assets of the local church covered by that Separation Agreement from any trusts in favor of The United Methodist Church that had previously attached to those assets by virtue of trust provisions included in ¶¶ 2501 and 2503 of *The Book of Discipline of The United Methodist Church* or in any deeds or other instruments of conveyance pursuant to which the local church acquired those assets in the first instance.

#### 8. *Employee Benefit Plans*

a) *Eligibility to Sponsor Employee Benefit Plans*—In accordance with ¶¶ 6 and 433, The United Methodist Church believes that any annual conference, central conference, local church, or group of local churches that forms or joins a New Methodist Denomination as described in this paragraph will continue to share common religious bonds and convictions with The United Methodist Church based on shared Wesleyan theology and tradition and Methodist roots unless the New Methodist Denomination expressly resolves to the contrary. As such, a New Methodist Denomination shall continue to be eligible to sponsor a spun-off portion of the Clergy Retirement Security Program under the terms and conditions of ¶ 2556.8c. In addition, the New Methodist Denomination and its constituent units, e.g., annual conferences, local churches, Controlled Entities, and Affiliated Institutions, in the United States that have separated from The United Methodist Church to form or join the New Methodist Denomination, shall continue to be eligible to sponsor the voluntary employee benefit plans, which include retirement, health, and welfare plans,

through the General Board of Pension and Health Benefits (Wespath) under the *Book of Discipline* ¶ 1504.2, subject to the applicable terms and conditions of the plans. The General Board of Pension and Health Benefits (Wespath) is authorized and directed to amend the Comprehensive Protection Plan to account for the transition of clergy participants whose eligibility ceases when they become members of a New Methodist Denomination.

*b) Employee Benefits in the Central Conferences*—Notwithstanding the terms of this paragraph, the impact of separation from The United Methodist Church on the pension programs maintained or funded by central conferences and annual conferences in central conferences, which are governed locally, are to be determined by the affected central conference or annual conference, and such programs may be adapted with other policies and practices related to pensions, as necessary, to satisfy the terms of local law. In addition, central conferences and the annual conferences in central conferences separating from The United Methodist Church to join or form a New Methodist Denomination pursuant to this paragraph that have been supported by Wespath's Central Conference Pension program (under ¶ 1504.20) may continue to be supported by the Central Conference Pension program subject to its terms and conditions and applicable law. Wespath will continue to provide consultation support to such central conferences and annual conferences in central conferences to assist them with transitions, to the extent reasonable and cost effective.

*c) Assumption of Pension Withdrawal Liability.*

(1) *Separating Annual Conferences and Local Churches*—Notwithstanding other paragraphs of the *Book of Discipline* to the contrary, if a U.S. annual conference or a group of local churches from a U.S. annual conference or annual conferences forms or joins a New Methodist Denomination pursuant to ¶ 2556, or separates in any other way, and the New Methodist Denomination is sufficiently large enough in membership, financially viable, and sufficiently organized structurally or corporately as a convention or association of churches to continue to be a plan sponsor of a spun-off portion the Clergy Retirement Security Program, as determined by the General Board of Pension and Health Benefits (Wespath) (for the purposes of this subparagraph, such an annual conference shall be referred to as a "Separating Conference" and such a group of local churches shall be referred to as "Separating Local Churches"), the pension obligations under the connectional Clergy Retirement Security Program of the Local Churches that comprise the New Methodist Denomination and the pensions and accrued benefits of those individuals impacted by the separation will be governed by this paragraph. Whether a group of local churches from one U.S. annual conference is treated as "Separating Local Churches" or, due to the size and membership of such local churches relative to the U.S. annual conference, is treated as a "Separating Conference," will be determined by the General Board of Pension and Health Benefits (Wespath), as administrator and trustee, based on the facts and circumstances.

(2) *Determination Period*—During a "determination period," a Separating Conference or a U.S. annual conference or conferences with Separating Local Churches must continue contributions to the General Board of Pension and Health Benefits (Wespath) to fund pension obligations as if the separation were not occurring, until the separation is final under this ¶ 2556. When such determination

period ends, new service-based benefit accruals and individual account contributions under the Clergy Retirement Security Program will cease for participants of the New Methodist Denomination, if such cessation has not already occurred under the terms of the program. The New Methodist Denomination's sponsorship of and legal responsibilities under the Clergy Retirement Security Program will continue, but such sponsorship and administration will be sequestered and treated separately from all annual conferences that remain part of The United Methodist Church (it will be a "Spun-Off Plan" of the New Methodist Denomination), and will not benefit from the connectional support of other plan sponsors.

(3) *Administration*—For purposes of administering the Clergy Retirement Security Program under the terms of this subparagraph, the General Board of Pension and Health Benefits (Wespath) is authorized and empowered to:

a. During the determination period, with the assistance of the Separating Conference(s), Separating Local Churches, and remaining United Methodist annual conferences, identify which active and retired clergy transfer or withdraw from The United Methodist Church by becoming members of or joining the New Methodist Denomination, either through affirmative choice or by a default rule; retired clergy who are members of a Separating Conference and who do not affirmatively choose to remain members of The United Methodist Church, through a request to transfer conference membership or otherwise, shall be considered members of the New Methodist Denomination unless the *Book of Discipline* requires different treatment; with respect to active and retired clergy who are members of a U.S. annual conference that is not separating but includes Separating Local Churches, such clergy who do not affirmatively choose to transfer or withdraw to become members of the New Methodist Denomination shall remain members of their U.S. annual conference;

b. During the determination period, identify all local churches that choose to separate from The United Methodist Church by becoming local churches of the New Methodist Denomination;

c. Exempt active clergy who withdraw from The United Methodist Church during the determination period by becoming members of the New Methodist Denomination from the non-disciplinary legislation amending the Clergy Retirement Security Program enacted by General Conference 2019, which generally converts the defined benefit accruals of active clergy terminating membership in The United Methodist Church into an account balance;

d. Exempt local churches from the withdrawal pension liability contribution requirement of ¶ 1504.23 and ¶ 2553 of the *Book of Discipline*, if the local churches are (i) units of a Separating Conference; (ii) Separating Local Churches that choose to separate from The United Methodist Church by becoming a local church unit of the New Methodist Denomination; or (iii) local churches that choose not to remain a constituent unit of a Separating Conference but rather remain part of The United Methodist Church, e.g., by transfer to a United Methodist annual conference;

e. By the end of the determination period, calculate and sequester the New Methodist Denomination's share of defined benefit plan assets and liabilities (i.e., assets and liabilities associated with the Clergy Retirement Security Program, Ministerial Pension Plan annuities, and the Pre-82 plan), in a manner deemed by the General Board of Pension and Health Benefits (Wespath) to be prudent and

equitable, with such share reflecting the clergy disaffiliations in ¶ 2556.8c(3)a above; however, plan assets and liabilities attributable to clergy who do not disaffiliate under ¶ 2556.8c(3)a above with their Separating Conference will be reassigned to another annual conference in the manner prescribed by ¶ 2556 or, if such a process has not been established, by the reorganization of the impacted jurisdictional conference, if applicable, or in a manner deemed by the General Board of Pension and Health Benefits (Wespath) to be prudent and equitable;

f. Assign to the New Methodist Denomination the defined benefit liabilities that relate to the active and retired clergy that transfer or withdraw under ¶ 2556.8c(3)a above, as well as any liabilities that relate to inactive participants (other than retired clergy) that were the obligation of a Separating Conference; such assigned liabilities that relate to a participant whose benefits were accrued from service to multiple U.S. annual conferences shall include the entire pension liability attributable to such participant; such liabilities that relate to an inactive participant (other than retired clergy) of a Separating Conference shall be assigned to the New Methodist Denomination only if the Separating Conference was the final U.S. annual conference for which service was performed that resulted in the accrual of some or all of such inactive participant's pension benefits;

g. Assign to a sequestered funding account in the Spun-Off Plan of the New Methodist Denomination defined benefit assets from the funding account of the Separating Conference(s) or the U.S. annual conference or conferences from which Separating Local Churches are separating, with the amount of such assets being based on the liabilities assigned in ¶ 2556.8c(3)f above, and with such liabilities measured using factors corresponding to those used by Wespath when determining annual conference plan sponsor contributions to the Clergy Retirement Security Program ("funding factors"); such assignment of defined benefit assets shall prioritize funding for inactive participants (including retired clergy), so that liabilities of all inactive participants (whether assigned to the New Methodist Denomination or remaining with a U.S. annual conference) will be assigned a corresponding amount of plan assets equal to 100 percent of such liabilities, and liabilities of all active clergy will be assigned plan assets based on the funding level that remains, not to exceed 100 percent of such liabilities of active participants, and any remaining assets shall be assigned proportionately to inactive participants in addition to the first 100 percent of liabilities so assigned; notwithstanding the foregoing, if a funding account from which defined benefit assets are assigned is funded at a level that is greater than 100 percent of the total pension liabilities when measured using market factors similar to those used by a commercial annuity provider ("market factors"), the first step above shall assign plan assets that equal 100 percent of the liabilities of inactive participants when measured using market factors, and the second step above shall be applied without the 100 percent of liabilities limitation;

h. At the end of the determination period, assess whether the separation or the assignment of defined benefit plan assets and liabilities determined above creates a material risk of a plan sponsor being unable to make future contributions; if such a risk is created, the General Board of Pension and Health Benefits (Wespath) may instead convene a joint distributing committee under the terms of ¶ 1509, to assist and advise in the assignment of plan assets and liabilities, provided, however,

that representation on the joint distributing committee in this circumstance shall also include members representing the interests of the Separating Conference or Separating Local Churches, or both, and to the extent applicable and necessary, members representing the interests of neighboring annual conferences;

i. After the determination period, calculate the amount of any plan contributions required to be made by the New Methodist Denomination in the future to its sequestered funding account as part of its ongoing sponsorship of its Spun-Off Plan;

j. Coordinate with the New Methodist Denomination to determine how plan design changes may be requested, and the scope and administrative reasonableness of amendments that may be made to the Spun-off Plan, as well as any other plans sponsored by the New Methodist Denomination and administered by the General Board of Pension and Health Benefits (Wespath); and

k. Amend the Clergy Retirement Security Program effective as of the close of the 2020 General Conference to conform to this paragraph, and establish written procedures consistent with this paragraph to administer its provisions.

(4) *Alternative Payments*—Notwithstanding the foregoing, if a New Methodist Denomination (which shall include a Separating Conference or Separating Local Churches, before becoming a New Methodist Denomination) notifies the General Board of Pension and Health Benefits (Wespath) during the determination period of its intent to terminate or decline sponsorship of the Clergy Retirement Security Program, leaving all pension obligations with the Post-separation United Methodist Church, the New Methodist Denomination must contribute a withdrawal liability to the General Board of Pension and Health Benefits (Wespath), which shall be used to fund the Clergy Retirement Security Program. Notwithstanding other provisions of this paragraph, the release under ¶ 2556.7b(3)g will not become effective until this payment is made. If the New Methodist Denomination consists of a Separating Conference or a Separating Conference and Separating Local Churches, the amount of the withdrawal liability shall equal the total underfunding of pension liabilities that would be assigned to the New Methodist Denomination above, with such liabilities being measured using market factors. If the New Methodist Denomination consists solely of Separating Local Churches, notwithstanding ¶ 2556.8c(3)d, the amount of the withdrawal liability shall equal the aggregate of the Separating Local Churches' share of unfunded pension obligations, calculated pursuant to ¶ 1504.23. In addition, clergy disaffiliating or withdrawing from The United Methodist Church to become members of a New Methodist Denomination that has indicated its intent to terminate or decline sponsorship of a Spun-off Plan shall have their defined benefit accruals under the Clergy Retirement Security Program converted to an account balance equivalent under the terms of the plan amendment approved by the 2019 General Conference, but only after the New Methodist Denomination contributes the withdrawal liability payment described above.

(5) *Failure to Support*—After the determination period, if the New Methodist Denomination elects not to or fails to satisfy its responsibilities regarding sponsorship of its sequestered part of the Clergy Retirement Security Program, the General Board of Pension and Health Benefits (Wespath) is authorized, within its discretion, to take actions that may include the following, at a level or to a degree that it deems

appropriate:

- a. Assuming control of plan sponsorship decisions (without assuming funding responsibility) regarding the New Methodist Denomination's Spun-Off Plan;
- b. Prioritizing the assets of the sequestered funding account of the New Methodist Denomination in favor of inactive plan participants (including retired clergy), with liabilities for such participants being apportioned plan assets in an amount up to but not exceeding an amount that would fully fund such liabilities when measured using market factors, and with the remaining assets within the sequestered funding account being apportioned to liabilities with respect to active clergy participants;
- c. Reducing benefit levels of active clergy participants, up to the point at which benefit liabilities with respect to such participants are 100 percent funded when measured using funding factors; and
- d. Within its discretion or at the direction of the New Methodist Denomination, converting all accrued pension benefits of the New Methodist Denomination's active clergy participants to actuarially equivalent account balances, adjusted, as necessary, to take into account the New Methodist Denomination's funding level with respect to active participants. Upon a conversion under ¶2556.8c(5)d, such account balances, and all other retirement account balances of the New Methodist Denomination's participants, will be transferred to the United Methodist Personal Investment Plan, its successor, or a similar retirement account plan administered by the General Board of Pension and Health Benefits (Wespath). The General Board of Pension and Health Benefits (Wespath) may also convert defined benefit accruals in such manner for any of the New Methodist Denomination's plan participants, if the Clergy Retirement Security Program is amended to require an account balance conversion for similar classes of participants, or if continuing administration for the New Methodist Denomination is no longer administratively feasible.

#### *9. Ecumenical Agreements with New Methodist Denominations*

a) *Purpose*—In keeping with The United Methodist Church's longstanding tradition of striving toward greater Christian unity (¶¶ 6 and 434), and because, as "a result of our heritage as a part of a people called Methodist," The United Methodist Church has long committed itself to strive toward closer relationship with other Methodist or Wesleyan churches wherever they may be found" (¶ 433.3), The United Methodist Church desires to facilitate the development of a continuing relationship with New Methodist Denominations for shared missional priorities, shared common cause, mutual support, and other purposes.

b) *Agreements*—Council of Bishops shall offer to enter into ecumenical agreements with all New Methodist Denominations formed under this paragraph subject to this ¶ 2556.9, with agreements reached through bi-lateral or multi-lateral dialogue. The Council of Bishops may do so through a covenant or act of covenanting, an affiliated relationship, a concordat relationship, a full communion relationship, or other types of agreement. The Council of Bishops may choose to establish standard terms for such agreements. Notwithstanding any other provisions in the *Book of Discipline* that might otherwise be applicable, any such agreement made with a New Methodist Denomination does not need to be ratified by the General Conference except that, in keeping with the limitations imposed by ¶ 431.1a, General

Conference approval is required for any agreement that contemplates a “full communion relationship” with a New Methodist Denomination within the meaning of ¶ 431.1*b*, or permanent membership in an ecumenical organization that has not previously been approved by the General Conference.

(1) An ecumenical agreement may include terms that simplify the process of separation of a local church under ¶ 2556.7*c* to join a New Methodist Denomination, such as addressing rights and obligations that would otherwise be in individual separation agreements. Ecumenical agreements cannot change the process or deadlines under ¶¶ 2556.3 or 2556.4, or waive any requirements under ¶ 2556.7*c*.

(2) The Council of Bishops may provide in an ecumenical agreement for non-voting representatives of New Methodist Denominations to participate in the General Conference in accordance with ¶¶ 13.2 and 502.1*b*. The General Conference may provide for a small number of voting delegates for New Methodist Denominations at the General Conference, provided that any such New Methodist Denomination allows a similar number of voting delegates in their highest legislative conference.

(3) The Council of Bishops may include in an ecumenical agreement provisions for a New Methodist Denomination to make commitments with United Methodist general boards and agencies; to address their eligibility to receive grants and other services; or other terms relating to general boards and agencies.

(4) Such agreements may address matters regarding possession of and access to shared history, such as church archives, membership rolls and access to and maintenance of cemeteries.

(5) Such agreements may include such other terms and conditions as the Council of Bishops deems appropriate, subject to the conditions provided in ¶ 2556 or as limited by ¶ 431.1*a*.

(6) The General Council on Finance and Administration shall have the continued responsibility to administer the name “The United Methodist Church” and the trademarks of The United Methodist Church. To effectuate this intent, prevent confusion, and protect the intellectual property, the General Council on Finance and Administration shall develop rules to govern the use of the United Methodist name and insignia.

#### *10. Financial Support for New Methodist Denominations*

*a) Set Aside Funds*—A total sum of \$27,000,000 shall be set aside to assist New Methodist Denominations. The General Conference commits to these funds being paid. These funds can come from a variety of internal and external sources, including but not limited to restricted funds to be used for said purpose and unique contributions, as determined by The General Council on Finance and Administration in consultation with the Connectional Table and existing general boards and agencies.

#### *b) Payment Process.*

(1) *Administration*—The General Council on Finance and Administration shall be responsible for making payments and may establish procedures for application and payment that are not inconsistent with this ¶ 2556.10.

(2) *Payments to Traditionalist Methodist Denominations*—Of the set aside funds established in ¶ 2556.10*a* above, a total sum of \$25,000,000 shall be paid to approved and recognized Traditionalist Methodist Denominations (as defined in

¶ 2556.1c and ¶ 2556.2), and that have requested these funds under this paragraph. These payments shall be made during the 2021-2024 quadrennium, in amounts totaling not less than \$6,250,000 per calendar year. Payments shall be received by December 31<sup>st</sup> of the applicable calendar year and may be made periodically or in one lump sum as determined by General Council on Finance Administration. No funds shall be paid to any new denomination before May 16, 2021, and payments shall not be made before the new denomination has met the requirements of ¶¶ 2556.2c(1-4). If there is more than one Traditionalist Methodist Denomination, the General Council on Finance and Administration will determine the allocations to be paid to such Traditionalist Methodist Denominations in the proportion of their reported professing membership as of September 30<sup>th</sup> of each calendar year submitted to General Council on Finance Administration bears to the total professing membership of all Traditionalist New Methodist Denominations addressed in ¶ 2556.

(3) *Payments to Other New Methodist Denominations*—Of the set aside funds established in ¶ 2556.10a above, a total sum of \$2,000,000 shall be escrowed by the General Council on Finance and Administration as seed money for New Methodist Denominations other than a recognized Traditionalist Methodist Denomination. These payments will be made during the 2021-2024 quadrennium, in amounts totaling not less than \$500,000 per calendar year. Payments shall be received by December 31<sup>st</sup> of the applicable calendar year and may be made periodically or in one lump sum as determined by the General Council on Finance and Administration. No funds shall be paid to any new denomination before May 16, 2021, and payments shall not be made before the new denomination has met the requirements of paragraph ¶¶ 2556.2c(1-4). If in any budget year there is more than one New Methodist Denomination that seeks access to these funds, the General Council on Finance Administration will determine the allocations working in conjunction with leadership from the new denominations. If in any budget year there is no New Methodist Denomination that applies for these funds, they will remain in escrow to be available for future distribution. This escrow shall terminate at the end of the quadrennium and the funds are then retained by The United Methodist Church. Any Traditionalist Methodist Denomination deemed eligible to receive a portion of the \$25,000,000 described in ¶ 2556.10b(2) shall not be eligible to receive a portion of the \$2,000,000 described in ¶ 2556.10b(3).

(4) *Limits*—To be eligible to receive these funds, a New Methodist Denomination must meet the requirements of ¶¶ 2556.2c(1-4) and be a party to all separation agreements for any central conference, annual conference, or local church that joins the New Methodist Denomination, and the New Methodist Denomination must, either alone or jointly with other parties to the agreement, assume all liabilities, and provide full indemnification to and insurance for the annual conference and other United Methodist Church entities, as specified in those separation agreements.

#### 11. *Rights of New Methodist Denominations*

a) *Future Participation in programs of The United Methodist Church*—New Methodist Denominations, as well as their local churches and Controlled Entities, are not required to participate in any program of The United Methodist Church and do not have a right to participate in any such program, except as provided in ¶¶ 2556.11b or 2556.13 and except as provided in ¶¶ 2556.8, 1504, or other provisions regarding



General Board of Pension and Health Benefits (Wespath) services. Any continuing relationship shall be made by mutual agreement.

*b) General Boards and Agencies; UMC Institutions*—New Methodist Denominations, as well as their intermediate bodies, local churches, and affiliated organizations, may contract for services from and enter into missional agreements with any of The United Methodist Church’s general boards and agencies and the subordinate related entities of such boards and agencies, subject to the approval of that board or agency’s board of directors or related entity’s governing body and the relevant governing body in the New Methodist Denomination. Affiliated Institutions may affiliate or have relationships with The United Methodist Church or New Methodist Denominations, or both, if permitted by their organizing documents and applicable local law.

*c) Other Relationships*—Except as otherwise provided in any ecumenical agreement or the governing documents of a particular entity, New Methodist Denominations, as well as their local churches or entities (e.g., districts or conferences) and any affiliated organizations, are permitted to engage in or continue partnerships in mission, including financial support, with United Methodist annual conferences, Affiliated Institutions, or local churches, with the agreement of the United Methodist entity involved and may channel such support and partnership through United Methodist general agencies, such as the General Council on Finance and Administration or the General Board of Global Ministries.

*d) Copyright*—Any New Methodist Denomination formed under ¶ 2556 may borrow provisions and language from the *Book of Discipline* without such borrowing being considered an infringement of copyright.

## *12. Local Churches Disaffiliating and not Joining a New Methodist Denomination.*

*a) Application*—The terms of this ¶ 2556.12 shall supersede those of ¶ 2553, effective as of the close of the 2020 General Conference. If a local church votes under this ¶ 2556.12 to separate from and end its connectional relationship with The United Methodist Church, and to not form or join a New Methodist Denomination (a “Disaffiliation”), the following provisions shall apply.

*b) Time Limits*—The deadline for a local church to vote to end its connectional relationship under ¶ 2556.12 and disaffiliate is December 31, 2024.

### *c) Local Church Decision-making Process.*

(1) If the church council of a local church determines that the church wishes to disaffiliate from The United Methodist Church, that church council shall submit a request to the district superintendent. The district superintendent shall, within thirty (30) days after receipt of the request, call a church conference under ¶¶ 246 and 248 for the sole purpose of deciding whether the local church wishes to end its connectional relationship with The United Methodist Church.

(2) The decision to end the local church’s connectional relationship with The United Methodist Church must be approved by a two-thirds (2/3) vote of the professing members of the local church present and voting at the church conference.

(3) A church conference called for the purpose identified in this paragraph shall be called and conducted in accordance with the provisions of ¶¶ 246 and 248,

except that the following requirements shall apply notwithstanding anything to the contrary in ¶¶ 246 or 248:

a. The church conference shall be held within one hundred twenty (120) days after the district superintendent calls for the church conference;

b. In providing advance notice of the time, place and purpose of the church conference, in addition to the provisions of ¶ 246.8, special effort shall be made to give broad notice to the full professing membership, and to use all means necessary, including electronic communication where possible, to communicate; and

c. Under the provisions of ¶ 246.7, the purpose of the church conference shall be stated in the call and must include the recommendation(s) of the church council, the provisions and terms of this paragraph, and the standard terms of Disaffiliation Agreements of The United Methodist Church and the annual conference.

d) *Disaffiliation Agreement and Terms*—The terms and conditions for a disaffiliation under this ¶ 2556.12 shall be established by the board of trustees of the applicable annual conference, with the advice of the bishop and cabinet, the annual conference treasurer, the annual conference benefits officer, the director of connectional ministries, and the annual conference chancellor. The terms and conditions, including the effective date of disaffiliation, shall be memorialized in a binding Disaffiliation Agreement between the annual conference and the trustees of the local church, acting on behalf of the members. The Disaffiliation Agreement shall be consistent with the following provisions:

e) *Standard Terms of Disaffiliation Agreements*—The General Council on Finance and Administration shall develop a standard form for Disaffiliation Agreements under this paragraph to protect The United Methodist Church as set forth in ¶ 807.9. in consultation with the General Board of Pension and Health Benefits (Wespath) regarding pension and benefits matters. The Disaffiliation Agreement shall include a recognition of the validity and applicability of ¶ 2501, notwithstanding the release of property therefrom. Such standard form shall not impose any terms or conditions not specified in this subparagraph.

f) *Annual Conference Terms*—Annual conferences may require that Disaffiliation Agreements include contractual terms not addressed by the form developed by General Council on Finance and Administration, or that address issues unique to an annual conference or a particular local church or applicable laws. Annual conferences may also develop additional non-contractual standard terms or conditions for disaffiliation, but any such additional standard terms or individual Disaffiliation Agreements shall be consistent with the standard terms required in this subparagraph and the form developed by the General Council on Finance and Administration, provided they do not impose obstacles or barriers to disaffiliation, and do not impose additional financial burdens than those in this paragraph. Such other terms and conditions may include, without limitation: turning over church archives, membership rolls, minutes, historical documents related to funerals, baptisms, and weddings, and other records, etc.; if the church has a cemetery or columbarium, provisions related to continued maintenance after disaffiliation, and continued access for families and loved ones of United Methodists buried there; and provisions addressing any United Methodist Church Foundation loans or related issues as applicable. In addition, the annual conference shall notify congregations of such

additional standard terms as early as is practicable.

*g) Apportionments*—The local church shall pay any unpaid apportionments for the 12 months prior to disaffiliation as well as an additional 12 months of apportionments. The amount of apportionments to be paid shall be determined by the relevant annual conference.

*h) Property*—A disaffiliating local church shall have the right to retain its real and personal, tangible and intangible property for no additional required consideration to the annual conference beyond that described in this ¶ 2556.12. If the local church property is to be transferred to another legal entity, all such transfers shall become effective as of the Disaffiliation Date. All costs for transfer of title or other legal work shall be borne by the disaffiliating local church except each party shall pay its own attorney fees. Where real property is owned and titled by an annual conference or another entity than the local church, such real property shall remain in possession of the annual conference or other entity that owns it, unless the local church and the annual conference or other entity negotiate a change in ownership.

*i) Pension Withdrawal Liability*—The local church shall be responsible for making the withdrawal liability payment in the amount required by ¶ 1504.23.

*j) Other Liabilities to Annual Conference Affiliated Institutions and/or Controlled Entities*—Except as otherwise provided in this ¶ 2556.12, a Disaffiliation Agreement may require that some or all outstanding debts, loans, and liabilities owed by the local church to its annual conference, district or to any Affiliated Institutions and/or Controlled Entities be satisfied or be assumed by another entity satisfactory to the annual conference, which satisfaction shall not be unreasonably withheld, to be repaid according to the terms of such loans, unless the church elects to pay in full such items on or before the Disaffiliation Date. The local church shall pay previously owed and documented unpaid portions related to health insurance payments, pension premium payments, or property insurance payments as applicable.

*k) Local Church Liabilities Owed to Other Parties*—Before any local church property or assets may be transferred to another entity, all outstanding liabilities of the local church owed to third parties, including other United Methodist Church entities and Affiliated Institutions, shall have either been (i) satisfied in full, with written confirmation of that fact supplied by the third party to whom the liability was owed; or (ii) fully assumed by the other entity pursuant to agreements to which the local church's third party creditors have consented, and which oblige the other entity to fully indemnify and defend the local church against any claims relating to those liabilities.

*l) Intellectual Property*—Within six months after the Disaffiliation Date, the local church shall cease all use of the words "United Methodist," the cross & flame insignia, and any other intellectual property of the denomination and annual conference, including the removal of all signage containing the same.

*m) Group Tax Exemption Ruling*—As of the Disaffiliation Date, the local church shall cease to use, and also shall ensure that any affiliates of the local church which have been included in the group tax exemption ruling shall cease to use, any and all documentation stating that the local church is included in the denomination's group tax exemption ruling administered by the General Council on Finance and Administration of The United Methodist Church. The local church and any of its affiliates which have been included in the group tax exemption ruling will be removed

as of the Disaffiliation Date.

*n) No Other Claims*—The local church shall not have a claim to or be entitled to a share of the assets of its annual conference.

*o) Payment Terms*—The Disaffiliation Agreement shall specify the terms and conditions of the payment to the annual conference for any sums related to ¶¶ 2556.12g and 2556.12h. If the local church and the annual conference agree to a payment plan, the plan shall bear no more than a reasonable rate of interest and the term of payment shall not exceed ten (10) years.

*p) Continuing as Plan Sponsor*—Nothing in this ¶ 2556.12 shall prevent a local church, after the Disaffiliation Date, from continuing to sponsor voluntary benefit plans from the General Board of Pension and Health Benefits (Wespath) under ¶ 1504.2, to the extent permitted by federal law and the terms and conditions of the plans, and provided that local church has not expressly resolved that it no longer shares common religious bonds with The United Methodist Church.

*q) Indemnification; Insurance*—In further consideration for the transfer of property, the local church shall indemnify and hold harmless, and have a duty to defend, the annual conference, its Controlled Entities, other entities of The United Methodist Church and Affiliated Institutions, as well as their respective officers, directors, agents, and employees from any liability or costs (including reasonable attorney fees) resulting from any claim, action, or cause of action that may exist, or that may arise in the future. Without limiting the authority of the General Council on Finance and Administration under ¶ 2556.12c regarding the standard form, the indemnification shall include, but not be limited to (i) the acts or omissions of any clergy or other employees, volunteers, or others acting on behalf of the local church (except for clergy who choose to remain with The United Methodist Church), based upon acts or omissions that occurred prior to the Disaffiliation Date; (ii) any other liabilities assumed under the Disaffiliation Agreement, including but not limited to claims by third-party creditors; and (iii) liability or cost incurred as a result of any claim, action, or cause of action for damages to persons or property resulting from local church's failure to take all necessary steps as required by this subparagraph. The local church shall maintain insurance coverage, with the annual conference and The United Methodist Church as an additional named insured, against all such claims. Such insurance shall include the amount and type of insurance and shall be to the satisfaction of the annual conference, which satisfaction shall not be unreasonably withheld.

*r) Binding on Successors*—The rights and obligations of the local church shall be binding on its successors. If the local church has incorporated or otherwise established a new entity that will acquire its assets, property, and liabilities, that entity shall be a party to the Disaffiliation Agreement.

*s) Disaffiliation*—The Disaffiliation Agreement shall identify the Disaffiliation Date agreed to by the parties, which must be no more than six months after the vote to disaffiliate, except that the Disaffiliation Date may be extended for a period not exceeding an additional twelve months, provided that good faith efforts are occurring to resolve any outstanding issue delaying disaffiliation. In no event may any Disaffiliation Date be later than June 30, 2025. If the Disaffiliation Agreement is not finalized and disaffiliation does not occur by the Disaffiliation Date, then by default the

local church shall remain part of the annual conference.

*t) Annual Conference Approval*—Upon the recommendation of the annual conference board of trustees to approve a Disaffiliation Agreement, the annual conference may, but is not required to, permit a local church to separate under the terms of that Disaffiliation Agreement, upon approval by a simple majority of annual conference members present and voting.

*u) Release of Interest*—Effective on the Disaffiliation Date, and provided all conditions in the Disaffiliation Agreement have been met, the annual conference's approval of the Disaffiliation Agreement, together with the execution of the Disaffiliation Agreement by authorized representatives of the annual conference board of trustees shall constitute a release and discharge of all local church assets from any trusts in favor of The United Methodist Church that had previously attached to those assets by virtue of trust provisions included in ¶¶ 2501 and 2503 of *The Book of Discipline of The United Methodist Church* or in any deeds or other instruments of conveyance pursuant to which the local church acquired those assets in the first instance.

*13. Funds to Support Communities Historically Marginalized by the Sin of Racism in the United States and Colonialism*—Not less than \$39,000,000 shall be included in the budget recommendations of the General Council on Finance and Administration and allocated by the Connectional Table in line with ¶ 806 over the next two quadrennia to support ministries by and for ethnic/racial communities in the U.S. as well as Africa University. The Connectional Table, in consultation with the National Plans and the Program Agencies of the Church, shall be responsible for determining and evaluating programmatic priorities in relation to these earmarked funds. Of this sum, \$13,000,000 comes from monies that would have been allocated to New Traditionalist Methodist Denominations in addition to the \$25,000,000 specified in ¶ 2556.10*b*(2) but which instead is being contributed to this fund. The Connectional Table, in consultation with the General Council on Finance and Administration, will make the decision on the allocation of funds between Africa University and the National Plans.

*a)* The Connectional Table in consultation with the National Plans and the Program Agencies of the Church shall be responsible for determining and evaluating programmatic priorities in relation to these earmarked funds for ethnic/racial communities in the U.S. The intended purpose of these allocated funds is to strengthen ministries by and for Asian, Black, Hispanic-Latino, Korean, Native American, and Pacific Islander Communities living in the United States, promote the full participation of historically marginalized communities in the governance and decision-making of the church, and support education and training at Africa University. Local churches that align with New Methodist Denominations under ¶ 2556 shall have the option to participate in programs and grants that serve their respective ethnic groups if they otherwise meet the requirements for such participation.

*b)* The Connectional Table, in consultation with the Board of Trustees for Africa University, will administer the funds for Africa University. They will be used to support education and training.

*14. Moratorium*—Effective immediately upon adjournment of the 2020 General Conference, no complaint proceedings (including, without limitation, a bishop's

supervisory response, suspension proceedings, attempts to achieve a just resolution, or referral of a complaint) shall be initiated, and all current or pending complaint proceedings shall be suspended, insofar as the alleged *Book of Discipline* violation asserted in the complaint is that the respondent is a “self-avowed practicing homosexual” (however that term may be defined, including, without limitation, living in a same-gender marriage, domestic partnership or civil union); that the respondent has conducted, officiated, performed, celebrated, or blessed a same-gender wedding or other same-gender union; that the respondent has certified, licensed, commissioned, ordained, consecrated, or appointed a “self-avowed practicing homosexual”; that the respondent has provided “funds to any gay caucus or group” or used funds “to promote the acceptance of homosexuality”; or that the respondent has otherwise engaged in conduct that *The Book of Discipline of The United Methodist Church* currently states is “incompatible with Christian teaching” as it pertains to LGBTQ relationships. This moratorium on all new and pending complaint proceedings concerning human sexuality provisions applies not only to charges that are explicitly based on ¶ 2702.1*b*, but also to any charge that the same alleged underlying conduct constitutes a chargeable offense under any other provision of the Discipline, including (without limitation) “immorality” under ¶ 2702.1*a*; “disobedience to the order and discipline of The United Methodist Church” under ¶ 2702.1*d*; and “dissemination of doctrines contrary to the established standards of doctrine of The United Methodist Church” under ¶ 2702.1*e*. This moratorium is inclusive of charges related to the following paragraphs: ¶ 161, ¶ 304.3, ¶ 310.2, ¶ 341.6, ¶ 613.19, ¶ 806.9, and ¶ 2702.1*b*. This moratorium does not apply to charges under any of these provisions in which the underlying alleged actions address a different subject matter, including but not limited to sexual misconduct, sexual abuse, and sexual harassment. This moratorium shall remain in effect until the close of the first General Conference of The United Methodist Church after other denominations separate. Any complaints pertaining to this paragraph filed during this period shall be held in abeyance, and no time limits shall commence until the above-referenced General Conference has concluded.

15. *Waiver of Claims to United Methodist Church Property*—Except as otherwise provided in ¶ 2556, all other property, assets, or liabilities of The United Methodist Church, including those owned and held in trust by its local churches, annual conferences, central conferences, jurisdictional conferences, and other constituent units, general boards and agencies and all Affiliated Institutions, shall remain subject to all existing trusts in favor of The United Methodist Church. Annual conferences or central conferences, local churches, and their Controlled Entities that separate from The United Methodist Church under this paragraph, and any New Methodist Denominations formed under this paragraph, shall have no claim or entitlement to such property, assets, or liabilities, and through the act of effectuating the separation process outlined in ¶ 2556 hereby agree to this waiver of claims and rights.

16. *Re-Chartering of Former United Methodist Church Local Churches*—Notwithstanding anything in ¶ 259 or other provisions in the *Book of Discipline* to the contrary, the congregation of a local church that separates under ¶ 2556.4 or as part of the departure of an annual conference or central conference under ¶ 2556.3, or

that disaffiliates under ¶¶ 2556.4 and 2556.12, upon notice to and consent of the applicable bishop and cabinet of The United Methodist Church, may have its charter re-established through a convening or re-constituting of a charge conference following the process of ¶¶ 259.5-9. In such event the congregation shall be subject to all requirements of the *Book of Discipline* and any adopted by the annual conference, including, but not limited to, amending its articles of incorporation to comply with ¶ 2529.1c. Any former United Methodist clergyperson serving that congregation may be re-appointed as clergy to the re-chartered congregation, provided that such clergyperson has complied with all requirements of the annual conference for appointed clergy and ¶ 364 or ¶ 366 to be re-admitted to the appropriate annual conference membership. Such clergypersons who were formerly licensed may be re-granted a license for ministry provided they comply with all requirements of the *Book of Discipline* and the annual conference for certification of candidates and are approved in due course by the appropriate district committee on ordained ministry.

17. *Compliance with Laws*—Nothing in this ¶ 2556 or the procedures for implementation, including but not limited to Separation Agreements, shall be interpreted to require violation of applicable laws, or to abrogate or change any existing legal obligations, unless expressly provided in this paragraph. By way of example, determinations of the ownership of property and assets shall be made under applicable laws and agreements.

18. *Summary Timeline*—The following is a summary of the timeline and key deadlines under this paragraph. It is not intended to change or alter any other provisions, and in the event of any inconsistency between the timeline in ¶ 2556.18 and ¶¶ 2556.1 to 2556.17, the provisions in ¶¶ 2556.1 to 2556.17 take precedence over this summary. There are other key dates that are not indicated because they do not pertain to the separation.

May 15, 2020 – Adjournment of General Conference. All provisions go into effect and central conferences, annual conferences, and local churches may begin the process of aligning with a New Methodist Denomination

January 1, 2021 – Any New Methodist Denominations that have already been legally constituted may begin to function with those annual conferences and local churches that have separated from and are no longer under the authority of The United Methodist Church

January 1, 2021 – Apportionments are set by, and paid to, any New Methodist Denomination for those churches who have decided to align with it, unless the separation date is later.

May 15, 2021 – Deadline for leadership groups to register with the Council of Bishops their intent to form a New Methodist Denomination under this paragraph

July 1, 2021 – Deadline for annual conferences in the United States to vote to align with a New Methodist Denomination

July 1, 2021 – Deadline for bishops to notify their authorities of a desire to align with a New Methodist Denomination

July 1, 2021 – Deadline for clergy in the U.S. to notify their bishop and other authorities of a desire to align with a different Methodist denomination from that of their annual conference

December 31, 2021 – Deadline for central conferences to vote to align with a New Methodist Denomination

July 1, 2022 – Deadline for annual conferences outside the United States to vote to align with a different Methodist denomination from that of their central conference

July 1, 2022 – Deadline for clergy outside the United States to notify their bishop and other authorities of a desire to align with a different Methodist denomination from that of their annual conference

December 31, 2024 – Deadline for local churches to vote to align with a different Methodist denomination than their annual conference or to disaffiliate.

June 30, 2026 – Deadline for the completion of all local church separation agreements.

Date:

Signature of the Petitioner:

Identification of the Petitioner:

Phone:

City, State, Province, Country:

Email Address:

*[Note: To be included in the submission as a separate Word document]:*

Rationale: Creates a new paragraph to implement the Protocol of Reconciliation and Grace Through Separation recommended by a group of UMC leaders to resolve the impasse in the Church through gracious separation and restructuring, including facilitating annual and central conferences and local churches to form New Methodist Denominations.



## Appendix

### Anticipated Financial Implications of New ¶ 2556—Reconciliation and Grace Through Separation and Restructuring

This legislation lists direct costs including:

- A total sum of \$25,000,000 shall be paid to approved and recognized Traditionalist Methodist Denominations (as defined in ¶ 2556.1c and ¶ 2556.2) that have requested these funds under this paragraph. These payments shall be made during the 2021-2024 quadrennium, in amounts totaling not less than \$6,250,000 per calendar year. Payments shall be received by December 31<sup>st</sup> of the applicable calendar year and may be made periodically or in one lump sum as determined by General Council on Finance and Administration. No funds shall be paid to any new denomination before May 16, 2021.
- A total sum of \$2,000,000 shall be escrowed by the General Council on Finance and Administration as seed money for New Methodist Denominations other than a recognized Traditionalist Methodist Denomination. These payments will be made during the 2021-2024 quadrennium, in amounts totaling not less than \$500,000 per calendar year. Payments shall be received by December 31<sup>st</sup> of the applicable calendar year and may be made periodically or in one lump sum as determined by the General Council on Finance and Administration. No funds shall be paid to any new denomination before May 16, 2021, and payments shall not be made before the new denomination has met the requirements of paragraph ¶¶ 2556.2c(1-4).
- Not less than \$39,000,000 shall be included in the budget recommendations of the General Council on Finance and Administration and allocated by the Connectional Table in line with ¶ 806 over the next two quadrennia to support ministries by and for ethnic/racial communities in the U.S. as well as Africa University. Much of this sum is already found in the current and projected budget of the United Methodist Church in its support of the National Plans and Africa University. Therefore, this is not \$39,000,000 in additional funding above the current and proposed budget. It is our understanding this amount is already included in the budget for next quadrennium. Should any budget adjustments be made to the overall budget in this quadrennium or next, these amounts should remain as required by the legislation and other budget areas will need to be adjusted accordingly. This \$39,000,000 is a statement that such allocations to support ministries by and for ethnic/racial communities in the U.S. as well as Africa University will continue to be a key priority during a more turbulent season in the life of the United Methodist Church.
- The General Commission on Finance and Administration, along with the Connectional Table and other collaborative partners in the United Methodist Church, will be responsible for discerning the sources of these funds. These funds can come from a variety of internal and external sources, including but not limited to restricted funds to be used for said purpose and unique contributions, as determined by the General Council on Finance and Administration in consultation with the Connectional Table and existing general boards and agencies.