

News from the Regional Board of Pensions Consultation
April 6-8, 2016, San Diego, California
Rev. Hilda Pecoraro, Presbytery Pastor -- April 19, 2016

It was a joy for me to attend the Western/Central Regional Board of Pensions Consultation (RBC) earlier this month in San Diego. Did you know the Board of Pensions will be celebrating its **300th Anniversary** in 2017? We are blessed to have a Board that understands its provision of benefits as holy work, and that bases its programs on a theology firmly rooted in Scripture. We are also blessed to have a Board that is financially secure and solidly responsible in how it deals with the important assets entrusted to its care.

I learned far more than I can share in a few paragraphs, so the **first and most important** thing I'd like to encourage all pastors and church leaders to do is to spend some time on the Board of Pensions' website: www.pensions.org. The website is easy to navigate and has lots of practical and helpful information to assist in benefit questions, preparing terms of call, investment opportunities, employee assistance programs, tax tips and more.

In addition to its benefit programs, the Board also offers *education resources* on topics that range from clergy taxes, planning for retirement, personal finance and investing, and health and wellness. Some of these programs are regional seminars. Others are available as on-line modules. For example, there is a Basic Investment Series: "5 self-paced lessons on the fundamentals of investing, such as risk, asset allocation, and choosing an adviser." Check out *Board University* on the website for more information

The primary focus of the RBC was to introduce the revised **2017 Benefits Plan**. It is exciting to see how this new plan will extend benefits to teaching elders not serving as installed pastors and to other church staff by providing menu options and flexibility for both employers and employees. I encourage you to be active in learning about the **2017 Benefit Plan** and other programs offered by the Board.

Here are some ways you can learn more:

- An "Overview of the 2017 Benefits Plan" is available on the www.pensions.org website.
- Be on the lookout for mailings/emails from the Board of Pensions introducing the revised Plan.
- You may receive a phone call from Board of Pensions staff to set up a phone meeting to learn about the changes coming for 2017.
- Contact our regional representative, the Rev. Mark Frey with any questions/concerns: mfrey@pensions.org or 1-800-773-7752 ext. 7042
- Or contact the Board of Pensions at 1-800-PRESPLA(N) (1800-773-7752)

Below are a few paragraphs from the Overview (pp. 7-9) that will help to introduce and explain the **2017 Benefits Plan**. Again, I encourage you to read the entire document:

Design Objectives

With A Theology of Benefits as a foundational context for the (2017) Benefits Plan of the Presbyterian Church (U.S.A.), we developed the following broad objectives, which guided the design work:

- Provide for a single plan with a menu of employer benefit options.
- Preserve all existing benefits for installed pastors, with costs that support community nature and are expressed as a percentage of effective salary.
- Adopt language and Benefits Plan terminology that align the plan with the *Book of Order*.
- Modernize plan provisions where appropriate.
- Reinforce the importance of wholeness: spiritual, physical and emotional, financial, and vocational well-being.
- Develop a Medical Plan cost model that is sustainable and transparent.

What is not changing

Central to understanding the changes to the plan are knowledge and confidence about what is not changing:

- benefits for installed pastors (Pastor's Participation), which include (and will continue to include) the following, on a non-contributory basis and without regard to number of hours working:
 - defined pension benefits
 - death and disability
 - preferred provider organization (PPO) medical
- availability of these same benefits for employers to offer to other teaching elders and other eligible employees (menu options)
- dues for pension and death and disability benefits
- other benefits, available to installed pastors, other teaching elders, and other eligible employees, including the following:
 - defined contribution Retirement Savings Plan of the Presbyterian Church (U.S.A.) (RSP)
 - dental plan
 - supplemental death benefits
 - supplemental disability benefits

What is changing

The plan design includes provisions that will enable employers to make decisions about **what** benefits will be offered; **who**, in addition to installed pastors, will be eligible for benefits; and **how much** employees will contribute toward the cost of coverage.

- **What** may be offered? Employers may select benefits from menu options, including the following, on a stand-alone basis:
 - retirement benefits (Pension Plan, RSP)
 - death and disability benefits
 - medical benefits via the current preferred provider organization (PPO) or an exclusive provider organization (EPO) (An employer may elect to offer eligible employees either coverage option or both.)
 - optional dental, supplemental death, and supplemental disability benefits
- **Who** may be covered? Employers may construct eligibility provisions best suited to their local needs using the following broad parameters:
 - Other teaching elders may be enrolled in either Pastor's Participation or in menu options. (The Board encourages non-contributory enrollment of these church servants in Pastor's Participation.) For purposes of medical coverage eligibility and RSP participation, there will be no minimum working-hour requirement. For all other benefits, the plan will require a working-hour minimum of 20 hours per week.
 - Other employees will be eligible to be enrolled only in menu options. The plan will require a working-hour minimum of 20 hours per week for all benefits except the RSP.
- **How much** will the benefits cost, and **how much** of the cost may an employer share with employees?
 - While preserving the current, non-contributory dues structure for Pastor's Participation, the design includes the following changes to calculating Medical Plan dues:
 - Minimum and maximum dues will be expressed as fixed-dollar amounts, eliminating the need for pro-rating part-time salaries and allowing for periodic adjustments that reflect medical cost trends.

- The dues percentage rate will reflect a composite (call neutral) amount, applied uniformly, regardless of the pastor's family status.
- When using menu options, dues will be calculated as follows:
 - For pension benefits, there will be no change to the current 11 percent of the pension participation basis (the greater of effective salary or 25 percent of installed pastors median); it must be fully paid by the employer.
 - For death and disability, there will be no change to the current 1 percent of the pension participation basis if offered with pension benefits, or to the 3.5 percent of pension participation basis if selected on a stand-alone basis, without pension benefits; it must be fully paid by the employer.
 - For medical coverage, the cost will reflect actual (unsubsidized) claims and administrative expenses, and will be expressed in dollar denominated coverage-level rates (member-only; member + child(ren); member + spouse; member + family). Reflecting a market-based pricing sensitivity, these employer-specific rates will be adjusted by regional and /or demographic factors. Employers will be required to fund at least 50 percent of the cost of member-only coverage; employees may be asked to pay for up to 50 percent of member-only coverage and up to 100 percent of the incremental cost of coverage for their eligible family members.

Additional Support: **Benefits Connect** will open July 11, 2016 with models, worksheets and personal assistance to help with the employee agreements that are due September 30, 2016. Benefit decisions will be reported to the Board of Pensions on-line. October 17-November 11, 2016 is the Annual Enrollment period for employees.