



## **Disaffiliation Reporting Guide**

### **February 2023**

This reporting guide contains the names and disaffiliation metrics of local church that are seeking to disaffiliate from the Virginia Conference of The United Methodist Church on February 18, 2023, as well as the agenda for the Special Annual Conference and Frequently Asked Questions (FAQs) on disaffiliation.

February 18, 2023 Agenda.....	Page 2
Local Churches Seeking Disaffiliation.....	Page 3
Disaffiliation Metrics.....	Page 5
Frequently Asked Questions.....	Page 6

**Agenda for Saturday, February 18, 2023**

- |                  |  |  |
|------------------|--|--|
| <b>8:30 a.m.</b> | Optional Q&A session                           | Rev. Dr. Steve Summers, DCM<br>Rev. Denise Bates, Dean of the Cabinet<br>Andrew White, Trustees Attorney |
| <b>9 a.m.</b>    | Annual Conference Call to Order                | Bishop Sue Hauptert-Johnson  |
|                  | Opening Prayer                                 | Martha Stokes<br>Conference Lay Leader   |
|                  | Practice Vote                                  |  |
|                  | Organizing Motions                             | Rev. Denise Bates  |
|                  | Minutes Committee Report                       | Rev. Joshua King<br>Conference Secretary   |
|                  | Consideration of Disaffiliating Local Churches | Kathy Lutman<br>President, Board of Trustees   |
|                  | Closing Prayer                                 |  |
|                  | Conclusion of Annual Conference Session        |  |

**Local Churches Seeking Disaffiliation on February 18, 2023**

**Living Waters District**

<b>Local Church</b>	<b>Disaffiliation Payment</b>
Glenmore UMC	\$35,277.00
Hanes Chapel	\$14,058.17
Hopewell UMC	\$131,345.00
Union Chapel UMC	\$29,607.00

**Mission Rivers District**

<b>Local Church</b>	<b>Disaffiliation Payment</b>
Locust Grove UMC	\$107,428.00
Mila UMC	\$25,495.00
New Town UMC	\$562,304.00
Rehoboth UMC	\$28,098.00
Wicomico UMC	\$22,686.00
Wilderness Community UMC	\$389,965.50

**Mountain View District**

<b>Local Church</b>	<b>Disaffiliation Payment</b>
Creasey's Chapel UMC	\$37,376.46
Fairview UMC	\$330,229.00
Grace Design UMC	\$84,053.00
Harris Chapel UMC	\$16,862.00
Huddleston UMC	\$25,599.00
Mountain View UMC	\$21,287.00
Nettle Ridge UMC	\$38,040.00
New Hope UMC	\$27,122.00
Ross Harbour UMC	\$38,033.00
Stuart UMC	\$123,495.00
Timberlake UMC	\$748,445.00
Whitmell UMC	\$96,747.00
Woolwine UMC	\$40,320.00

### Shenandoah River District

Local Church	Disaffiliation Payment
Markham UMC	\$46,632.00
Redland UMC	\$152,758.00
Refuge UMC	\$57,592.00
White Chapel UMC	\$36,217.00

### Three Notch'd District

Local Church	Disaffiliation Payment
Binghams UMC	\$40,422.00
Byrd Chapel UMC	\$88,888.00
Dunn's Chapel UMC	\$19,154.00
Laurel Hill UMC	\$258,425.00
Mt. Zion UMC (Madison)	\$70,946.00

### Valley Ridge District

Local Church	Disaffiliation Payment
Trinity UMC (Christiansburg)	\$26,665.00
Wesley Memorial UMC	\$57,991.00

### **Disaffiliation Metrics for the 34 Churches Seeking Disaffiliation**

1. As of December 31, 2021, the total number of professing members represented by the 34 disaffiliating churches was 6,604. This is 2.18% of the total membership of the Annual Conference of 303,268.
2. As of December 31, 2021, the average attendance at all weekly worship services by the 34 disaffiliating churches in 2021 was 2,511. This is 2.59% of the total weekly worshipping membership of the Annual Conference of 97,098.
3. The value of all local church assets of the 34 disaffiliating churches, not including real estate, is \$6,972,395. This value is 2.05% of all local church non-real estate assets in the Annual Conference of \$340,722,505.
4. The value of the 34 disaffiliating church's real estate is \$48,150,309\*. This is 2.1% of the value of annual conference local church real estate of \$2,297,350,983.
5. The amount paid by the 34 disaffiliating churches for all conference apportionments over a five-year period was \$3,593,866. This represents 2.3% of conference apportioned receipts over that same period OF \$156,490,720.

The above information is derived from local church statistical data as submitted by local churches and reported to the General Council on Finance and Administration.

\*Property values derived from church self-reporting as recorded on annual statistical tables.

## **Frequently Asked Questions (FAQ) about Disaffiliation**

Released Conference-wide February 3, 2023

### **1. What does disaffiliation mean in The United Methodist Church and the Virginia Conference?**

The United Methodist Church has wrestled with matters related to human sexuality since 1972. With the most recent postponement of General Conference until 2024, and the launch of the Global Methodist Church, some churches are discerning they should disaffiliate from The United Methodist Church. Some churches will stay independent and some will join the Global Methodist Church.

The Virginia Conference lay and clergy leadership respects that the decision to stay or leave the denomination should be one of conscience. There is a fair, simple, and consistently applied process for those who have prayerfully discerned disaffiliation as their best course.

For those churches considering disaffiliating from the denomination for reasons of conscience relating to matters of human sexuality, Paragraph(¶) 2553 of the 2016 Book of Discipline as amended in 2019 (the “Discipline”) must govern this process through December 31, 2023, at which time ¶ 2553 will lapse. [See Judicial Council Decision 1449](#).

¶ 2553 was added to the Discipline at the specially called General Conference in 2019. General Conference is the only body that can amend ¶ 2553.

[Judicial Council Decision 1422](#), which was issued February 9, 2022, confirmed that any church seeking to disaffiliate for reasons of conscience over matters of human sexuality, whether conservative, moderate, or progressive, may use ¶ 2553 to do so.

Any church who wishes to explore disaffiliation needs to first contact their District Superintendent. The process for Virginia local churches is detailed further below in Question #9. For any churches that wish to remain in The United Methodist Church, no action is needed.

### **2. How many churches in the Virginia Conference are seeking disaffiliation?**

On Saturday, October 29, 2022, a Special Virginia Annual Conference was held and 10 churches seeking approval to disaffiliate from The United Methodist Church under ¶ 2553 were approved by the Virginia Annual Conference membership.

On February 18, 2023, the Virginia Annual Conference members will consider 34 churches seeking to disaffiliate under ¶ 2553. The Virginia Conference currently comprises over 1,100 churches.

### **3. Why is a Special Annual Conference being held on February 18, 2023? What business will be conducted?**

A Special Annual Conference will be held on Saturday, February 18, 2023 to deal with disaffiliations under ¶ 2553 of the Discipline.

At 8:30 a.m., a Q&A session will be held for any members to ask questions pertaining to the Special Annual Conference. At 9 a.m., the Special Annual Conference will convene solely to vote on the request of 34 local churches that seek to disaffiliate from The United Methodist Church over matters of human sexuality using ¶ 2553 of the Discipline.

### **4. What will be the voting procedure at the Special Annual Conference on February 18, 2023?**

The names of each church requesting to disaffiliate under ¶ 2553 will be presented. The Annual Conference members will be given the opportunity to vote “yes” or “no”. There will be no amendments to the church Disaffiliation Agreement for those churches seeking to disaffiliate under ¶ 2553 of the Discipline. There will be speeches “for” and speeches “against” and those will be limited under our Conference rules. The simple majority of the body will prevail on the vote. For those churches seeking disaffiliation under ¶ 2553 of the Discipline, this process was approved by [Judicial Council Decision 1420](#) on February 9, 2022.

### **5. Why are churches within the Virginia Conference pursuing disaffiliation through legal action?**

In August 2022, the Conference received demand letters from an organization called the National Center for Life and Liberty (“NCLL”) demanding that 26 churches be able to promptly disaffiliate under ¶ 2548.2 rather than ¶ 2553 of the Discipline so they can join the Global Methodist Church. On September 1, 2022, the Conference responded to NCLL’s demand letter. To date, no lawsuit has been filed by these 26 churches and since this initial demand, eight of these 26 churches have now fully exited the potential lawsuit and have entered into the conference’s ¶ 2553 exit process.

¶ 2553 of the Discipline, which was enacted at the 2019 Special General Conference, is a fair and equitable way to leave the denomination. It is rooted in prayerful, Christian discernment and methodical, conciliatory discussions. The Conference Board of Trustees and the full Cabinet also approved ¶ 2553 as the governing legislation for this process in the Conference.

NCLL has not responded to the letter sent by the Conference on September 1, 2022. The letter sent by the Conference on September 1, 2022 demanded proof that NCLL actually represents the 26 churches. The proof sought are the minutes from the Church Council meeting where

NCLL was hired as counsel to the church. To date, no proof has been provided. Additionally, there is at least one church that has come forward to state it is not represented by NCLL.

Also, it would not be fair to the churches to release their names at this time when it is not clear if any of them are represented by NCLL in this potential litigation. The Conference also does not disclose the names of churches that have contacted the District Superintendent to discuss possible disaffiliation because such a process is confidential and it may never come to pass.

If any churches purported to be represented by NCLL file a lawsuit, the Conference will release the names of those churches that sue. The Conference is confident that such litigation will be unsuccessful for those churches that sue. The Conference and the Conference Trustees will also seek reimbursement to the Conference of all legal fees and related expenses associated with responding to the 26 demand letters and any lawsuit. You can learn more about the Conference's response to the demand letter from NCLL by [clicking on this link](#).

## **6. What is The United Methodist Church trust clause?**

United Methodists and generations of Methodists before structured ministry through a connectional system that sustains the work and mission of the church.

The trust clause is central to this approach. The United Methodist trust clause is specific wording in legal documents (deeds) declaring that the property and assets of a local church or United Methodist entity are held "in trust" to benefit the entire denomination. The trust clause also applies even if it is not in the legal documents based on prevailing legal opinions from the courts. The trust clause ensures that United Methodist property will continue to be used for the purposes of The United Methodist Church.

The Discipline addresses the wording of the trust clause in a variety of forms, depending on whether this property is a place of worship, a parsonage, intended for some other use, or acquired from another United Methodist entity.

Holding property in trust for The United Methodist Church means the "holder" must use the property exclusively for the purposes of and to benefit The United Methodist Church.

Because a local church holds its property in trust for the denomination, it has a legal obligation to maintain and protect that property so it can continue to be used as a United Methodist church. The local church does not own the property; rather, title is held in the name of the local church trustees, subject to the trust clause.

The Discipline sets forth detailed procedures a church must follow before taking most major actions affecting its property.

By following the disaffiliation process, signing the Disaffiliation Agreement, and paying the disaffiliation fees and costs, the local church is being allowed to leave the denomination, free of

the trust clause. This allows the local church to assume title to the property, real and personal, tangible and intangible, subject to any third-party claims (as discussed in Question #14 below.) [Learn more about the trust clause in an article from Ask the UMC...](#)

## **7. What are the differences between Paragraph (¶) 2553, 2548.2, and 2549 from the Book of Discipline (BOD)?**

### Paragraph 2553

The Council of Bishops and [Judicial Council Decision 1449](#) have affirmed ¶ 2553 of the Discipline as “the primary paragraph used for disaffiliation or separation.” ¶ 2553 outlines the steps the congregation, the District Superintendent, and the Conference must take to complete a disaffiliation from The United Methodist Church. At minimum, three provisions must be met:

- a decision to disaffiliate by a two-thirds majority of the professing members present at a church conference (not charge conference);
- the payment in full of two years of that congregation’s apportionment commitment as set by the Conference;
- the payment in full of the congregation’s pro-rata share of the Conference’s pension liability, based on a formula approved by the Conference.

Requirements for local churches in the Virginia Conference are listed further below in Question #9 of the FAQ document.

### Paragraph 2548.2

This paragraph has been part of the Discipline for many years. It permits the Conference to direct the local church trustees to assign the deeds of church property to the proper legal representatives of a Pan Methodist church or another evangelical denomination. This paragraph is about transfer of property. It is not about a congregation changing its denominational affiliation. Transferring of property may happen “under an allocation, exchange of property, or comity agreement, provided that such agreement shall have been committed to writing and signed and approved by the duly qualified and authorized representatives of both parties concerned.” The key words in that sentence are “church property,” “permit,” and “annual conference.” This paragraph gave permission to annual conferences to order such transfers of deeds at the request of the local church. This paragraph does not create a right nor a process for congregations to disaffiliate from The United Methodist Church. Nor does it allow local congregations, by themselves, to transfer their property to other denominations. It creates a right for congregations to request such transfer of property, and then only where local laws require the congregation's involvement in the transfer. The annual conference determines whether and when such transfer may take place. The annual conference may only consider such a request after the Bishop and the majority of the District Superintendents and the District Board of Location and Building have given their consent. ¶ 2548.2 of the Discipline is not to be used for churches that seek to disaffiliate based on Judicial Council Decision 1449.

### The Role of Paragraph 2549.3.b

This paragraph authorizes the Bishop and majorities of both the District Superintendents and the District Board of Location and Building to declare that “exigent circumstances exist that require immediate protection of the local church’s property.” The effect of that declaration is the immediate transfer of all property and assets of a local church to the control of the Conference Board of Trustees. Exigent circumstances include, but are not limited to, situations where the property will no longer be used for The United Methodist Church or the congregation is no longer in a position to maintain it for the denomination.

### **8. What did Decision 1449 from the Judicial Council rule about transferring church property?**

On August 23, 2022, the Judicial Council, The United Methodist Church’s top court, issued a strong and clear ruling that churches seeking to disaffiliate over matters of human sexuality must do so under ¶ 2553 of the Discipline. The 2019 Special General Conference enacted ¶ 2553 which, as stated in the Discipline, pertains to “Disaffiliation of Local Churches Over Issues Related to Human Sexuality.”

For such churches, the Judicial Council said, “It stands to reason that, if disaffiliation of local churches could be accomplished under ¶ 2548.2 or any other provision of The Discipline, the special session of General Conference in 2019 would not have gone through the trouble of enacting ¶ 2553.”

The Judicial Council’s ruling was in response to issues and questions raised May 12, 2022 by the Council of Bishops about whether ¶ 2548.2 could or should be used for those churches that want to disaffiliate. Some have claimed ¶ 2548.2 can be used to transfer church assets and membership to the recently launched Global Methodist Church. The Judicial Council rejected these claims in clear language.

¶ 2548.2 states that a property transfer must take place “under an allocation, exchange of property, or comity agreement.” While The United Methodist Church has long standing agreements with several other denominations, no such agreement exists with the Global Methodist Church at this time.

The Judicial Council also noted any such agreement must also be in writing and must be approved by the General Conference, which cannot happen until at least 2024 when the General Conference meets again. Importantly, even if the General Conference approves the use of ¶ 2548.2 in 2024, three other conditions need to be met before this provision can be used by churches.

To view Judicial Council Decision 1449, [click here](#). A related UM News story about Decision 1449 is [here](#).

## **9. What are the steps for a local church in the Virginia Conference in the 2553 disaffiliation process?**

The steps for all churches are as follows:

1. Contact District Superintendent and schedule an in-person congregational information meeting;
2. Enter into a minimum thirty (30) day prayerful discernment designed by the local church in collaboration with the pastor;
3. Take a straw poll to determine congregation's discernment whether or not to disaffiliate;
4. If the congregation's discernment is to disaffiliate, then the local church's attorney will finalize the Disaffiliation Agreement with the Conference Trustees' attorney;
5. Once the Disaffiliation Agreement is finalized, a Called Church Conference must be held to vote on the Disaffiliation Agreement;
  - a. 2/3 (66.67%) of professing members present at the Called Church Conference are required to approve disaffiliation; and
  - b. If approved, the Disaffiliation Agreement is signed by local church trustees and sent with monetary deposit to be held in escrow.
6. The disaffiliation of the local church must be ratified by the Annual Conference body.

## **10. What is included in the "Benefit Liability" portion of the Disaffiliation Cost?**

In the event of a church seeking disaffiliation, two financial liabilities associated with clergy benefit programs must be addressed. These include the Conference's share of the denominational clergy pension liabilities and the projected liability associated with the Conference-sponsored retiree medical plan.

The Conference's share of the denominational pension liabilities is determined by Wespath, and the Conference Treasurer will identify a disaffiliating church's share of that liability. The liability is calculated on a market value basis, which reflects the ongoing risks associated with a long term defined benefit liability. The Conference's pension liability will be updated quarterly by Wespath.

As noted below, the Conference also sponsors a retiree medical program under which clergy may earn access to that benefit program based on their years of active ministry in the Conference. The present value of the total future liability associated with the retiree medical program is determined by a third party actuarial firm annually.

A church that formally initiates disaffiliation dialog with the Conference will be provided with its covenantal share of these benefit liabilities based on the most recent valuation reports, and those liabilities will be incorporated into the final Disaffiliation Agreement. The local church's share of the total clergy benefit liabilities will be calculated using the church's decimal (the decimal is used to determine the church's annual apportionments).

## **11. How is the cost determined for the local church?**

As churches begin their disaffiliation discernment process, they are provided a worksheet detailing their specific cost structure for disaffiliation. This cost structure is the same for every church, but the cost number is unique for every church because of the use of the decimal which is how every church's share of the apportionments is calculated.

Depending on the specific church, there may be five parts to the disaffiliation cost structure (parts one-three are applied to every church and parts four and five are situational and may not apply to your church).

Part One: The church's decimal is applied to the Benefit Liability, which includes the unfunded pension liability and the retiree medical liability. This concerns promises made to clergy who have faithfully served. There is more on the Benefit Liability below.

- The unfunded pension liability represents the cost of the pension benefits that have already been earned by our Conference's clergy. That liability is the difference between the projected value of the Conference's pension assets and the projected total pension liability. If the liability exceeds the projected value of the pension assets, there is an unfunded liability.

- These projections are based on several assumptions, including the projected growth rate in our invested pension assets and the longevity of our clergy who will receive lifetime pension benefits in retirement. It is possible that the actual return on pension assets could be significantly lower than expected, and average life spans may end up being much longer than expected. In either of those cases, the Virginia Conference would need to come up with additional funds in order to make the pension benefit payments that have been promised to our clergy. The unfunded pension liability calculation is designed to ensure that the Virginia Conference will be adequately equipped to manage the entirety of the ongoing pension liability.

- Under the Conference's retiree medical program, Virginia Conference clergy have the opportunity to earn a lifetime health insurance benefit. The liability associated with that program is calculated annually by an external actuarial consulting firm, and represents the projected cost of the benefits that have already been earned by our clergy.

- In essence, the Virginia Conference's pension and retiree medical liabilities are simply the financial costs associated with promises that have been made to our Conference's clergy.

[Learn more in this VUMPI video...](#)

Part Two: Apportionments. This concerns people and ministry in the Virginia Conference.

- The local church's decimal is used to calculate the specific apportionments for that specific church.

- This is current year's unpaid apportionments (Conference +District) and an additional 12 months of apportionments.

#### Part Three: Legal expenses

- The local church attorney will collaborate to finalize the Disaffiliation Agreement with Conference Trustees' attorney.
- The local church attorney will assist in incorporating the local church in its new form, so it can receive the property.
- The Conference Trustees' Attorney fees are generally fixed at \$3,000 for each transaction unless extraordinary circumstances require more legal fees to be expended.

Part Four: As applicable, satisfying a loan or grant related to property from the conference or district.

Part Five: As applicable, may have to provide compensation support (salary, pension, housing) if disaffiliation is out of sync with the appointment year and the church's pastor is remaining in The United Methodist Church and an appropriate appointment is not available.

Costs associated with disaffiliation are not negotiable.

## **12. What is the process for clergy considering joining the Global Methodist Church or other denomination?**

Following the procedure as outlined by ¶ 360.1 of the Discipline, clergy must submit a written request for withdrawal from membership in The United Methodist Church to the Bishop and copy the Office of the Center for Clergy Excellence, their District Superintendent, and the Office of Pensions and Benefits. The withdrawal and readmittance processes have been updated on the Conference website under the Center for Clergy Excellence. [Learn more...](#)

## **13. If a church is disaffiliating on February 18, 2022, should lay membership who want to remain in The United Methodist Church move their membership prior to that date?**

The disaffiliating church is a UMC until the settlement date of the disaffiliation agreement, so they do not have to move their membership by February 18, 2023 (or the AC date). See FAQ Question #15 for an explanation of when exactly a church will legally be disaffiliated from The United Methodist Church.

#### **14. What is the Conference leadership’s role in the disaffiliation process? What if the church land was donated by a person or some other entity under a condition stated in the deed that the property would remain a United Methodist church?**

The Conference leadership is observing the requirements of ¶ 2553, which provides the local church “a limited right, under the provisions of this paragraph, to disaffiliate from the denomination . . .” (emphasis added). Just as any local church must follow the rules of ¶ 2553 in seeking to disaffiliate, the Virginia Annual Conference also must follow ¶ 2553 in respecting the right of a local church to disaffiliate.

Under ¶ 2553, the Conference leadership has limited discretion in establishing the terms of the Disaffiliation Agreement. Once the local church has completed the steps required for disaffiliation as listed above, including the approval of the terms of the Disaffiliation Agreement by a 2/3 vote of the professing members present at a Called Church Conference, it is up to the Annual Conference body, and not the Conference leadership, to approve the Disaffiliation Agreement on behalf of the Conference. Conference leadership is bound by, and does not have authority to overrule, such action by the Annual Conference.

It is important to note that certain property rights are outside of the scope of the disaffiliation process, and it is up to the local church (and not the Conference) to deal with any rights that third parties may have in the church property. Subject to the trust clause, real estate may be conveyed to a church subject to certain conditions stated in the deed. For example, the church’s deed may state that the property must be used as “a United Methodist Church” or, more generally, as a Christian place of worship, and further that if the church fails to satisfy such condition, then the property will revert to the person who sold or gave it to the church (or to that person’s heirs). This kind of provision is known as a “possibility of reverter” under Virginia law. As mentioned above, local UMC church property is always subject to the trust clause even when it is not expressly contained in the deed (the trust clause may be released through a disaffiliation under ¶ 2553), it also may be subject to a possibility of reverter. Depending on the language contained in the deed, the disaffiliation of a local church may or may not trigger the rights of third parties under a possibility of reverter.

At the closing of the disaffiliation, the Conference will provide a document to be filed in the land records that has the effect of releasing the trust clause. It is up to the local church to address any third-party issues caused by language contained in the existing deed to the property, including any possibility of reverter.

#### **15. What is the effective date of when churches seeking disaffiliation are no longer United Methodist?**

Disaffiliation is complete only when there is a settlement date. The “settlement date” is the day the money is paid and the property is transferred. The local church remains a United Methodist

Church, with their appointed/assigned pastor until the settlement date of the disaffiliation. The Annual Conference approving the Disaffiliation Agreement is one step but it is not the final step. In other words, a church will not be legally disaffiliated until the settlement date. Between the Annual Conference approval and the settlement date, there is legal work to be done. The disaffiliation date for each of the 34 churches, should they be approved, will likely all be on different dates. Each church approved must have a settlement date within 90 days of the Annual Conference vote. For the 34 churches on February 18, 2023, that is May 19, 2023. The disaffiliated local church must cease using UMC symbols (i.e. cross and flame) at the time of the settlement date, although they may retain and continue UMC hymnals and Bibles with the cross and flame if they wish.