



Benefits Administration Handbook

for Churches and Employing Organizations of the Presbyterian Church (U.S.A.)

Developed for church treasurers, clerks of session, and business administrators

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Contact Us

Call and speak with a member service representative if you have any questions about Benefits Plan matters or the Assistance Program. We'll be glad to help!

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Office Hours

8:30 a.m. – 5 p.m. (ET)

Monday – Friday

ABOUT THIS BOOKLET

This handbook provides information that church treasurers, clerks of session, and business administrators need to know about administering benefits for teaching elders and other church workers in 2013. We hope that you will find it helpful in performing your duties.

All references to *you* in the handbook address you in your role as benefits liaison for your church or other employing organization, not as a member of the Benefits Plan of the Presbyterian Church (U.S.A.) if you are one. All references to *member* refer to participants in the Benefits Plan.

Who We Are

The Board of Pensions of the Presbyterian Church (U.S.A.) (the Board) has a vital mission: to serve as steward of the Benefits Plan of the PC(USA), administering pension, healthcare, death, disability, and related benefits and services to more than 50,000 active and retired PC(USA) teaching elders, missionaries, other church workers, and their covered partners* and dependents. In this role, the Board collects dues, invests money, and designs and administers the programs that make up the plan.

The General Assembly has assigned four basic functions to the Board of Pensions:

- Design and administer a comprehensive program of pension, medical, and other benefits for ministers, missionaries, and certain other church workers.
- Design and administer a program of financial assistance to help meet needs that are beyond the scope of the pension and benefits program.
- Establish and operate retirement housing for eligible retirees and their spouses.**
- Receive, invest, and disburse the funds required to support these plans and programs for the sole and exclusive benefit of members and beneficiaries of the pension and benefits plan and other beneficiaries of the assistance and homes programs.

(*Minutes*, Part I, 1984, p. 549)

The Benefits Plan is funded by dues from PC(USA) churches and church-affiliated employing organizations as well as the income from, and capital appreciation of, plan assets.

Unlike the Benefits Plan, the Assistance Program of the Board of Pensions relies on donations for its funding, including a portion of the Christmas Joy Offering. It receives no funds from dues.

*Effective January 1, 2013, legally sanctioned same-gender domestic partners of members and the covered partners' children may be enrolled for coverage under the Benefits Plan. The terms *spouse* and *qualified domestic partner* are defined in the plan. This handbook and all other Board of Pensions communications use the term *covered partner* to refer to either a qualified domestic partner or a spouse.

**The 200th General Assembly (1998) approved changing the Homes Program to the Housing Supplements program and the sale of Board-owned properties, with the proceeds going into Housing Supplements (*Minutes*, Part I, 1988, p. 97.)

KEY RESOURCES

We recommend that you become familiar with the contents of this handbook as well as the following key resources as soon as you assume the role of church treasurer, clerk of session, or business administrator. We encourage you to use it as an ongoing resource as you carry out your day-to-day responsibilities.

Publications

Benefits Plan Document

Members' rights under the Benefits Plan are governed by the official [Benefits Plan document](#). If the *Benefits Administration Handbook* is inconsistent with the Benefits Plan document in any way, the plan document will be considered the controlling document.

Certain terms in this handbook have specific meanings under the Benefits Plan. If there is a conflict between this handbook and the Benefits Plan document, the plan document will control.

The Board of Pensions reserves the right to change any term of the Benefits Plan through the amendment or change process described in the plan. A copy of the Benefits Plan is available on pensions.org or by calling the Board and requesting a copy from a member service representative.

Administrative Rules

[Administrative rules](#) are policies and rules approved by the Board of Directors of the Board of Pensions; they guide the practical application of the Benefits Plan and its provisions. You can find these rules on pensions.org or call the Board and request a copy of them.

The terms of the Benefits Plan and the administrative rules are binding; however, an appeals process is available for individual circumstances. Each summary benefits booklet explains the appeals process for that benefit program.

Benefits Booklets

A summary of each major benefit under the Benefits Plan of the Presbyterian Church (U.S.A.) can be found in the applicable benefits booklet:

- [pension](#)
- [healthcare](#)
- [death](#)
- [disability](#)

These booklets describe coverage terms and provide other details. You can find them in the [Forms & Publications section](#) of pensions.org or obtain copies by calling the Board and speaking with a member service representative. These booklets should be the first place you look when you have questions about a benefits program.

E-Newsletter for Church Treasurers and Business Administrators

The Board annually publishes the electronic newsletter [Church Treasurer & Business Administrator News](#), including benefits updates and reporting-requirement reminders. The Board generally sends this in late summer or early fall to all church treasurers and business administrators for whom it has current email addresses. If you do not already receive this newsletter, contact the Board to provide a current email address. You can do this either by calling the Board and speaking with a member service representative or by using Benefits Connect, described under "Websites" below.

Websites

The Board increasingly relies on technology to distribute information, perform transactions, and provide tools to assist you. Two websites help you do your job: pensions.org, the Board's primary resource for communicating information to church treasurers/business administrators and plan members, and Benefits Connect, a secure website you can use to perform member benefits transactions, accessible through pensions.org.

Pensions.org

On the [home page](#) of pensions.org, you can access Benefits Connect, read news articles, and link to featured topics.

Pensions.org has a [section exclusively for church treasurers and business administrators](#). Here you'll find

- dues and other information related to benefits administration;
- a link to BoardLink[®], the Board's secure, online payment system;
- benefits news, including about healthcare reform;
- benefits- and salary-related calculators;
- links to relevant administrative rules and forms; and
- a subsection for Affiliated Benefits Program employers.



Forms and Publications

Another resource is the [Forms and Publications section](#), where you can access documents you'll need to carry out your work with the Board. Go to the pensions.org home page, click on Forms & Publications, and then select the type of document you need. Documents are grouped by subject matter:

- forms
- brochures & reports
- benefits overviews
- newsletters
- more headline news (pensions.org news archive)
- administrative rules
- glossary
- frequently asked questions (about medical claims, dues invoices, and more)

Calculators

Specialized [calculators and rate checkers](#) are available on pensions.org to assist you in determining effective salary, dues, and optional plan rates for budgeting and reporting purposes. You'll find the following calculators and rate checkers in the Treasurers & Administrators section or by clicking on Calculators in the footer of any page on the site:

- total effective salary calculator
- dues calculator
- supplemental death benefit rate checker
- optional dental benefit rate checker
- taxation of death benefit dues calculator
- simple savings calculator

Board University

Board University, the Board's education center, provides plan members, church treasurers/business administrators, and mid councils with a variety of education and information resources, including tax information resources on pensions.org.

Board University also has information about in-person seminars that you can attend, including a financial and retirement planning education seminar that can help you with your job. Render Unto Caesar, an instructor-led seminar, helps church treasurers and business administrators (as well as teaching elders) maximize tax advantages and understand terms-of-call considerations. Advance registration is required. You can [register online](#), at pensions.org/seminars, or by phone. If you would like to host a seminar in your presbytery, church, or nearby conference center, you can explore the possibility by emailing education@pensions.org.

Board University also has [e-learning offerings](#) on other topics, such as effective salary, tax tips, financial planning, and the Affiliated Benefits Program, that may help inform your role.

Benefits Connect

[Benefits Connect](#), accessible from the home page of pensions.org and the top of any page on the site, enables you to perform benefits-related transactions quickly and securely. You can

- review your dues invoices from the past six months;
- review and change or confirm your employees' salary information;
- submit service changes and terminations;
- request benefit enrollment packets;
- communicate securely with the Board, including attaching files that may be helpful in resolving an issue; and
- view your organization's contact information.

Keeping your plan members' records with the Board of Pensions up to date ensures your organization receives accurate dues invoices and your plan members, in turn, receive appropriate benefits payments. In addition, you can access two important tax-related publications, *Federal Reporting Requirements for Churches* and *Tax Guide for Ministers*, on Benefits Connect. Published annually, both the 2013 *Federal Reporting Requirements for Churches* and the 2012 *Tax Guide for Ministers* are currently available.

Authorized Web Representative

To use Benefits Connect to perform transactions as the benefits liaison for your church or other employer, you must meet three requirements:

1. Your employer must currently receive monthly invoices from the Board.
2. Your employer's billing address must be in the United States.
3. Benefits Connect must recognize you as the Authorized Web Representative for your organization (one individual per employer).

Your organization should designate an Authorized Web Representative; typically a church treasurer, clerk of session, or business administrator fills the role. (The Authorized Web Representative is also usually the Authorized Representative — the person designated by the session to handle paper enrollment and other forms.)

For the purposes of this handbook, it is assumed that you are or will be your organization's Authorized Web Representative. To be recognized in this role by Benefits Connect, follow this procedure:

- To [register for Benefits Connect](#), click on *Register* on the home page of pensions.org.
- Indicate your role by clicking on *Authorized Web Representative*.
- Have your organization's PIN (permanent identification number), billing zip code, and current invoice amount handy so that you can provide them in your User Profile, when prompted. (Your PIN appears on Board of Pensions invoices.)

After Benefits Connect verifies the information in your User Profile, it sends you an email, through which you can create a user ID and password. This completes the registration process.

Once registered, you can perform transactions exclusive to Authorized Web Representatives, such as updating a member's salary information. (When you register, the former Authorized Web Representative, if any, will lose access privileges. This helps ensure protection of member confidentiality.)

Once you are done with any business, click the *Log Out* button in the upper right-hand corner of the screen.

Plan Members

Plan members also can use Benefits Connect, primarily to view their personal benefits information but also to perform certain transactions — for instance, they can update dependent information, estimate pension and death benefits, or generate a Statement of Benefits (if an active member enrolled in the Pension Plan).

Two tools (calculators) are available through Benefits Connect to members enrolled for pension or death benefits:

- pension estimator
- total death benefit calculator

To [register for Benefits Connect](#), members may click on *Register* on the home page of pensions.org, select *Member* to indicate their role, and follow the step-by-step instructions to create a user profile.

Security

Benefits Connect is protected by multiple firewalls and 128-bit encryption (HTTPS). This technology protocol is often used to protect payments and other sensitive transactions in corporate information systems.

Member Services Team

The member service representatives play a unique and critical role in administration of the Benefits Plan. They are your go-to resource. Call them if you

- have questions related to benefits administration;
- have questions about your monthly invoice statement;
- need guidance on complying with government regulations related to benefits plans and programs;
- need help with Benefits Connect, BoardLink, or pensions.org;
- wish to place an order for benefits booklets or for forms that you cannot access through pensions.org; or
- need help updating your contact information.

The team includes a member advocate, who helps resolve complex service provider issues. Reach a member service representative by calling the main number, 800-773-7752 (800-PRESPLAN), weekdays from 8:30 a.m. to 5 p.m. ET.

BENEFITS PLAN BASICS

Learning the basics of the Benefits Plan of the Presbyterian Church (U.S.A.) will help you work with, and on behalf of, your plan members more effectively.

Traditional Versus Affiliated Benefits Program Coverage

This handbook largely focuses on the benefits provided under the Traditional Program of the Benefits Plan, which includes the core benefits of pension, healthcare, death, and disability. Most members (and all teaching elders in installed positions) are covered under the Traditional Program.

Churches and other employing organizations that do not wish to provide full coverage for non-installed teaching elders and lay employees may choose to provide coverage through the Affiliated Benefits Program (ABP), subject to employee classification enrollment rules. This program offers the same benefits as Traditional coverage, excluding pension participation.

For detailed administrative provisions of the ABP, refer to [Administrative Rule 121](#).

Core Benefits

Under the Traditional Program, the Benefits Plan provides the following core benefits:

- pension
- healthcare
- death
- disability

Churches and other employing organizations pay for this coverage in full through the dues that they submit to the Board on behalf of the members enrolled in the plan.

In addition, there are several optional benefits programs, described below.

Optional Benefits

The Benefits Plan offers optional programs that churches and employing organizations may make available to eligible church workers:

- dental
- supplemental disability
- supplemental death
- long-term care insurance
- Retirement Savings Plan [a 403(b)(9) plan]

Either your church/employing organization or the employee, or some combination thereof, may pay for optional coverage. Your church/employing organization is responsible for ensuring that payments for or contributions to these optional programs are sent to the Board of Pensions. (See “Dues”)

“God has so arranged the body...that...the members may have the same care for one another. If one member suffers, all suffer together with it; if one member is honored, all rejoice together with it.”

— 1 Corinthians 12: 24-26

Community Nature

The Benefits Plan has several unique features that collectively are referred to as *the community nature* of the plan. These features relate primarily to the plan's funding, pension benefits, and family medical coverage. Through the plan, the community shares responsibilities, meeting members' needs through the abilities and resources of all.

Your church or employing organization covers the full cost of participation in the Benefits Plan for teaching elders and other church workers (primary plan members) and the full cost of their families (dependents) through monthly dues payments to the Board of Pensions. ("Dues") The dues that each congregation or other employing organization contributes are based on the total effective salary of each of its covered employees, but its contributions go toward funding the benefits of all plan members. In other words, the dues amount paid by any employing organization bears no direct relationship to the coverage costs or the benefits provided to its own employees and their families.

Mandated Benefits

The *Book of Order* mandates that all teaching elders in installed positions be enrolled for full coverage in the Traditional Program. (See "Determining Participation Level.")

You also may offer benefits to other eligible church workers. (See "Determining Eligibility.")

Confidentiality of Member Information

The Board of Pensions places a premium on protecting the privacy of member information. Board staff must comply with our own internal confidentiality and data security policies as well as with those proscribed by government regulations. The privacy of the health plan information of members and their families is protected by the privacy and security regulations of HIPAA (Health Insurance Portability and Accountability Act of 1996).

Under HIPAA, Board staff may not release protected health information (PHI) to a member's employing organization (or a covered partner) unless the member has completed and filed an authorization form with us. Such precautions are needed to safeguard member privacy and comply with applicable laws.

The Board takes the same measures to protect personally identifiable information (PII), which can be used to identify an individual, such as the member's Social Security number and/or combinations of his or her name and address.

You, too, are asked to protect the confidentiality of member and family information.

Note: Occasionally the Board may ask you to verify member information.

For further information on HIPAA or the Board's protection of confidential information, please call Member Services or visit pensions.org.

Membership Status

Benefits Plan members are classified as active, inactive, terminated vested, disabled, or retired.

The term *active* refers to a member who is currently enrolled for coverage in the Benefits Plan, whose dues are not delinquent, and who has not started his or her pension; *inactive* refers to a member who is not enrolled for coverage in the Benefits Plan (or who is enrolled but whose dues are delinquent) and who has not started his or her pension. A *terminated vested* member is an inactive member who has vested pension credits.

Under the plan, the term *disabled* refers to a member who is currently receiving disability benefits under the Death and Disability Plan; *retired* refers to a member who has begun to receive pension benefits.

YOUR ROLE

As benefits liaison, you have several key responsibilities:

- Help determine church workers' eligibility to participate in the Benefits Plan.
 - Assist in assigning members' employment classifications.
 - Help determine employee participation levels.
 - Enroll employees in the plan and any applicable optional benefits programs.
 - Update and report member information changes, including salary and service changes.
 - Make monthly dues and other benefits payments.
 - Report employee compensation to the IRS for tax purposes.
 - Remit contributions to the Retirement Savings Plan of the Presbyterian Church (U.S.A.) and monitor limits.

Determining Eligibility

Teaching Elders

The *Book of Order* (G-2.0804) mandates that teaching elders who serve in installed PC(USA) positions (whether as pastor, co-pastor, associate pastor, or designated pastor) participate in the Benefits Plan and receive both pension and medical coverage. This means they must be enrolled in the Traditional Program regardless of the number of hours worked. Traditional coverage is non-contributory; the church or other employing organization pays the dues.

Non-Installed Teaching Elders and Lay Employees

You do not have to enroll teaching elders who are in non-installed positions or who serve in temporary pastoral positions or in another validated ministry (specialized ministry), or lay employees, in the Benefits Plan but you are encouraged to do so. The presbytery must validate specialized ministries in order for the teaching elders who fill them to participate in the plan.

To be eligible for enrollment, a non-installed teaching elder or lay employee must

- be scheduled to work at least 1,000 hours a year (20 hours or more per week); and
- meet the plan's minimum compensation requirements.

The plan's minimum compensation requirements follow:

- A member's annual salary must be at least 25 percent of the annual churchwide median effective salary of teaching elders serving churches, pro-rated for less than full time.
- If the presbytery has a minimum salary for pastors serving churches, the minimum compensation will be based on the presbytery's minimum salary.

For more information on minimum compensation requirements, refer to [Administrative Rule 305](#).

All employees in an employment classification must be enrolled for the same level of coverage. You may enroll them for either full or limited participation. (See "Determining Participation Level.")

Dependents

The eligibility requirements for coverage of covered partners and children are discussed here. The age at which a child is no longer considered a dependent varies with the type of benefit coverage.

- **Medical Plan** (including medical, surgical, and mental health coverage; participation in the Prescription Drug Program; and access to the VSP eye exam benefit) — covered partners and their children are automatically enrolled in the Traditional Program, and may opt out if covered by another employer-sponsored health plan. The member's employing organization does not receive a reduction in the dues bill for opt-outs. Children are covered under the Medical Plan until age 26.
- **Optional Dental Plan** — covered partners and children are eligible to enroll in the optional dental coverage at the date the member begins to work or the first date of benefits eligibility, if later, or they may enroll during the annual enrollment period in the fall. Children are covered under the Dental Plan until age 26.
- **Supplemental Death** – The program offers coverage options for covered partners and the dependent children of eligible members. The member does not have to be enrolled for the Supplemental Death Benefits program to apply for coverage for his/her covered partner and/or child. Unmarried children may be covered by Supplemental Death benefits until age 21 (until age 25 if enrolled full time for college).

Classifying Employees

Before lay employees can be enrolled in the Benefits Plan, their jobs must be properly classified. This is required by both the plan document and federal law. Employment classification for Benefits Plan purposes is based on job duties and the qualifications for exempt status under the Fair Labor Standards Act (FLSA).

Nonexempt versus Exempt

Employees may be classified as [nonexempt or exempt](#), depending on the nature of their job responsibilities and their salaries. Nonexempt employees are required to be paid overtime pay; exempt employees are not. (See dol.gov for more information about exempt and nonexempt classifications.)

Part Time versus Full Time

Under the Benefits Plan, a job is considered part time if the employee works 20 to 34 hours a week, full time if the employee works 35 hours or more a week.

Employment Classifications for the Benefits Plan

Employment classifications for the Benefits Plan are:

- ordained* — full time
- ordained — part time
- exempt lay — full time
- exempt lay — part time
- nonexempt lay — full time
- nonexempt lay — part time

You must correctly identify the member's employment classification, scheduled work hours per week, and effective salary, as well as provide timely notice to the Board of Pensions of any change in that classification or related information.

*In this handbook the term *ordained* applies to teaching elders who have been ordained by or received into the Presbyterian Church (U.S.A.) and to non-ordained employees who have graduated from seminary and have received their first call and whose ordination date has been scheduled. The term does not apply to ministers ordained in other denominations who have not been received into the Presbyterian Church (U.S.A.).

Determining Participation Level

Traditional Coverage

Teaching elders in installed positions must be enrolled for full participation in the Benefits Plan. For other Traditional Program employees (whether lay or ordained), you may choose to provide either

- limited participation (healthcare, death, and disability) for the first three years of participation with your employing organization, after which full participation, with pension, is required (enrollment is automatic on the third anniversary of participation); or
- full participation (pension, healthcare, death, and disability).

A church or other employing organization may impose a probationary period of up to one year before enrolling these employees. If you enroll any lay employee from a particular employment classification, all employees in that classification must be enrolled in the same level of coverage to comply with Internal Revenue Service and U.S. Department of Labor regulations and Benefits Plan rules. (See [Administrative Rule 105](#).)

Members enrolled in the Traditional Program cannot be moved to the Affiliated Benefits Program.

Affiliated Benefits Program

ABP participation provides either

- medical coverage only; or
- medical, death, and disability coverage.

The employing organization determines which core benefits to offer, and the Benefits Plan dictates which optional benefits, excluding the 403(b)(9) Retirement Savings Plan, may be offered, based on the employer's core offerings:

- With medical-only participation, an employee may elect optional dental and Long-Term Care Insurance coverage and, if offered by the employer, the Retirement Savings Plan.
- With medical and death and disability participation, the employee may elect optional dental, supplemental death, supplemental disability, and Long-Term Care Insurance coverage and the Retirement Savings Plan if offered by the employer.

If the employing organization provides medical and death and disability benefits, a member can waive participation in the Medical Plan, if contributory, and still enroll in the Death and Disability Plan (and subsequently, for these optional programs: dental, supplemental death, and/or optional supplemental disability if offered by the employer).

Employees may participate in the Retirement Savings Plan if offered by their employer, even if they are not enrolled for Benefits Plan participation. It provides an immediate vested retirement benefit in combination with any level of Benefits Plan participation or as a stand-alone benefit.

Finally, remember, all employees in an employment classification must be enrolled in the same level of coverage to comply with IRS and Department of Labor regulations and Benefits Plan rules. (See [Administrative Rule 105](#).)

Enrolling Employees

As benefits liaison, you coordinate the enrollment activities of eligible employees. You are responsible for obtaining the appropriate application forms for eligible teaching elders and other employees, making sure they properly complete them, and for submitting them, along with any required documents indicated on the enrollment form.

Important!

All *members* must present to the Board an official document showing that they are in a civil marriage, civil union, or domestic partnership when enrolling a covered partner in the Benefits Plan or any of its optional programs. Members also must provide birth certificates for any child(ren) being added to coverage.

Effective Date of Enrollment

Teaching Elders in Installed Positions

Benefits Plan membership generally is effective with the date of the call, and a grace period is allowed for forms completion. However, the teaching elder's membership application must be received no later than within 12 months of the effective date of the call.

All Other Traditional Program Members

For all other Traditional Program members, Benefits Plan membership is effective as of the date requested on the form, provided that date is not more than 31 days before the postmark date. If the date requested is more than 31 days out, membership will begin as of the postmark date.

ABP Members

Enrollment in the ABP can start only on the first day of the month as long as the completed application and all other required paperwork have been received by the Board by the 15th of the preceding month. No retroactive enrollments are permitted.

Steps To Enroll a New Member

The Board provides enrollment packets at your request. They contain the Benefits Plan document, Guide to Your Healthcare Benefits, and enrollment forms. (You can also download individual forms from pensions.org, or, in the case of certain optional benefits, members may enroll online via Benefits Connect.)

Completed application forms must be submitted to the Board of Pensions in order for a new employee to be enrolled in the Benefits Plan. To enroll a benefits-eligible employee, follow these steps:

1. Request an enrollment packet. (Obtain it either through Benefits Connect by using the Request Enrollment Packet feature under Online Tools, or call the Board and speak with a member service representative.)
2. Give the new employee a packet upon acceptance of employment or on his/her first day.
3. Have him/her complete the applicable enrollment forms.
4. Return the completed applications, signed by both the new employee and the employer's Authorized Representative, by mail or fax.

The Board must receive the completed application forms within 31 days of the requested effective date of plan participation. (Allow at least five days for postal delivery.)

Authorized Representative of the Employer

The Authorized Representative is the person to whom the session grants the authority to sign Benefits Plan enrollment forms. As a church treasurer or business administrator, you may be authorized to sign your employees' enrollment forms. Typically, an employer's Authorized Web Representative is also the Authorized Representative for paper forms.

Note: You may sign your own forms only as a member-applicant, not as the Authorized Representative of your employer. For your forms, the Clerk of Session may serve as the Authorized Representative.

Proof of Prior Medical Coverage

If a new employee had a gap in previous medical coverage exceeding 63 days, and he/she or an eligible dependent (covered partner or child age 19 or older) had a pre-existing condition before employment with the Presbyterian Church (U.S.A.), it can be extremely costly to the member.* The plan excludes coverage for charges relating to a pre-existing condition for 12 months from the date of enrollment. (Effective January 1, 2014, the Medical Plan's pre-existing condition exclusion provision will be eliminated, as required by healthcare reform.)

On the other hand, if there was no break in medical coverage exceeding 63 days before employment with your organization, the new member can reduce any pre-existing condition exclusion period for himself /herself and his/her eligible dependents by providing the Board with proof of prior medical coverage.

Such proof generally is a certificate of creditable coverage, provided by the previous healthcare benefits provider or employer.

The certificate of creditable coverage should be submitted at the time of enrollment in the Benefits Plan, whenever possible. If not, the member and his/her eligible dependents will be subject to the pre-existing limitation period. Members can, however, submit the certificate of creditable coverage at a later date. They can fax a copy of the certificate to the Board or you can scan it and submit it as an attachment through the Benefits Connect message center. Once the certificate is received, the member's records will be updated accordingly.

You are encouraged to assist members in obtaining this certificate from the previous healthcare provider or employer and supplying it to the Board.

Member Confirmation Notice

Each new member receives a member confirmation notice verifying enrollment. If an employee does not receive this notice within 30 days of your mailing or faxing the membership application, call Member Services to confirm that the Board received the application.

* A pre-existing condition is any condition, whether physical or mental, for which a member or an eligible family member received a diagnosis, medical advice, treatment, or medication within the six months preceding the Medical Plan enrollment date.

Medical Benefits Cards

Plan members receive ID cards from

- Highmark Blue Cross Blue Shield PPO (preferred provider organization) for medical/surgical benefits;*
- Express Scripts for prescription drug benefits; and
- Aetna for optional dental coverage (if enrolled).

If a new employee does not receive these cards within 30 days of receiving the member confirmation notice, call Member Services.

An international SOS ID card, with emergency contact numbers, is available to members planning to travel outside the United States. The card is attached to the International SOS [pamphlet](#) describing the international medical assistance program, available on [pensions.org](#).

Member Couples

When both individuals in a marriage or qualified domestic partnership are employed by one or more organizations that enroll them for full participation in the Traditional Program, they are a *member couple*. Special benefit provisions apply to member couples.

Members of a member couple may be employed by the same or different employing organizations and can include any combination of teaching elders or lay members. For example, a member couple could be two teaching elders serving separate churches, a teaching elder and a church administrator serving the same or different churches, or two lay employees, with one serving a church entity and one serving a church.

Refer to the booklet [Your Benefits as a Member Couple](#), available on request or at [pensions.org](#).

Co-Pastors

When a church calls a member couple as co-pastors, each member of the couple must be enrolled separately in the Benefits Plan, with the church paying dues based on the effective salary of each person. This rule is based on the fact that the *Book of Order* expressly provides that persons are installed to pastoral positions as individuals.

Part-Time Clergy Couples Serving the Same Church ('14-09 Couples')

A special exception to the Medical Plan enrollment rules for co-pastors is available to part-time clergy couples serving the same church, known as a *14-09 couple*. To qualify for this rule, *each* member of the clergy couple must be

- a teaching elder;
- called to a pastoral relationship in the same church as the covered partner; and
- employed for fewer than 35 hours per week.

The couple and their children younger than age 26 will be enrolled for Traditional coverage under the member with the higher medical participation basis. (See "Dues Participation Bases.") The church will be billed medical dues for this member only. Both members will be enrolled for pension coverage, and the church will pay pension dues for each. (See [Administrative Rule 123](#).) A 14-09 couple is not eligible for member couple benefits.

*The Highmark medical ID card lists on the back the phone numbers members should call for mental health/substance abuse or EAP benefits (through Cigna) as well as for health management and pre-certification services (through ActiveHealth Management). Anthem enrollees also receive medical ID cards for their medical/surgical coverage.

Reporting Changes in Member Information

It is essential that you report changes in member information accurately and on time. A member or beneficiary's ability to receive the benefits to which he or she is entitled depends on accurate record keeping, and you may incur extra dues expense in certain instances if members' records are not kept up to date.

Report changes in member information

- electronically, using Benefits Connect; or
- manually, using hard-copy forms, available on pensions.org

Benefits Connect allows you to do nearly everything that you can do using paper forms, only more quickly.

Change in Salary or Service

You must report to the Board all changes in a member's salary or Benefits Plan participation, scheduled work hours, and employment classification within 31 days of their occurrence. Timely reporting of member salaries ensures proper calculation of pension, death, and disability benefits as well as accurate monthly invoicing.

Even if there is no change, salaries must be confirmed at the beginning of each fiscal year. You can change or confirm the current salary using Benefits Connect or with a paper form.

If you are processing salary or service changes manually, use the applicable form:

- Change of Salary (ENR-111 for Traditional Program; ENR-117 for ABP)
- Service Change (ENR-110 for Traditional Program; ENR-119 for ABP)
- Change in Employment Status (ENR-116 for Traditional Program; ENR-118 for ABP)

To ensure that you are using the most current paper form, please print it from pensions.org or call the Board to request it. Mail or fax the completed, signed form to the Board of Pensions.

Termination of Service

You must report to the Board all employment terminations before, or immediately upon, termination of eligible service. The Board can only retroactively terminate Medical Plan benefits under limited circumstances. If you do not notify the Board promptly and a terminated member's coverage continues, the Board may revise the requested termination date forward if the member or family has accessed benefits beyond the member's eligibility period. Your church or other employing organization would then be responsible for the dues through the termination date.

To quickly and securely report a termination of employment, use [Benefits Connect](#) — or you can complete a paper form.

If you are processing changes manually, use the applicable form:

- Service Termination for Traditional Program Members (ENR-301)
- Affiliated Benefits Program Service Termination (ENR-113)

Severance payments affect both effective salary and the payment of dues; consult the booklet [Understanding Effective Salary](#) or see the Q&A [Severance Arrangements under the Traditional Program](#) for information. You can also call the Board and speak with a member service representative.

Important Information for Terminating Employees

Following termination of their employer-paid benefits, members who have been participating in the Traditional Program for at least one year are eligible for 30 days of free medical coverage. They also are eligible for 30 to 90 days of free death and disability coverage, based on the number of years of plan participation:

- 30 days after one year
- 60 days after two years
- 90 days after three years

Medical Coverage for Members on Transitional Participation Status

Transitional participation coverage is available to members with full or limited participation if they are

- actively seeking church service;
- enrolled for full-time church-related studies; or
- subject to a disciplinary process that leads to a temporary leave or unemployment.

At a minimum, benefits continuation under transitional participation coverage is available for 24 months for teaching elders and graduated seminary student members whose presbyteries verify their status; benefits are available for 12 months for lay members whose churches/employing organizations verify their status. A presbytery must verify the status of a commissioned ruling elder seeking transitional participation coverage for 12 months. Longer periods are available to members enrolled for full-time church-related studies or who are subject to a disciplinary process. Contact the Board for details.

Members with full participation may elect to continue most coverage in effect on the date that eligible service terminated.

Dues are paid either on the minimum salary participation basis for the benefit (pension, healthcare, and death and disability) or on the member's last effective salary. The salary participation basis is used for medical benefits determination and/or pension, and death and disability participation levels, and the accrual of pension credits. Deductibles and copayments may also be affected.

Members who reach their maximum eligibility for continuing benefits under transitional participation coverage are then eligible to continue healthcare benefits under the Medical Continuation Program for 18 months.

Important: If the member meets the Rule of 70 and elects not to continue medical and/or death benefits, he or she may lose the opportunity to enroll for continued medical benefits upon retirement.

Refer to publication [Continuing Coverage at Termination of Eligible Service](#) for more information.

Medical Continuation for Members Not Retiring

Members whose coverage under the Medical Plan ends may enroll in the [Medical Continuation Program](#) on a self-paid basis and for a limited time. Members must enroll in the same program for Medical Continuation (Traditional or ABP) that they participated in immediately before their coverage ended.

Medical Continuation for Members Retiring Before Age 65

Members participating in the Traditional Program who retire and who are not yet Medicare-eligible also may enroll in the [Medical Continuation Program](#). Those who participated in ABP are eligible to enroll if their employing organizations did not establish their own eligibility requirements for retiree medical coverage before joining the ABP.

Whether they are retiring or not, eligible members have 60 days from the date of the event that results in termination to elect to continue medical coverage at their own expense for a specified period, or they permanently forfeit their eligibility to do so. Once the Board receives a notice of a termination via Benefits Connect or the Service Termination form, it sends the member information about his or her eligibility for free coverage, options for continuing medical coverage, and the duration of those options. Traditional Program members also receive the publication [Continuing Coverage at Termination of Eligible Service](#).

Dependent Change

When there is a change in dependent status — for instance, when a member marries or enters a qualified domestic partnership, adds a child to the family, or divorces or dissolves a marriage or partnership, or a covered partner or dependent child dies — this change must be reported to the Board of Pensions within 31 days of the event.

The member can use Benefits Connect to report this information or complete the Dependent Change form (ENR-101 for Traditional Program members; ENR-107 for ABP members). The Authorized Representative must sign the Dependent Change form to certify that the covered partner and/or dependent children are eligible for plan benefits as defined by the Benefits Plan. In addition, the member must submit the appropriate documentation, as noted on the form.

Divorce or Dissolution of a Marriage or Qualified Domestic Partnership

When a member goes through a divorce or dissolution of a marriage or qualified domestic partnership, certain legal issues related to the Benefits Plan need to be addressed before the divorce or dissolution is reported as final. The member, covered partner, and their legal counsel should obtain the publication [The Benefits Plan and Divorce or Dissolution of a Marriage or Qualified Domestic Partnership](#). It includes sample forms for the necessary court orders related to Pension Plan benefits and Retirement Savings Plan contributions.

Educating Members about the Online Statement of Benefits

Members should pay attention to their individual benefits so they can correct errors and plan for retirement. Their personal benefit amounts and related information are available online, in a real-time Statement of Benefits, on [Benefits Connect](#). This benefits summary is available to active and disabled members with Traditional Program coverage who are registered for Benefits Connect.

Encourage members to use the benefits summary in retirement planning. They can download and print their statements from Benefits Connect and keep them with their records.

The Board no longer produces printed statements for all members, but if a member does not have computer access or prefers not to view the statement online, direct him or her to call the Board. A member service representative will print and mail the statement.

Paying Dues

Paying dues on a timely basis is another important responsibility of church treasurers, Clerks of Session, and business administrators. If dues go unpaid, the member is not eligible for coverage.

Complying with Federal Healthcare Reform

The Medical Plan is subject to many provisions of the Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) — also known as federal healthcare reform. The law is being implemented in phases, and a number of provisions already are in effect.

The Board of Pensions must implement some Affordable Care Act requirements at the plan level, such as the elimination of a lifetime cap on benefits, implemented in 2010. Other provisions require action by participating churches and employing organizations (and therefore by you). The requirement that an Additional Medicare Tax be withheld for high-income earners is such a provision. Still other provisions may require action by consumers.

To help you understand what you must do and when in order to comply with healthcare reform, the Board maintains a Healthcare Reform page at pensions.org/healthcarereform. It provides an overview of the law's major provisions and links to additional information and resources.

Bookmark pensions.org/healthcarereform in your Web browser for quick and easy reference. You also should make your plan members aware of the page so they can follow developments in healthcare reform.

BENEFITS PLAN PROGRAMS

The **Traditional Program** under the Benefits Plan provides comprehensive coverage:

- pension
- healthcare coverage
- death benefits
- disability benefits

The **Affiliated Benefits Program (ABP)** offers the same core benefits as the Traditional Program, excluding pension participation.

The Benefits Plan includes optional supplemental benefits. Traditional Program employing organizations must offer employees the opportunity to enroll in any optional benefits plan or program offered by the Board. Affiliated Benefits Program employing organizations may offer employees the opportunity to enroll in those optional benefit plans or programs that they are eligible to provide.

The Board's optional benefits plans and program are:

- dental
- supplemental death
- supplemental disability
- long-term care
- Retirement Savings Plan of the Presbyterian Church (U.S.A.)

Pension Plan

The Pension Plan is a defined benefit plan; it provides a monthly benefit, as defined by the plan's formula, for life. The normal pension benefit begins at age 65. A reduced pension is available as early as age 55; and an enhanced pension, after age 65. Members must commence benefits by age 70½ if they are not in PC(USA) employment. When a vested member dies, either before or after retirement, the member's eligible survivor receives a survivor's pension.

A member's pension grows through

- pension credits; and
- experience apportionments.

Each year of active participation, a member accrues a benefit of 1.25 percent of whichever is greater, the member's total annual effective salary* (up to \$255,000 in 2013) or the median salary of his or her employment classification.

Additionally, from time to time, the Board of Directors of the Board of Pensions grants experience apportionments. An experience apportionment is a lifelong increase in the pension benefits or credits, depending on employment status, of active, disabled, and terminated vested plan members and retirees.

* Under the Benefits Plan, the term *effective salary* has a specific meaning. Effective salary is used to determine dues payable, pension credits, medical deductibles, and death and disability benefits. (See [Understanding Effective Salary](#).)

Healthcare

The Medical Plan provides coverage for preventive services and for routine and catastrophic medical care, including hospital, medical/mental health, surgical, prescription drug, emergency room, and vision coverage. An employee assistance program is also available.

Churches and other employing organizations offering Traditional coverage pay all medical dues. The member is responsible for all office copays, deductibles, and copayment amounts. ABP employers may require a contribution toward dues of up to 50 percent from their employees and up to 100 percent for covered partners and eligible children. The ABP member also is responsible for all office copays, deductibles, and copayment amounts.

The Medical Plan is primarily a preferred provider organization (PPO) plan administered by Highmark Blue Cross Blue Shield. Members may seek care from any licensed physician but are encouraged to use network physicians and hospitals, which reduces both their costs and the plan's. Members must show their Blue Cross Blue Shield card when they seek hospital or medical care; Highmark processes their claims.

Medical benefits include an annual preventive care benefit that covers 100 percent of the plan allowance for eligible, in-network preventive screenings and immunizations; the benefit is not subject to a deductible.

Cigna Behavioral Health provides network and claims administration services for treatment of mental health and substance abuse conditions as well as the Employee Assistance Program. These networks cover all members except those residing in Puerto Rico or enrolled in a Louisville-area HMO or Cigna Global Health Benefits. Out-of-network services also are available but at greater cost to the member.

Healthcare Resources

The Board offers, directly or through its service providers, numerous resources to help members understand their healthcare benefits, maintain or improve their health, and be wise healthcare consumers:

- [*Guide to Your Healthcare Benefits*](#)
- [*Your Healthcare Benefits in Brief*](#)
- Member Service representatives (the Board of Pensions)
- [Cigna Behavioral Health website](#)
- [Express Scripts website](#) (service provider for prescription drugs)
- [MyActiveHealth.com/pcusa](#) (portal for wellness information, Personal Health Record, health assessment tool, and more)
- [24-Hour Nurse Line](#)
- [VSP](#) (service provider for vision benefit)
- [Mayo Clinic Tobacco Quitline](#)
- [Blue Card Worldwide](#) (service provider for medical assistance outside the U.S.)
- [International SOS](#) (service provider for medical emergencies outside the U.S.)
- [Healthcare reform updates](#) (pensions.org/healthcarereform)

For a [complete listing of service providers](#) and their contact information, refer to the Appendix of this handbook or go to [pensions.org/Benefits & Assistance/Service Providers](#).

Death Benefits

The Benefits Plan provides several death benefits, in addition to the survivor's pension, to protect family members against unexpected loss of income when an active plan member dies. You should remind plan members to keep their beneficiary information up to date.

The death benefits may include the following:

- a salary continuation benefit for one year to designated beneficiaries
- a lump-sum death benefit, based on the member's age and salary, to eligible survivors
- an education benefit for eligible dependent children
- one year of free medical coverage for the surviving covered partner and eligible children

In addition, there is a living needs benefit, which entitles a member diagnosed with a terminal illness and expected to live 24 months or less to apply for an advance on death benefits up to the present value of the salary continuation benefit and a portion of the lump-sum death benefit.

A member may apply to augment death benefit coverage through the Supplemental Death Benefits Plan.

Disability Benefits

The Benefits Plan provides monthly income and continued benefits to help support plan members who have become unable to work as a result of a disability. The Board must certify all member disabilities.

Impact on Dues

During the first 90 days of an employee's disability, your organization must continue to pay the member's full Benefits Plan dues, even though the member is unable to work during this time.

After 90 days, if the Board approves the member's application for disability benefits, the Benefits Plan continues his or her pension, healthcare, and death benefits (including any Supplemental Death Benefits in place) at no cost to the employing organization or the member.

Disability benefits are not payable if the member's dues are in arrears.

Any severance payments made to the disabled member must be reported to the Board of Pensions.

Benefits Payment

Beginning on the 91st consecutive day of total disability or the day after the member's salary terminates, whichever is later, the member is eligible to receive a monthly benefit equal to 60 percent of the greater of either his or her effective salary (up to \$90,000) or the median for the member's employment classification, minus any Social Security or other third-party payments.

Members enrolled in the plan for less than 12 months when a disability occurs may not be eligible for a disability benefit if the disability is due to a condition (physical or mental) for which the member received a diagnosis and medical advice or treatment during the 12-month period preceding the date of enrollment in the disability plan.

Optional Benefits

The Benefits Plan provides a range of optional benefits. These may be paid for by the member, the employer, or some combination thereof.

When optional benefits are member-paid, the employer may deduct their cost from the member's paycheck or make some other payment arrangement with the member. When employer-paid, the

cost of any benefit offered to all employees in the member's employment classification and employer matching contributions in the Retirement Savings Plan are not considered part of effective salary. Refer to [Understanding Effective Salary](#) for details.

Members may apply securely for optional coverage through [Benefits Connect](#) or apply by mail. Because the Board of Pensions bills the employing organization for optional coverage regardless of who pays the dues, the Authorized Representative or the Authorized Web Representative must sign the application for such coverage.

To discontinue coverage, the member must complete the [Optional Coverages Termination Form](#).

Dental Plan

The Dental Plan offers coverage to active members enrolled in the Benefits Plan through Aetna. Depending on where members live, they are eligible for one of the following options:

- Dual Option — DMO (dental maintenance organization) or PPO (preferred provider organization)
- PPO
- Passive PPO

Pensions.org provides an [optional dental benefit rate checker](#) for determining dental dues. Dental dues are based on the composition of the family and the option selected; each option has its own enrollment form. The employing organization is billed for the cost, and the employer deducts that amount from the employee's pay. The invoicing continues until the Board of Pensions receives written notice from the member to discontinue coverage.

Supplemental Death Benefit

The Supplemental Death Benefits Plan enables members to supplement the other death benefits payable under the Benefits Plan. Coverage is also available for covered partners and eligible dependent children.

Upon initial enrollment in the Benefits Plan and during the fall annual enrollment period, the primary member may choose from among eight levels of coverage, ranging from \$25,000 to \$300,000. Evidence of insurability (medical underwriting) is required unless the member applies for coverage at the \$25,000 or \$50,000 level upon first eligibility. Coverage for covered partners of up to \$100,000 (in \$25,000 increments) also is available, with medical underwriting required. Eligible dependent children may be covered for \$5,000 or \$10,000 without medical underwriting.

Rates vary, depending on the age of the person covered as of January 1 of each year, the amount of coverage, and whether the insured uses tobacco products. A [supplemental death benefit rate checker](#) is available on pensions.org.

Supplemental Disability Benefit

Members earning at least \$100,000 may enroll for additional benefits to replace 60 percent of their effective salary above \$90,000. The supplemental disability benefit is offered in increments of \$10,000 of protected covered salary up to \$250,000, and may be paid for by the member or the employing organization.

In general, any benefits payable from this plan are

- non-taxable if the member purchases the coverage on an after-tax basis; or
- taxable if the employer purchases the coverage.

Long-Term Care Insurance

Optional long-term care insurance for custodial-type care may be available for active, disabled, transitional, or retired plan members and their covered partners, and former and surviving covered partners. Other family members, including parents and grandparents of either the member or covered partner, also may apply for this insurance, underwritten and administered by CNA.

Note: Custodial care generally is not covered by the Board's healthcare benefits or by Medicare; it may be covered by Medicaid but only after the member exhausts all personal resources.

The premium, which is billed directly by CNA, depends on the member's age and the amount of coverage chosen. The premium does not increase as the member ages, unless he or she elects to buy up to a different level of coverage.

New members may apply for the coverage within 60 days of enrolling in the Benefits Plan without completing a medical questionnaire; application at any other time is subject to medical underwriting. Visit [CNA's secure website](#) to enroll online. Or call CNA at 800-528-4582 to request a long-term care enrollment packet, or for details on coverage options, premiums, and underwriting requirements. For questions about eligibility, call the Board.

Retirement Savings Plan

The Retirement Savings Plan of the Presbyterian Church (U.S.A) (RSP), a 403(b)(9) plan, complements the Pension Plan and Social Security. The plan, administered by Fidelity Investments, provides an opportunity for teaching elders and other church workers to save for retirement and for employers to contribute on employees' behalf.

Church workers must start saving well before retirement to be assured of having adequate funds throughout retirement. The advantages to the RSP follow:

- It provides tax-deferred savings.
- It offers a range of investment choices.
- Participants can access their accounts online and make contributions through payroll deductions.
- Withdrawals may qualify as housing allowance for clergy.
- Lower incomes may qualify for a tax credit.

You can help your church workers provide for a more secure retirement by encouraging active participation in the RSP and processing enrollments, changes, and deletions promptly. All employees who work for a PC(USA) employing organization are eligible to participate in the plan, subject to any eligibility limits designated by the employer on its Adoption Agreement.

Employee and employer contributions must be remitted with pre-tax dollars, and IRS maximum contribution limits must be observed. (See [IRS Publication 571: Tax-Sheltered Annuity Plans \(403\(b\) Plans\) at irs.gov.](#))

Enrollment may start at any time, and vesting is immediate. Employing organizations must agree to remit all contributions to Fidelity Investments in a timely manner (within 15 business days) and monitor limits.

For more information and instructions on enrolling, maintaining, or removing participants, refer to [Step-by-Step Enrollment Guide to the Retirement Savings Plan](#). To obtain member enrollment kits, call the Board at 800-773-7752 (800-PRESPLAN) and speak with a member service representative.

ASSISTANCE PROGRAM OVERVIEW

The Assistance Program of the Board of Pensions provides critical financial assistance to eligible church workers and their families with urgent financial needs, and income and housing supplements to qualifying retired church workers and their families. The Assistance Program also sponsors grants for vocational training of clergy, including the highly successful Presbyterian CREDO Program.

The programs are discretionary and depend on funding from the church community. The Assistance Program is funded by

- half of the Christmas Joy Offering;
- gifts to the program;
- legacies directed to the Board of Pensions; and
- income from endowments.

The Assistance Program receives no funds from dues.

The Board of Pensions reserves the right to amend or terminate any of the programs that compose the Assistance Program, as well as adjust eligibility rules depending on the need of the program and the funds available to support it.

Eligible Service for Assistance

In general, the applicant or covered partner of the applicant must be, or have been,

- employed full time by a local church, mid council, General Assembly agency of the Presbyterian Church (U.S.A.), or organization under the control or operation of the Presbyterian Church (U.S.A.); and
- enrolled for Traditional Program coverage in the Benefits Plan of the PC(USA).

Other requirements or criteria apply to specific grants provided through the Assistance Program. For example, Adoption Assistance Grants are available only to active members of the Benefits Plan, and Transition-to-College Assistance Grants require applicants to meet an income means test.

In certain cases where assistance may be available for special needs, the Board asks that you and the member first explore eligibility for help through public entitlement programs. These may include Medicare, Medicaid, Supplemental Security Income, and state and local assistance programs, among others. This is so that the generosity of the Church — through gifts to the Assistance Program — can assist the greatest number of needs.

Grant Categories

The Assistance Program offers three categories of grants to address

- church workers' urgent financial needs;
- retired church workers' ongoing financial and housing needs; and
- pastors' vocational and training needs.

Church Workers' Urgent Financial Needs

Through the Assistance Program, the Church community helps meet church workers' urgent financial needs with

- Shared Grants (initiated by the mid council, congregation, or employing organization; typically costs are shared 50/50 between them and the Assistance Program);
- Emergency Assistance Grants (similar to shared grants but fully paid by the Assistance Program; maximum grants of \$5,000 each and \$15,000/year);
- Transition-to-College Assistance Grants (eligibility based on need; grants of \$500 to \$1,000); and
- Adoption Assistance Grants (\$3,000 per child).

Retired Church Workers' Financial and Housing Needs

For those retired members with demonstrated need who meet the eligibility requirements, the Assistance Program provides

- Housing Supplements; and/or
- Income Supplements.

Pastors' Vocational Leadership Needs

The Assistance Program helps meet pastors' vocational and leadership training needs through

- Seminary Debt Assistance Grants (limited number available);
- Presbyterian CREDO (limited openings; attendance is by invitation only); and
- Sabbath Sabbatical Support Grants (limited number).

Eligibility Requirements and Procedures To Apply for Grants

The eligibility requirements for grants through the Assistance Program depend on the nature of the grant. For specific eligibility requirements, a summary of grant provisions, and information on how to apply for a grant through the Assistance Program, see the related [Benefits Overviews](#) found in the Appendix of this handbook and on pensions.org (in the Forms & Publications/Benefits Overviews section).

Repayment of Grants

Generally, the Board of Pensions does not require or expect repayment from individuals who receive financial support from the Assistance Program because assistance is granted when they have exhausted all other resources.

Taxes

Under IRS rules, any portion of a grant paid to an employee by an employing organization is taxable; any portion provided by the Board of Pensions to a teaching elder, other church worker, or church worker's family is considered a charitable grant by the Board of Pensions and so is non-taxable.

Donations and Bequests

Through the Assistance Program, the Board of Pensions has made a significant commitment to programs that help PC(USA) clergy, missionaries, other church workers, and their families in need, providing monetary aid during times of financial crisis, housing support for eligible retired clergy and their families, seminary debt reduction assistance to those who otherwise could not afford to remain in the ministry, and more.

The ministry of the Assistance Program depends, however, on the continued generosity of Presbyterian churches and individuals throughout the Church who support its programs. Every gift to the Assistance Program makes a difference. If you wish to make a donation, please make

your tax-deductible gift payable to The Board of Pensions of the Presbyterian Church (U.S.A.) and mail it with a completed [Assistance Program Gift and Donation Form](#) (FDD-100) to:

The Board of Pensions of the Presbyterian Church (U.S.A.)
Attn: Assistance Funds
2000 Market Street
Philadelphia, PA 19103-3298

Or, [make a gift online](#). To do so, use the link or scroll to the bottom of the pensions.org homepage and click on *Make a gift online*.

To discuss making a planned gift, such as bequeathing funds or property to the Board, please call 800-773-7752, ext. 7300.

DUES

The Benefits Plan is funded by the dues paid by all churches and other employing organizations and the investment earnings on those dues. Dues are not related to the benefits provided to each individual, but rather, represent each church or employing organization's share of the total cost of the Benefits Plan. This process of dues payments reflects the community nature of the plan.

Dues for members who have Traditional Program coverage under the Benefits Plan are calculated differently than those for ABP members. This chapter covers Traditional Program dues.

You can use the Board's [dues calculator](#) on pensions.org to figure your monthly and annual Traditional or ABP dues. For a dues schedule with up-to-date information on dues levels, minimum participation bases, and median effective salary, go to the Treasurers & Administrators section of pensions.org and click the more buttons under Dues, and then [Dues Levels](#). The dues schedule is listed at right, under Related Information. You may also call the Board and request a copy.

Calculation of Dues

Traditional Program dues are assessed based on the compensation paid to covered employees and are subject to minimums and maximums. For each member enrolled in the Traditional Program, the church or other employing organization pays dues for each benefit based on a percentage of the member's annual effective salary or the minimum participation basis, whichever is greater, but not more than the maximum participation basis. The Board bills on a 30-day-month cycle.

Employees participate in the program on a full or limited basis, according to their job classification and the coverage level their employing organizations choose to provide.

Full and Limited Participation Levels

Full Time

For each full-time employee (35 or more hours per week) with Traditional coverage, your organization pays a percentage of his or her annual effective salary or the minimum participation basis, whichever is greater, by benefit. The breakdown of the [dues percentages by benefit](#) follow.

Benefits Plan Dues Percentages		
Participation Basis	Benefit	Effective January 1, 2013
Full Participation		
	Medical	21%
	Pension	11%
	Death and Disability	1%
	Total	33%
Limited Participation (up to 3 years)		
	Medical	21%
	Death and Disability	1%
	Total	22%

Note: Dues are subject to change at any time.

Part Time

For healthcare coverage, dues for part-time workers are calculated as a percentage of the greater of the equivalent full-time effective salary or the minimum participation basis. (See [Worksheet for Full-Time Equivalent Salary Basis for Healthcare Dues](#) on pensions.org.)

The Board of Pensions annually determines the churchwide median effective salary for each of the three employment classifications and publishes the information on pensions.org in June.

Dues Participation Bases

The Benefits Plan provides for dues minimums, called the *minimum participation basis*, and dues maximums, the *maximum participation basis*, for each plan.

Minimum Participation Basis

Dues are invoiced based on the minimum participation basis when a member's effective salary is equal to or less than the minimum participation basis for a benefit.

- The minimum **medical** participation basis, a dollar amount set by the Board of Directors of the Board of Pensions, is \$40,000 for 2013. (This means that if a member has an effective salary of \$33,000, for example, the church or other employing organization is billed medical dues at the minimum — \$40,000 — as if he or she were earning that amount.)
- The minimum **pension** participation basis is 25 percent of the annual churchwide median effective salary for teaching elders serving churches: \$13,500 for 2013. (This ensures a more appropriate dues amount is invoiced, as the benefit provides for members earning less than the median salary to receive pension credits based on the median, resulting in more generous pensions for them.)
- The minimum **death and disability** participation basis is 25 percent of the annual churchwide median effective salary for teaching elders serving churches: \$13,500 for 2013.

Maximum Participation Basis

Dues are invoiced based on the maximum participation basis when the member's total annual effective salary equals or exceeds the maximum participation basis for a benefit.

- The maximum **medical** participation basis is a dollar amount set by the Board of Directors of the Board of Pensions: \$124,000 for 2013. (This means that if a member has an effective salary of \$126,000, for example, the church or other employing organization is billed at the maximum — \$124,000 — as if he or she were earning that amount.)
- The maximum **pension, death, and disability** participation basis is a dollar amount set annually by federal law, and the plan also caps the covered salary for determining death and disability dues at the same amount: \$255,000 for 2013.

Effective Salary Determination

Effective salary is the compensation that needs to be reported to the Board for benefit and dues purposes. It includes various types of compensation or reimbursements paid by churches and other employing organizations to teaching elders and other members. A term unique to the Board of Pensions, effective salary is not the same as the taxable income reported to the IRS or the Social Security Administration.

The Benefits Plan partially bases employer dues and member benefits on the member's effective salary. Effective salary determines the following:

- medical and pension dues for members with Traditional coverage

- death and disability dues and benefits for all participating members
- dues for members with optional supplemental disability coverage
- medical deductible and copayment maximums for all participating members
- accrued pension credits for members with pension coverage

In its use of effective salary, the Benefits Plan builds into its dues a degree of subsidization of costs for lower-paid members (and their employers). For an overview of this topic, watch the Board's e-learning module [Effective Salary: Why It's So Important To Get It Right](#).

To accurately calculate and report effective salary to the Board, you need to know which compensation must be included. You'll find a detailed list of compensations that are considered part of effective salary and a worksheet for calculating effective salary in the publication [Understanding Effective Salary](#). Or, you can use the Board's [Total Effective Salary Calculator](#).

Medical Dues for Part-Time Workers

Medical dues for plan members working fewer than 35 hours a week (but more than 20 hours a week) are based on the greater of the equivalent full-time effective salary or the minimum participation basis.

The [Worksheet for Full-Time Equivalent Salary Basis for Healthcare Dues](#) (ENR-108) is available on pensions.org for your convenience in budgeting for medical dues. Report each member's actual total annual effective salary on any forms requesting that information, such as the Benefits Plan application, a post-retirement service registration form, or a salary or service change form. Do not report the adjusted figure. If you report an adjusted figure, your dues will be calculated incorrectly.

The calculations on the worksheet can also help part-time workers identify the basis for their medical deductibles and copayments.

To determine the full-time equivalent salary, do the following:

1. Identify the current effective salary and weekly scheduled hours.
2. Divide the effective salary by the hours actually scheduled.
3. Multiply by 35.

Other Dues-Related Information

Reduced or partial dues may be payable in certain circumstances when a church is temporarily without an installed teaching elder. These circumstances include installed teaching elder vacancies, approved post-retirement service, disability waiting periods, and military leave.

You can use the Board's [dues calculator](#) on pensions.org to calculate vacancy and post-retirement service dues. It calculates full-time equivalencies and takes into account medical dues minimums and maximums, as applicable, when performing dues calculations.

Installed Teaching Elder Vacancy

When a church is without an installed teaching elder but plans to call a replacement, it pays *vacancy dues* for the first 12 months of the vacancy. (These months do not need to be consecutive.) The dues amount is 12 percent of the effective salary of the last installed teaching elder. An element of the community nature of the Benefits Plan, vacancy dues help subsidize the Medicare Supplement Plan for retired members and their covered partners.

Your organization will begin paying vacancy dues the day after the last day it paid dues for the pastor who left the position. After receiving a Service Termination form, the Board of Pensions explores whether a vacancy exists and, if so, issues an invoice for vacancy dues. Vacancy dues

cease at whichever event occurs first: the payment of the full 12 months or when the Board receives notification that the position is

- occupied temporarily (such as by an interim pastor) and dues are being paid;
- abolished; or
- filled by the newly installed pastor.

Union or federated churches and churches regularly served by a supply minister do not pay vacancy dues.

Church Employment after Retirement

Generally, the pension benefits of a retiree who returns to active plan participation by virtue of church employment will be suspended until retirement resumes. However, an exception to the post-retirement rules is designed to facilitate retired clergy's providing pastoral or other services to churches and other employing organizations whose needs cannot be met through the employment of a permanent teaching elder or lay employee. This exception allows a retiree to return to certain church employment and continue receiving pension benefits. (See [Administrative Rule 1002.](#))

Under the exception, a retired plan member may generally return to employment with a PC(USA) church, mid council, or General Assembly agency and continue receiving pension benefits if the new employment is as follows:

For Lay Employees

- A position of limited duration with an employer other than the employer from which the individual retired, or
- A position (including a position with the employer from which the plan member retired) not eligible for plan participation (less than 20 hours a week)

For Teaching Elders

- A position of limited duration approved by the presbytery, *except in* the same church or employing organization served at time of retirement, or
- A non-mandated position not eligible for plan participation (e.g., less than 20 hours a week), *except in* the same church or employing organization served at time of retirement

If the new employment does not meet these requirements, the member's pension benefits will be suspended.

In some circumstances, a Plan member may also be allowed to continue secondary, part-time employment that, on its own, does not qualify for Plan enrollment. Such extraordinary cases would be addressed through the appeals process.

If a retired plan member returns to employment with a church or employing organization that provides Traditional Program coverage to other employees in the member's employment classification, the employee must be enrolled by the employer as an active member of the Benefits Plan, and payment of the member's pension benefits will be suspended until the member resumes retirement. This is to comply with applicable federal and state employment laws, including age and applicable pension and welfare plan nondiscrimination rules, as well as Medicare requirements.

If the approved post-retired employment is a pastoral position of more than 20 hours a week, the church will be required to pay post-retirement service dues, as described below.

Dues and Reporting

When a retired teaching elder fills a temporary pastoral position and is working 20 hours or more a week, post-retirement service dues of 12 percent of the effective salary paid to the retiree are assessed to the employing organization. These dues help subsidize the Medicare Supplement Plan for retired members and their covered partners.

The member must report to the Board the start of post-retirement service by completing a [Post-Retirement Service Registration form](#) (ENR-104). Both the employer's Authorized Representative and the member must sign the form. The member must complete and return this registration form to the Board on each annual anniversary of the start of post-retirement service and upon termination of the member's post-retirement service.

The start of post-retirement service for teaching elders must also be validated by the presbytery. You will need to request that the presbytery submit a letter to the Board of Pensions to that effect. Failure to notify the Board of post-retirement service can result in suspension of the member's pension or requirement to repay pension benefits.

Dues during Disability Waiting Period

Refer to the Disability Benefits section in the Benefits Plan Programs chapter.

Relief of Conscience

The Board of Pensions has a process that recognizes differing views among participating employing organizations about the appropriate response to problem pregnancies. The intent is to ensure that dues contributed by employing organizations that object to any medical coverage for abortion-related expenses will never be used to reimburse such expenses.

At the same time, reflecting the Church's affirmation of each woman's right to make a moral choice when confronted by a problem pregnancy, the Medical Plan provides coverage for abortion-related services, funded by the dues of those employing organizations that have not requested relief. This coverage is available regardless of the Relief of Conscience status of a plan member's employing organization.

Established in 1992 and revised in 1998, the Relief of Conscience process separates the incoming dues stream between employing organizations that have not sought relief and those certified by their presbyteries of jurisdiction to be Relief of Conscience employing organizations. Medical claims for abortion procedures are paid from the non-Relief of Conscience dues stream. A dollar amount equal to the cost of abortion claims from the prior year is set aside from the Relief of Conscience dues stream and used to help fund the Board's Adoption Assistance Grant program. Then, the dues streams are merged and all other medical claims and costs are paid from the merged dues stream.

A session or other employing organization that seeks Relief of Conscience must pass a resolution that declares it objects as a matter of conscience to the payment of abortion procedures by the Medical Plan. This resolution must be directed to the presbytery of jurisdiction, which acts to grant or deny Relief of Conscience. Employing organizations that seek Relief of Conscience are advised to discuss their presbytery's procedure with the executive/general presbyter, stated clerk, or committee on ministry.

Relief of Conscience is granted to an employing organization. If the pastor of a Relief of Conscience church changes service, the Relief of Conscience status does not follow to the new position.

The full coverage protection of the Medical Plan is available to all plan members, regardless of whether the church of service is a Relief of Conscience church.

USERRA, HEART Act, and Military Leave

Church employers and church plans are subject to the obligations of the federal Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and the Heroes Earnings Assistance and Relief Tax Act of 2008 (HEART) for employees who leave active employment for military service. USERRA governs the hiring, promotion, pension benefits, and other benefits of employment for employees who are called to or enlist for military service. The HEART Act expands the requirements of USERRA and affords employers the opportunity to provide additional benefits to employees who are called to active duty.

If an employee who is a plan member returns to church employment after a military leave, the last employing organization before the leave is responsible for paying pension dues for the leave period.

If you have an employee subject to USERRA and HEART, note that these laws

- prohibit discrimination and retaliation on the basis of uniformed service in hiring, promotion, or any other benefit of employment;
- provide the right of reinstatement (See [USERRA Questions & Answers](#) on pensions.org.);
- allow the returning employee to resume participation in those benefits they were participating in when the military service began without a break in service;
- require that the employee enrolled in the Pension Plan receive pension credit and allows the employee to make retirement savings contributions for the period of military leave;
- disallow a penalty tax on Retirement Savings Plan distributions for participants with certain leaves exceeding 179 days; and
- stipulate that in the event of a death of an active plan member who left active church employment for qualified military service, the decedent is entitled to credit for his or her qualified military service for Pension Plan vesting purposes.

A member who returns to any PC(USA)-related employer is protected by USERRA, even if he or she returns to a different church or employing organization within the Church.

For more information about USERRA and the HEART Act, see [USERRA Questions & Answers](#) on pensions.org.

Dues Payment

The Board of Pensions assesses dues monthly through itemized invoices, which you can receive electronically, through BoardLink, or by mail.

Invoices

Invoices identify the dues payable for the month by member, itemizing effective salary, benefit type, charges, and other details, as applicable. The invoice also lists the church or other employing organization's PIN, used to identify your institution in the Board's computer systems.

Timing

If you use BoardLink, the Board's online billing and payment service, on the first day of the month, you will receive an email reminding you to go online to review your invoice. The payment of dues invoices through BoardLink is discussed below. For more information, go to [pensions.org/BoardLink](#).

For organizations using the U.S. mail instead of BoardLink, invoices are mailed to the address of your church or employing organization within 72 hours of the **first of the month**. If you do not receive your invoice by the tenth business day, please call the Board for a copy. Payment *must*

be received on or before the last business day of the month that is not a bank holiday, so please allow several days, at minimum, for delivery.

Verification

You should always review your dues invoice before submitting payment. Check to be sure that the Board is billing an amount based on the correct effective salary and coverage level for each member, including any dental or supplemental death benefits. Be aware that if the member's actual effective salary is less than the dues minimum, the invoice will list the dues minimum as the effective salary.

If any of the information looks incorrect, please contact the Board immediately. Do not make changes directly to the invoice.

Adjustments

If an effective salary has been incorrectly reported, with appropriate documentation the Board can adjust the salary information for the current year and the immediately preceding year. If such a salary adjustment is made, dues will also be retroactively adjusted for all benefits on the next monthly bill. Once a member passes away or is on disability, there is no opportunity for retroactive adjustments to salary information for either death or disability benefits.

Severance Payments

Dues must be paid on all severance payments, whether lump sum or installments, because they are part of effective salary. (A *severance payment* is any salary and benefits, other than Benefits Plan coverage, or money paid by an employing organization to a plan member in association with the member's termination, regardless of how the organization describes the payment: gift, goodwill payment, payment for unused vacation, etc. A formal written agreement is not necessary for the payment to be considered severance.) The Board of Pensions will invoice your church or employing organization for the specified duration of a severance agreement even if the member obtains a new eligible service on which dues are being paid before expiration of the severance period.

For more information, see the booklet [Understanding Effective Salary](#) or the Q&A [Severance Arrangements Under the Traditional Program](#), or call the Board of Pensions and speak with a member service representative.

How To Pay Your Invoice

Paying your dues fully and promptly ensures there is no break in benefits coverage for your clergy and other covered workers. Regardless of whether you use BoardLink or U.S. mail, payment must be received on or before the last business day of the month that is not a bank holiday.

BoardLink

Using BoardLink speeds and simplifies payment of monthly benefits invoices by enabling you to receive and pay your bill electronically using a secure server. Available to participating churches, other employing organizations, and individuals who pay directly, BoardLink allows you to

- download invoice details so you can easily sort and analyze benefits data
- set up recurring online payments;
- make a quick, one-time payment or set up a single payment in advance;
- view the status of electronic payments and your payment history; and
- receive email receipts for all payments.

[Sign up](#) for this fast, secure method of paying monthly benefits invoices. For more information about BoardLink, go to pensions.org/BoardLink.

U.S. Mail

When paying by U.S. mail, remember to

- include the PIN of your church or other employing organization on all checks or money orders;
- enter the amount paid on the *Amount Enclosed* line on the remittance coupon;
- allow sufficient time for mailing the payment so that it reaches the Board of Pensions by the due date; and
- send the payment with the remittance coupon in the envelope provided by the Board of Pensions.

If you do not have the invoice statement, mail your payment to

The Board of Pensions of the Presbyterian Church (U.S.A.)
Room 3024 – Remittance
2000 Market Street Philadelphia, PA 19103-3298

Do not

- enclose any correspondence (e.g., notification of service or salary change); or
- send cash.

Delinquent Dues

Every participating church and other employing organization is expected to contribute its prorated share of funding for the plan to benefit the entire community of plan members. To the extent that one does not fulfill its financial obligations, the entire community suffers. Accordingly, the Benefits Plan provides for the suspension or termination of a plan member's participation or eligibility for benefits if dues are not paid. The Benefits Plan also provides for an interest charge of 6 percent annually to be applied to dues unpaid after the payment deadline.

If full payment is not received within 90 days of the date of the invoice, an account is considered seriously delinquent and continued coverage of employees is at risk of interruption.

The Board of Pensions sends several communications to the delinquent employing organization, and does not suspend or terminate coverage without prior notification to all affected parties by certified mail. The Board informs all affected members at the employing organization that a dues delinquency places the continuation of their benefits at risk. The Board copies the clerk of session, the executive presbyter, and other relevant presbytery representatives.

To request uninterrupted Benefits Plan coverage for your enrolled members when dues payments are delinquent, please call the Board of Pensions and ask for a collection specialist.

TAXES

This chapter provides an overview of tax-related information you need to know or that may be helpful to you as a church treasurer, business administrator, or clerk of session. For more in-depth information, plus examples and sample forms, see *Federal Reporting Requirements for Churches* and *Tax Guide for Ministers*, both written by a noted church and clergy tax expert. These key resources, published by the Board of Pensions each year, are available on Benefits Connect, or you can call the Board to request that copies be mailed to you. In addition, the Tax Guide for Ministers is mailed to each active and retired teaching elder covered under the Benefits Plan.

The Board also maintains a [Tax Resource Center](#) on pensions.org. Here you can access the annual Tax Tips web module, tax-related publications, and the [Taxation of Death Benefits Dues Calculator](#).

Be aware that the tax regulations for teaching elders and lay employees differ. For federal income tax purposes, the IRS considers most teaching elders and every lay employee regularly serving a church or employing organization to be employees, and their compensation must be reported to the IRS on W-2 forms at the end of each year. For Social Security purposes, however, all teaching elders and some commissioned ruling elders are considered self-employed; thus, they have a dual tax status.

Teaching Elders

As noted, teaching elders are considered to be employees for federal income tax reporting purposes and self-employed for Social Security purposes.

Federal Income Taxes

Federal income taxes are not required to be automatically withheld from a teaching elder's compensation. This allows the declared housing (or manse) allowance to be excluded from the teaching elder's federal income taxes (this will be covered later). However, a teaching elder may

- prepay his or her income taxes using the estimated tax procedure; or
- enter into a voluntary arrangement with the church to have it withhold federal income tax only; he or she must submit a completed W-4 form. The withheld amounts would then be reflected on his or her W-2 form.

If the teaching elder enters into a voluntary withholding arrangement, he or she may request that, on the W-4, the church withhold an additional amount of federal income tax that would be sufficient to pay the estimated self-employment tax liability by the end of the year. This additional withholding of income taxes becomes a credit that can be applied against the teaching elder's self-employment taxes on his or her Form 1040. It is reported by the church as additional income taxes withheld on its quarterly Form 941.

FICA Versus SECA

"FICA," short for Federal Insurance Contributions Act, is the law under which employees and employers contribute to Social Security and Medicare. "SECA," short for Self-Employment Contributions Act, refers to the law under which self-employed people pay for Social Security and Medicare. No earnings are subject to both SECA and FICA.

Social Security and Medicare Taxes

For Social Security and Medicare tax purposes, the IRS considers teaching elders and some commissioned ruling elders to be self-employed with respect to their ministerial services. They must pay Social Security and Medicare taxes on their ministerial income at the SECA tax rate, currently set at 15.3 percent of income.

Teaching elders pay SECA on their housing allowance in addition to their cash salary.

A church may not pay Social Security taxes for its teaching elder. To do so violates the law and may confuse the Social Security Administration's records, leading to incorrect benefit calculations and problems for the teaching elder when he or she applies for Social Security benefits at retirement. However, as part of a teaching elder's terms of call, compensation might include a portion of the self-employment tax — that is, a church may give a teaching elder a Social Security allowance to help offset the expense of SECA. The allowance is taxable income, so the teaching elder has to pay Social Security as well as income taxes on the allowance. Amounts in excess of 50 percent of the estimated SECA tax owed must also be included in calculations of effective salary for dues purposes.

RSP Contributions

Contributions to the 403(b) Retirement Savings Plan or any other tax-deferred clergy annuity plan are made on a pre-tax basis — i.e., they are deducted before earnings for federal tax withholding are determined. In addition, distributions from the RSP (as well as benefits from the pension and disability plans) that are classified 100 percent as housing allowance are potentially exempt from federal income tax.

Lay Employees

Federal Income Taxes

Taxes must automatically be withheld from the compensation of lay employees, including commissioned ruling elders who do not meet the IRS definition of clergy.

Note: Helpful information for determining withholding can be found on the IRS website, [irs.gov](https://www.irs.gov). Employees may wish to refer to it and/or consult with a personal tax adviser.

Social Security and Medicare Taxes

Like any other employer, a church or other employing organization must pay FICA taxes for Social Security and Medicare for their lay employees, including commissioned ruling elders who do not meet the IRS definition of minister, unless it has elected to exempt itself*. A church or other employing organization may not classify a non-ministerial employee as self-employed to avoid paying FICA.

*To exempt itself from paying FICA on its non-ministerial employees, a church must certify to the IRS that the church is opposed for religious reasons to the payment of Social Security taxes. Few churches can meet this standard. When a church does this, it forces its employees to pay SECA.

Employees and employers each pay Social Security and Medicare taxes (FICA) equal to 7.65 percent of an employee's wages. The 7.65 percent tax rate consists of

1. a Medicare hospital insurance tax of 1.45 percent; and
2. a Social Security tax of 6.2 percent.

For 2013, the maximum wages subject to Social Security taxes are \$113,700. There is no maximum on wages subject to the Medicare tax.

A new Additional Medicare Tax went into effect for higher compensated individuals in 2013 under the Affordable Care Act. The 0.9 percent Additional Medicare Tax applies to an individual's wages, Railroad Retirement Tax Act compensation, and self-employment income that exceeds a threshold amount based on the individual's filing status. The threshold amounts are \$250,000 for married taxpayers who file jointly, \$125,000 for married taxpayers who file separately, and \$200,000 for all other taxpayers.

Note: Rates and maximum earnings change annually. To get this information, call the Social Security Administration at 800-772-1213 or visit the website at ssa.gov.

Other Income To Report

Death Benefits

Under the Tax Code, employees may be taxed on the value of employer-paid, group-term life insurance coverage for death benefits coverage in excess of \$50,000. This value is considered imputed income to the employee and is subject to income, Social Security, and Medicare taxes.

Imputed income is to be reported on the W-2 as part of the employee's gross income for tax purposes. The value of that coverage is determined by using factors and costs established by the IRS. To assist you in determining the imputed income, if any, that must be reported for an employee's death benefits coverage, the Board provides a [Taxation of Death Benefit Dues Calculator](#) on pensions.org. Failure to properly report imputed income may place a significant tax burden on the member's survivors.

Upon the death of the insured, death benefits paid are fully excludable from the recipient's gross income for federal and most state income tax purposes when this imputed income rule is followed.

What Is Imputed Income?

Imputed income is the IRS term for the value of any benefit or service that should be considered income for the purposes of calculating federal taxes. A member must report for tax purposes the value of death benefit coverage greater than \$50,000.

The *value* of death benefit coverage over \$50,000 is not the same as the dues paid for the additional coverage. The value of the coverage is the amount the IRS assumes the member would have to pay to purchase a life insurance policy in that amount in the private market. This value is based on his or her age and the amount of death benefit coverage in excess of \$50,000 being provided by the employer.

Healthcare Benefits

For tax year 2013, the Affordable Care Act requires certain employers to report the cost of healthcare coverage under an employer-sponsored group health plan on the employee's Form W-2. Because the Board's health plan is a church plan, there is no W-2 reporting requirement for the Medical Plan of the PC(USA). There is also an exception for small employers that may apply. If, however, a church purchases health insurance from another provider, W-2 reporting may be required.

Clergy Housing Allowance

Federal (and some state) tax laws allow teaching elders and commissioned ruling elders meeting the IRS definition of *clergy* to exclude from income tax that part of their compensation that is designated as housing allowance. This is a more important tax benefit available to teaching elders who own or rent their homes. (Clergy living in manses also may qualify for a housing allowance.) The housing allowance designation must be made by the treasurer and/or your session before the start of the year in which it is to take effect. The designation, which is usually part of the terms of call, can be stated in dollars or as a percentage of salary. Under no circumstances can a church designate a housing allowance retroactively.

The amount that can be excluded as housing allowance is always the smallest of

- the amount officially designated in advance as housing allowance by the employer;
- the amount actually spent for the pastor's primary residence (i.e., down payment, mortgage principal and interest, utilities, taxes, insurance, furnishings, maintenance, etc.); or
- the fair rental value of the pastor's home, including furnishings and actual cost of utilities (owned or rented).

Any housing allowance paid is tax exempt only for federal income tax purposes. The housing allowance must be included in the calculation of the teaching elder's SECA obligation (except for retired ministers receiving their pensions designated as housing allowance).

Note: State and local laws governing taxation of housing allowances vary.

Reporting Housing Allowance

The employer must officially designate a certain portion of the pastor's income in writing as housing allowance before payment is made (e.g., as an action during the last session meeting of the year and captured in meeting minutes). As treasurer or business administrator, you will need to provide this information to your pastor, regardless of whether you actually provide housing.

You may report housing allowance separately from gross income on IRS Form W-2 in Box 14. Label the income as housing allowance.

Housing as Part of Effective Salary

If the employer provides actual housing as part of the member's compensation without charging the member, you, the employer, must report it to the Board of Pensions as part of the member's effective salary. The reported amount must be at least 30 percent of all other compensation that is included in effective salary.

Retirement Savings Plan

Employer contributions to the Retirement Savings Plan are not subject to federal income tax as long as these payments do not exceed the annual addition contribution limit under the Tax Code. (Also, for clergy, contributions to the RSP are not subject to SECA, since they are made on a pre-tax basis.) In 2013, the annual addition limit is the lesser of 100 percent of includible compensation (which does not include housing allowance) or \$51,000. This figure includes all contributions (i.e., both employee and employer contributions, including an employer's matching contribution).

The employee contribution limit depends on the employee's age, as follows: For those employees younger than age 50, the 2013 limit is \$17,500 for employee contributions; for those employees age 50 or older, it is \$23,000. (For example, a 48-year-old employee may contribute up to \$17,500, and, generally, the employer may contribute up to the difference between \$51,000 and \$17,500, or up to \$33,500. A 53-year-old employee may contribute up to \$23,000, and, generally, the employer may contribute up to the difference between \$51,000 and \$23,000, or \$28,000.)

Any employer matching contributions to the RSP are not considered part of the employee's effective salary. Therefore, these contributions are not included in the calculation of a member's pension credits, medical deductible, and copayment maximums. This makes it less costly for employers to offer matching contributions than in the past, and the Board of Pensions strongly encourages all churches and other employing organizations to consider introducing the RSP or adding a match program to their existing plan. (For clergy, RSP distributions are classed 100 percent as housing allowance, like pension and disability payments, and may not be subject to federal income tax. Also, RSP distributions are considered ordinary income and therefore not subject to the SECA tax. This makes the RSP a very effective vehicle for clergy to save for retirement.)

Note that any employer's match must be provided to all employees in the same employment classification.

Small Employer Healthcare Tax Credit

Churches and other small employers that offer healthcare coverage for one or more employees through the Medical Plan or another health plan may qualify for the Small Employer Tax Credit, for tax years 2010 through 2013*. Any PC(USA) church or other employing organization that provides coverage for one or more full-time or part-time employees through the Medical Plan or other health insurance plan may qualify for the tax credit and so reduce its tax liability. IRS guidance explains how clergy are to be counted under the tax credit and the rules that apply when an employer offers more than one type of plan.

Small, tax-exempt employers with fewer than 25 full-time equivalent employees and average wages of less than \$50,000 may be eligible for a credit of up to 25 percent of the employer's healthcare coverage costs. Depending on church size and circumstances, this tax credit could potentially reduce a small church's taxes by thousands of dollars.

The deadline for filing for the tax credit is **May 15**.

The rules for determining full-time equivalent employees and other eligibility standards for the tax credit are complicated. To help initially determine whether your employing organization may qualify for the tax credit, the Board has provided a worksheet, tables, examples, and links to other resources at pensions.org/taxcredit. You also may want to visit irs.gov for updated forms and publications.

*The Board of Pensions does not provide tax advice to individuals or employers. This information is provided for educational purposes. For updated forms, guidance, and instructions, individuals and employers should visit the IRS website, irs.gov, or consult with their individual tax or financial advisers.

Accountable Reimbursement Plan

A teaching elder or lay employee can be compensated for his or her ministry-related business and professional expenses on a tax-free basis if the church or other employing organization reimburses the expenses under an accountable reimbursement plan. Eligible expenses include the following:

- mileage and travel
- mobile phones
- vestments and robes
- continuing education and books
- other professional expenses (e.g., subscriptions)

To qualify expenses for an accountable reimbursement plan, employees must

- have paid or incurred eligible expenses while performing services related to their work; and
- submit information to substantiate the specific business nature of expenses to the employing organization.

Each element of an expenditure must be substantiated. It is not sufficient for the reimbursed individual to merely combine expenses into broad categories such as *travel*, or to report individual expenses through the use of vague, non-descriptive terms, such as *miscellaneous business expenses*.

Expenses reimbursed by an accountable reimbursement plan are not reported on the W-2 form as taxable income and are not included in effective salary calculations.

The sample voucher that follows may be used to substantiate or adequately account for business and professional expenses.

Expense Reimbursement Voucher		
Name: _____		
Address: _____		
Dates	Nature of Expense	Amount
		\$
		\$
		\$
		\$
		\$
		Total \$
Receipt(s) Attached? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Budget Line Item #: _____		
Employee Signature		Date
Authorized Signature		Date

The accountable reimbursement plan cannot be used to reimburse personal expenses, such as medical deductibles, on a tax-advantaged basis. A way to reimburse medical deductibles on a tax-advantaged basis is to set up a health flexible spending account.

Healthcare Spending Accounts or Arrangements

Like most other healthcare coverage, the Medical Plan requires members to pay deductibles and copayment amounts. PC(USA) churches and other employing organizations may choose to establish one of two types of accounts that allow the employee to set aside pre-tax dollars to pay for eligible unreimbursed medical, dental, vision, and hearing care expenses.

Health Flexible Spending Account (Health FSA)

With a health FSA, the employee makes pre-tax contributions to an account, and eligible medical expenses are reimbursed from it. Effective January 1, 2013, health FSAs have an annual limit of \$2,500.

To qualify for a pre-tax reimbursement, the Health FSA you establish must follow certain rules established by the IRS. You must

- set, and not change, employees' salary reduction elections (contributions) for the entire plan year (except for life-change events specified by the IRS);
- require that all amounts contributed to the Health FSA be used during the plan year or be lost*; and
- require that the program not be discriminatory.

The Board publication [Guide for Employers Considering Health Flexible Spending Accounts](#) distinguishes between health FSAs and health reimbursement arrangements. It explains how these accounts work and how to administer them. It also lists common eligible healthcare expenses. The Board also offers a sample [FSA plan document](#) with accompanying forms for your reference.

Health Reimbursement Arrangement (HRA)

An HRA is funded solely by the employer, which provides reimbursement for certain medical expenses up to an annual limit. These arrangements are not subject to federal and Social Security taxes if set up as a group plan to reimburse the organization's entire employee population for medical expenses not covered by the plan, such as deductibles and copayments. Funds provided for medical reimbursement are taxable, unless the benefit is provided to an organization's entire employee population.

Again, refer to the [Guide for Employers Considering Health Flexible Spending Accounts](#) and, for additional information, to the Federal Reporting Requirements for Churches.

Note: If your organization chooses to establish programs for pre-tax payment of medical expenses not reimbursed by the Medical Plan or other coverage, please involve your tax and/or legal advisers in the process.

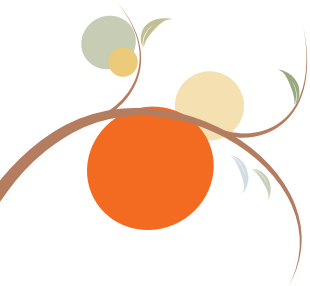
Clergy Tax and Terms of Call Seminar

Board University offers a free, one-day seminar, [Render Unto Caesar](#), which covers topics around clergy taxes and terms of call. This seminar is open to church treasurers, business administrators, active clergy and covered partners, and mid council staff and leaders.

The Board provides this seminar on-site in various locations around the country. You may want to attend one in your area or in a different locale; either way, you must register to attend. To start the process, visit pensions.org/seminars and click on the [Register button](#) on the Render Unto Caesar class description page (in Seminars & E-learning, on pensions.org), or contact the Education team at 800-773-7752 (800-PRESPLAN).

*The IRS has amended the "use it or lose it" rule for flexible spending plans. The amendment allows employers to amend their flexible spending plans to provide for a grace period of two and a half months. For example, if an employee incurs expenses in February 2013, the employee may be reimbursed from 2012 funds if the FSA plan provides for the grace period. Expenses for qualified benefits incurred during the grace period may be paid or reimbursed from benefits or contributions remaining unused at the end of the preceding plan year.

APPENDIX



Benefits Overview

FOR MORE INFORMATION

The Board of Pensions administers the Benefits Plan of the Presbyterian Church (U.S.A.), providing pension, healthcare, death, and disability benefits to qualifying members who serve, or have served, the PC(USA). The Board also provides financial and vocational grants through the Assistance Program.

This Overview summarizes a key element of the Board's plans, programs, or services.

SUMMARY

The Board of Pensions is there for you through the stages of your life.

If you need help or information, please call the Board Monday through Friday, 8:30 a.m. and 5:00 p.m. ET, to speak with a member service representative.

THE BOARD OF PENSIONS

Toll Free	800-773-7752 (800-PRESPLAN)
TDD	877-522-7948
Outside U.S.	215-587-7200
Fax	215-587-6215
Mail	The Board of Pensions of the Presbyterian Church (U.S.A.) 2000 Market Street Philadelphia, PA 19103-3298
Website	pensions.org
Email	memberservices@pensions.org

PROVIDER INFORMATION

Please call during hours listed for information and referrals.

Medical-PPO Physician and Hospital Information

Blue Card® PPO
(Highmark Blue Cross Blue Shield)
888-835-2959, M-F 8:00 a.m. to 5:00 p.m. ET
highmarkbcbs.com

Mental Health and Substance Abuse

Cigna Behavioral Health (Cigna)
866-640-2772, available 24 hours
www.cignabehavioral.com (employer ID: pcusa)

Prescription Drugs

Express Scripts®
800-344-3896, available 24 hours
member.express-scripts.com

Informed Care Management Services

ActiveHealth Management
866-794-3127, M-F 8:30 a.m. to 11:00 p.m. ET
Sat. 9:00 a.m. to 2:00 p.m. ET

24-Hour Nurse Line

ActiveHealth Management
866-794-3127, available 24 hours

Dental

Aetna
800-843-3661, available 24 hours
aetna.com

Long-Term Care Insurance

CNA
800-528-4582, M-F 8:00 a.m. to 6:00 p.m. ET

Vision Program

VSP®
800-877-7195, M-F 8:00 a.m. to 10:00 p.m. ET
vsp.com

Overseas Medical Assistance

International SOS Assistance, Inc.
Before traveling, call the Board of Pensions at
800-773-7752 (800-PRESPLAN) to obtain
information and card.

PRE-CERTIFICATION

Inpatient Hospital Admissions

ActiveHealth Management
866-794-3127, M-F 8:00 a.m. to 8:00 p.m. ET

Scheduled MRIs/MRAs and CAT Scans

ActiveHealth Management
866-794-3127, M-F 8:00 a.m. to 8:00 p.m. ET

Mental Health and Substance Abuse

Cigna Behavioral Health (Cigna)
866-640-2772, available 24 hours
www.cignabehavioral.com (employer ID: pcusa)

EMERGENCY

24-Hour Nurse Line

ActiveHealth Management
866-794-3127, available 24 hours

Mental Health and Substance Abuse

Cigna Behavioral Health (Cigna)
866-640-2772, available 24 hours
www.cignabehavioral.com (employer ID: pcusa)

Inpatient Emergency Admissions

(call within 48 hours for hospital admissions)
ActiveHealth Management
866-794-3127, available 24 hours

RETIREMENT SAVINGS PLAN

Fidelity Investments

800-343-0860, M-F 8:00 a.m. to midnight ET
fidelity.com/atwork
Hotline for church treasurers:
800-917-4369, M-F 8:00 a.m. to midnight ET

EDUCATION SPECIALISTS

The Rev. Rodney Sewell

215-587-7221 or 800-773-7752, ext. 7221
Email: rsewell@pensions.org

The Rev. Raymond Bonwell

215-587-7496 or 800-773-7752, ext. 7496
Email: rbonwell@pensions.org

REGIONAL REPRESENTATIVES

The Rev. Ernesto Badillo Jr.

Synods of the Trinity, the Covenant, and Boriquen
800-773-7752, ext. 7346
Email: ebadillo@pensions.org

The Rev. Mark Frey

Synods of Alaska-Northwest and the Pacific
800-510-3068 or
800-773-7752, ext. 7042
Email: mfrey@pensions.org

The Rev. Dr. Allison K. Seed

Synod of the Northeast
800-773-7752, ext. 7482
Email: aseed@pensions.org

The Rev. Dr. Clayton Cobb

Synods of the Southwest and Southern California and Hawaii
800-773-7752, ext. 7048
Email: ccobb@pensions.org

The Rev. Dr. Edward Thompson

Synods of Lakes and Prairies, Mid-America, and Lincoln Trails
800-773-7752, ext. 7045
Email: ethompson@pensions.org

T. Clark Simmons

Synod of South Atlantic and part of the Synod of Living Waters (MS, AL)
800-966-1575 or
800-773-7752, ext. 7046
Email: csimmons@pensions.org

The Rev. Helen Locklear

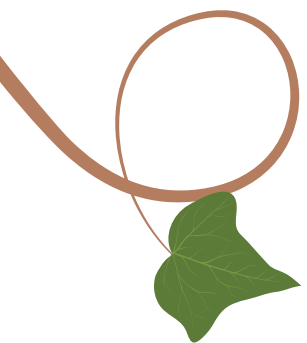
Synod of the Mid-Atlantic and part of the Synod of Living Waters (KY, TN)
888-564-3717 or
800-773-7752, ext. 7047
Email: hlocklear@pensions.org

The Rev. Kevin Keaton

Synods of the Sun and the Rocky Mountains
800-773-7752, ext. 7044
Email: kkeaton@pensions.org

Benefits through the stages of your life.





Benefits Overview

THE ASSISTANCE PROGRAM

The Board of Pensions administers the Benefits Plan of the Presbyterian Church (U.S.A.), providing pension, healthcare, death, and disability benefits to qualifying members who serve, or have served, the PC(USA). The Board also provides financial and vocational grants through the Assistance Program.

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ABOUT THE ASSISTANCE PROGRAM

The Assistance Program of the Board of Pensions comprises a range of programs designed to meet specific assistance needs of Presbyterian pastors and other church workers at various points in their lives. These programs complement the Benefits Plan of the Presbyterian Church (U.S.A.) and provide an important safety net to church workers and their families who have specific needs that exceed personal resources or other means of support.

Through the Assistance Program, the church community provides care for:

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- pastors' *vocational leadership needs* through Seminary Debt Assistance, Presbyterian CREDO, and Sabbath Sabbatical Support Grants

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CHURCH WORKERS: URGENT FINANCIAL NEEDS

Shared Grants are generally intended to assist with a one-time need. Shared grants help active and retired church workers and their covered partners with special financial needs or in emergency situations. The need may be extraordinary medical expenses, a family emergency, custodial care at home, or any number of special situations not covered by the Benefits Plan or insurance.

Shared Grants are initiated by a council or an employing organization that is willing to share equally with the Board in the cost of providing the grant. In certain circumstances,

grants may be made for periods of up to one year with monthly disbursements. Each case is reviewed on its merits as determined by the applicant's need and resources.

Emergency Assistance Grants are provided by the Board for one-time, special needs when no other financial resources are available for Shared Grants. A council or employing organization is usually asked to validate the need for a grant.

Adoption Assistance Grants are distributed to members of the Benefits Plan who adopt a child under age 21. One grant of \$3,000 is given for each eligible adopted child to help defray the cost of the adoption and related expenses. The monies for these grants come from gifts to the Assistance Program and from the relief of conscience fund.

Transition-to-College Assistance Grants are distributed to eligible members of the Benefits Plan whose child is enrolled as a full-time freshman at an accredited college or university. Members of the plan whose household adjusted gross income is below twice the churchwide median pastor salary are eligible for a grant. The grants are meant to help mitigate onetime, transitional expenses, such as the purchase of a computer, dorm room furnishings, and the like.

RETIRED CHURCH WORKERS: FINANCIAL AND HOUSING NEEDS

Income Supplements are designed to raise the monthly income of retired church workers and their surviving covered partners whose total income from all sources is below levels established annually by the Board of Pensions. The Income Supplement target levels are \$26,760 a year for a single person and \$32,100 a year for a couple who are married or in a qualified domestic partnership.

Housing Supplements provide financial assistance to help eligible retirees and their surviving covered partners remain in their own homes or live in a retirement facility in a location of their choice. The maximum income-level guideline to qualify for Housing Supplement eligibility is \$39,450 a year. Other housing-cost guidelines must also be met.

PASTORS: VOCATIONAL LEADERSHIP NEEDS

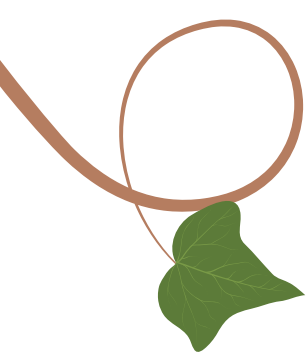
Seminary Debt Assistance is provided to teaching elders who have graduated from a seminary or theological school, and are serving in the first seven years of ministry after their ordination in a full-time, called, pastoral position at a PC(USA) church with 150 members or fewer. Eligible teaching elders can receive a grant of up to \$1,500 a year for up to four years (up to \$6,000 total) to help them repay loans incurred while pursuing their education ultimately leading to a Master of Divinity.

Sabbath Sabbatical Support Grants are designed to provide an opportunity for pastors serving small congregations to take time away from the demands of the job and engage in a period of personal and professional renewal. A limited number of grants of up to \$3,000 are available to pastors who are serving congregations of fewer than 200 members, have served the Presbyterian Church (U.S.A.) as a pastor for at least 10 years, have served their current congregations for at least six years, and are active members of the Benefits Plan. Sabbath Sabbatical Support Grants are intended to supplement the financial aid of congregations, foundations, mid councils, or other contributors.

Presbyterian CREDO is modeled after a very successful program of the Church Pension Fund of the Episcopal Church. Its mission is to provide opportunities for clergy to examine significant areas of their lives and to prayerfully discern the future direction of their vocation as they respond to God's call in a lifelong process of practice and transformation. An eight-day conference, Presbyterian CREDO helps ministers examine vocational, financial, health, and spiritual aspects of their lives and discover how these seemingly disparate parts intersect. Each participant commits to extensive reflection through pre-conference instruments that focus on personal and professional wellness. Pastors serving congregations who are between 30 and 55 years of age are invited by random selection. Each CREDO conference has approximately 30 participants.

Benefits through the stages of your life.





Benefits Overview

THE ASSISTANCE PROGRAM — ADOPTION ASSISTANCE GRANTS

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- pastors' *vocational leadership needs* through Seminary Debt Assistance, Presbyterian CREDO, and Sabbath Sabbatical Support Grants

The Assistance Program is funded by gifts, legacies, income from endowments, and half the Christmas Joy Offering; it receives no funds from pension or medical dues.

For information on applying for assistance, call 800-773-7752 (800-PRESPLAN) or visit pensions.org.

SUMMARY

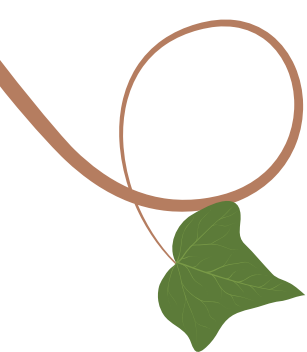
A family adopting a child under age 21 may be eligible for \$3,000 for each child to help with any of these adoption-related expenses:

- medical expenses not reimbursed by the Benefits Plan
- adoption agency fees
- placement fees
- attorney's fees
- related travel expenses
- home study fees

Parents who are active members of the Benefits Plan and employed by a local church, council, General Assembly agency, or an organization associated with the Presbyterian Church (U.S.A.) at the time of the adoption are eligible for a grant.

The grant of \$3,000 for each adoption is paid when the Board of Pensions receives the final legal adoption decree.

For those plan members whose expenses exceed the available tax credits and the Adoption Assistance Grant, Shared Grants (which are shared with a council on a 50/50 basis) may be available at the discretion of the council in consultation with the Board of Pensions.



Benefits Overview

THE ASSISTANCE PROGRAM — EMERGENCY ASSISTANCE GRANTS

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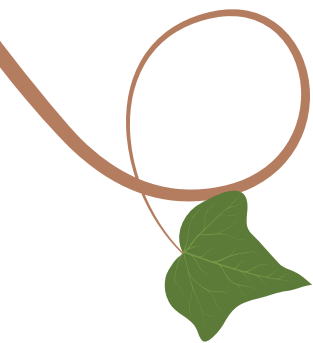
For information on applying for assistance, call 800-773-7752 (800-PRESPLAN) or visit pensions.org.

SUMMARY

At times, Benefits Plan members and retirees may have unanticipated financial demands, such as in-home healthcare, medical, or mental healthcare expenses or other emergency needs, which are not covered by the Benefits Plan. To better serve plan members, the Board initiated Emergency Assistance Grants to provide financial help with such needs.

Emergency Assistance Grants are accessible if a church council or an employing organization is unable to participate in a Shared Grant because of insufficient funds. These grants are also available for extraordinary medical or hospitalization costs. Assistance for long-term care at home or in a nursing facility are available only after recipients first apply for help through public entitlement programs, such as Medicare, Medicaid, Supplemental Security Income, etc.

As in a Shared Grant, councils or employing organizations confirm and validate that other resources to cover the need have been exhausted and that there are no community resources available. The organization and the individual needing assistance then complete the Shared Grant application and send it to the Board. Emergency Assistance Grants are limited to \$5,000 each, not to exceed \$15,000 annually.



Benefits Overview

THE ASSISTANCE PROGRAM – HOUSING SUPPLEMENTS

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For information on applying for assistance, call 800-773-7752 (800-PRESPLAN) or visit pensions.org.

SUMMARY

Housing Supplements provide financial assistance to help eligible retirees remain in their own homes or move to retirement facilities in locations of their choice. Depending on the levels of personal income and assets, applicants may receive one-time financial assistance to help pay the costs associated with the entrance fee to a retirement home, the maintenance of a current home, and/or moving.

To qualify for a Housing Supplement, a retiree's total income from all sources should be \$39,450 a year or less, a target level set by the Board of Pensions.

Other eligibility requirements include service to the Presbyterian Church (U.S.A.), or its predecessors, for a minimum of 20 years and commensurate participation in the pension portion of the Benefits Plan.

Applicants receive credit toward years of service for any years of total disability under the plan. Personal asset levels are also taken into consideration when determining eligibility.

The Assistance Program expects that individuals will first use their own income and assets to maintain their quality of life.

Applicants can reduce assets to the target level with payment or partial payment of an entrance fee to a retirement home or prepayment of funeral expenses. Applicants may not divert funds to protect an estate or to provide benefits for family members. The Board may question any diversion of assets.

If individuals are not receiving Social Security benefits, the Board assumes that they have secured alternate protection, and any assistance is reduced by an amount which the Board determines would have been payable under Social Security. (See Housing Supplement Guidelines chart, Page 2.)

AN EXAMPLE

A retired church worker who served the Presbyterian Church (U.S.A.) and has been a member of the Benefits Plan for 20 years is living in an independent living unit within a retirement community where the total housing expenses are \$1,300 per month.

The total retirement income for the church worker is \$28,500, or \$2,375 per month, and his assets are below the maximum allowable for a single person. Forty percent of the total monthly income is \$950 per month. In this situation, assuming that the retiree meets all eligibility requirements, the Board's Assistance Program would provide a Housing Supplement of \$350 per month, which represents the difference between 40% of his monthly income (\$950) and the retiree's housing expenses of \$1,300 considered for this housing situation.

LUMP-SUM HOUSING SUPPLEMENT

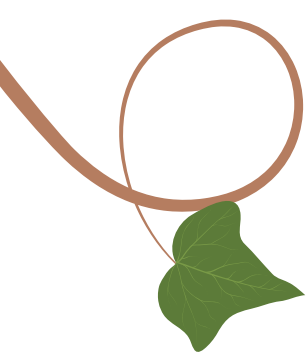
In addition to monthly Housing Supplements, a lump-sum Housing Supplement of up to \$20,000 may be available to eligible applicants for use toward an entrance fee to a continuing care retirement community. If the retirement community's contract contains a refunds provision, the Board may expect to receive a refund of the prorated equivalent of its participation in the entrance fee.

Any application may require the endorsement, where appropriate, of the Committee on Ministry of the presbytery of residence.

When a presbytery or other party has been financially involved with the previous needs of an applicant, they are expected to continue their financial commitment as part of the Board's program of housing assistance.

Housing Supplement Guidelines

Your living situation (You live in a/an:)	Maximum total assets allowed		Maximum monthly housing expenses considered by Assistance Program	Percentage of your income to be contributed toward housing expenses
	Single	Couple		
Home or apartment in the general community	\$35,000	\$50,000	\$1,000	40%
Independent living unit in a retirement community	\$25,000	\$40,000	\$1,500	40%
Congregate living unit (separate living quarters, no cooking facilities) in a retirement community	\$25,000	\$40,000	\$2,500	67%
Assisted living unit in a retirement community	\$20,000	\$35,000	\$3,400	67%



Benefits Overview

THE ASSISTANCE PROGRAM — INCOME SUPPLEMENTS

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For information on applying for assistance, call 800-773-7752 (800-PRESPLAN) or visit pensions.org.

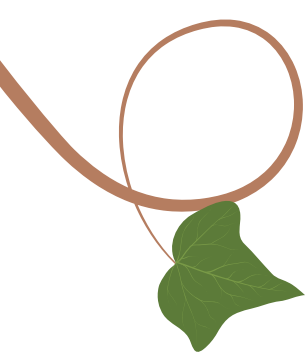
SUMMARY

Income Supplements help ensure that retirees can live modestly and continue to maintain their independence. This program is designed to supplement the monthly income of retired church workers and their surviving covered partners whose total income from all sources is below levels established by the Board. At present, the maximum annual income for receiving an Income Supplement grant is \$26,760 a year for a single person and \$32,100 a year for a member and his or her covered partner. Retirees whose incomes fall below these levels and who meet other eligibility requirements are encouraged to apply.

ELIGIBILITY

Eligibility requirements include service to the Presbyterian Church (U.S.A.) or its predecessors for a minimum of 20 years and commensurate participation in the pension portion of the Benefits Plan. Partial supplementation may be available to those who served the Church and participated in the Benefits Plan for at least 10 years. Where service to the Presbyterian Church (U.S.A.) or its predecessors is at least 10 years but fewer than 20 years, the assistance target is reduced to reflect the number of service years.

Years of Service	Percent of Target
20 or more	100%
19	96.7
18	93.3
17	90.0
16	86.7
15	83.3
14	80.0
13	76.7
12	73.3
11	70.0
10	66.7



Benefits Overview

PLANNED GIVING TO THE ASSISTANCE PROGRAM

The Board of Pensions administers the Benefits Plan of the Presbyterian Church (U.S.A.), providing pension, healthcare, death, and disability benefits to qualifying members who serve, or have served, the PC(USA). The Board also provides financial and vocational grants through the Assistance Program.

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ABOUT THE ASSISTANCE PROGRAM

The Assistance Program of the Board of Pensions comprises a range of grants and programs designed to meet specific assistance needs of Presbyterian pastors, other church workers, and their families at various points in their lives. Complementing the Benefits Plan of the Presbyterian Church (U.S.A.), these grants and programs provide an important safety net to church workers and their families whose needs exceed personal resources or other means of support. Other programs offered by the Assistance Program build the practical skills needed to minister in today's world and so help strengthen church leadership.

The Assistance Program is funded by gifts, legacies, income from endowments, and half the Christmas Joy Offering; it receives no funds from pension or medical dues.

For more information, call 800-773-7752 (800-PRESPLAN), or visit pensions.org.

SUMMARY

Giving is a spiritual act, through which we affirm our faith. It is also a blessing, both for the giver and the receiver.

MAKING A GIFT — AND A DIFFERENCE

Many caring Presbyterians want to contribute to the life of the Church by making a generous donation. One way to support the Church is by making a planned gift to the Assistance Program of the Board of Pensions, which helps Presbyterian clergy, other church workers, and their families in need.

There are many ways to give, with each option offering different benefits to the recipient and donor. Many of these giving options, and their benefits, are listed on the reverse side of this sheet. Each helps ensure the future of the Assistance Program while providing financial and tax benefits to you and your loved ones.

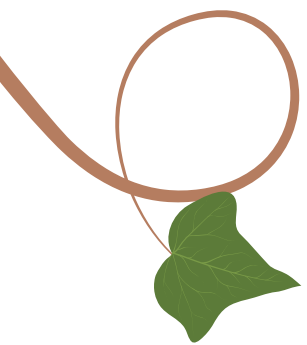
In choosing the giving option that is right for you, you should consider a number of personal, financial, tax, and other factors. We encourage you to explore these giving options as part of an overall estate planning discussion with your legal adviser. For additional information about planned giving opportunities, as well as about other types of giving, call 800-773-7752 (800-PRESPLAN), ext. 7300; we'd be pleased to speak with you. Or, visit the Board of Pensions website at pensions.org and click on Ways to Give, in the upper left-hand corner.

P l a n n e d G i v i n g O p t i o n s *

	Option	Description	Benefits to Donor
Gifts That Help Now: Current Use Gifts	Outright Gift (irrevocable)	Gift of cash or assets, such as stock, bonds, collections, equipment, or land	<ul style="list-style-type: none"> • Allows for large gift at little cost • Reduces income tax • Eliminates estate tax on full amount of gift
	Charitable Lead Trust* (irrevocable)	Generates annual income to Assistance Program for period of years determined by donor, after which trust assets revert to donor or beneficiaries	<ul style="list-style-type: none"> • Allows for transfer of assets to heirs at a reduced tax cost • May allow for a charitable tax deduction
Gifts That Bear Fruit Later: Deferred Gifts	Will or Trust Bequest* (irrevocable)	Donor names Assistance Program in will or trust	<ul style="list-style-type: none"> • Provides for family first • Eliminates estate tax on full amount of bequest
	Retirement Plan (irrevocable)	Donor names Assistance Program in will as remainder beneficiary after donor's death <i>(Note: The right to name a remainder beneficiary is not available for all retirement plans. Defined benefit plans, such as the Benefits Plan's Pension Plan, typically do not provide such a right, but most defined contribution plans [401(k) or 403(b) plans] do.)</i>	<ul style="list-style-type: none"> • Reduces or eliminates income and estate taxes • Increases amount passing to heirs
	Life Insurance (revocable or irrevocable)	Gift of old or new policy designating Assistance Program as owner and/or beneficiary	<ul style="list-style-type: none"> • Allows for large gift at little cost • Reduces income tax • Eliminates estate tax on full amount of gift
	Retained Life Interest* (irrevocable)	Gift of home or farm with retained life interest	<ul style="list-style-type: none"> • Provides option to continue to live in home or use farm • Reduces income tax • Bypasses capital gains tax • Reduces estate tax
Gifts That Give Back: Life Income Gifts	Charitable Gift Annuity* (irrevocable)	Contract between charity and donor in which donor gives cash or assets, such as stock, and the charity agrees to pay donor (or beneficiary) a fixed amount for life	<ul style="list-style-type: none"> • Provides fixed-income payments to donor (or beneficiary) for life • Frees a portion of each payment from income tax • Potentially provides a capital gains tax savings
	Charitable Remainder Trust* (irrevocable)	Trust pays a fixed dollar amount (annuity trust) or a fixed percentage (unitrust) to donor (or beneficiary) for life or a specific term	<ul style="list-style-type: none"> • Provides annual income payments to donor (or beneficiary) • Reduces income taxes • Bypasses capital gains tax

* The Board of Pensions does not offer these products or services but is able to refer you to organizations that can assist you in establishing one.

Benefits through the stages of your life.



Benefits Overview

PRESBYTERIAN CREDO

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SUMMARY OF PRESBYTERIAN CREDO

Presbyterian CREDO is an eight-day conference designed to give Presbyterian pastors serving congregations an opportunity to examine several key areas of their personal and vocational lives:

- spiritual
- vocational
- health
- financial

Eight faculty members, each with expertise in one of the key areas, lead the community of CREDO participants, guiding them toward discovery of how these seemingly disparate areas of one's life intersect. The curriculum is designed to trigger personal discovery through guided reflection, introspection, and dialogue. The conference helps participants, through this discernment and visioning process, to contemplate who they are and what they believe God may be calling them to become. During the conference, participants each develop a CREDO plan, which helps to guide them when they return home and seek to implement the work of their minds and hearts in their ministries.

Pastors currently serving PC(USA) congregations who are between 30 and 55 years of age and have been members of the Benefits Plan for at least five years are eligible to attend one of six CREDO conferences held each year. As space is limited, invitations are sent to those eligible pastors whose names are randomly selected from the Board's database.

There is a \$500 participant fee, and the Assistance Program covers all other costs, including airfare, lodging, meals, and other direct conference costs. If the participant fee creates a hardship, scholarships are available.

The program is modeled after Episcopal CREDO, which has run successfully for more than a decade. The Assistance Program of the Board of Pensions works in partnership with CREDO Institute Inc. of the Episcopal Church to develop its conferences for Presbyterian pastors.

Benefits through the stages of your life.





Benefits Overview

THE ASSISTANCE PROGRAM — SABBATH SABBATICAL SUPPORT GRANTS

The Board of Pensions administers the Benefits Plan of the Presbyterian Church (U.S.A.), providing pension, healthcare, death, and disability benefits to qualifying members who serve, or have served, the PC(USA). The Board also provides financial and vocational grants through the Assistance Program.

This Overview summarizes a key element of the Board's plans, programs, or services.

ABOUT THE ASSISTANCE PROGRAM

The Assistance Program of the Board of Pensions comprises a range of programs designed to meet specific assistance needs of Presbyterian pastors and other church workers at various points in their lives. These programs complement the Benefits Plan of the Presbyterian Church (U.S.A.) and provide an important safety net to church workers and their families who have specific needs that exceed personal resources or other means of support.

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- church workers' *urgent financial needs* through Shared, Emergency Assistance, Adoption Assistance, and Transition-to-College Assistance grants
- retired church workers' *financial and housing needs* through Income and Housing supplements
- pastors' *vocational leadership needs* through Seminary Debt Assistance, Presbyterian CREDO, and Sabbath Sabbatical Support Grants

The Assistance Program is funded by gifts, legacies, income from endowments, and half the Christmas Joy Offering; it receives no funds from pension or medical dues.

For information on applying for assistance, call 800-773-7752 (800-PRESPLAN) or visit pensions.org.

SUMMARY

The Sabbath Sabbatical Support Grant program, a program for small churches that began January 1, 2008, provides a limited number of grants of up to \$3,000 to help fund pastors' sabbatical studies. The grants are apportioned by synod based on the number of small congregations within its bounds.

PURPOSE

Sabbath Sabbatical Support Grants are designed to help pastors serving small congregations take sabbaticals that will strengthen their skills and renew their ministries.

BACKGROUND

The pastors of the Presbyterian Church (U.S.A.) seek to live faithful and committed lives in answer to their calling. At the same time, pastors lead busy, demanding, even stressful lives.

They are on call 24 hours a day, seven days a week. These stresses, if not attended to, can have emotional, psychological, physical, and spiritual consequences that lead to burnout for the pastors who are called to serve our congregations.

Sabbaticals can help alleviate burnout; they allow pastors to enhance their spiritual lives, strengthen their skills, and renew their ministries. But most pastors taking sabbaticals serve larger congregations with significant financial resources and staff; smaller congregations often lack the funds or staff to support sabbaticals. The Sabbath Sabbatical Support Grant program addresses this need, making it possible for pastors of smaller congregations to engage in a time of personal and professional renewal. It is hoped that the program will strengthen ministries throughout the Presbyterian Church (U.S.A.) and develop stronger church leadership.

PROGRAM DESCRIPTION

The Assistance Program provides up to 110 grants per year of up to \$3,000 each to pastors of small churches who have submitted an approved plan to their mid council. The grants will be administered in cooperation with the mid councils. The full grant may be used to supplement the funding for the pastor's sabbatical leave, or, at the discretion of the presbytery and the pastor, a portion (up to \$500) of the grant may be used to provide pulpit supply and pastoral support for the congregation during the pastor's sabbatical leave.

ELIGIBILITY

You are eligible to apply for this grant if you meet **all** of the following:

- You are a pastor who is currently serving a congregation of fewer than 200 members and can demonstrate financial need.
- You have served the Presbyterian Church (U.S.A.) as a pastor for at least 10 years, have served your current congregation for at least six years, and are an active member of the Benefits Plan (Traditional Program).
- You are receiving additional financial support for the sabbatical from other sources, such as congregations, foundations, your synod or presbytery, or other contributors.
- Your sabbatical is for a period of not less than four weeks. (The Sabbath Sabbatical may be taken in conjunction with annual study leave and/or vacation.)

Note: Expenses related to Doctor of Ministry or other degree programs do not qualify for this program.

ADDITIONAL REQUIREMENTS

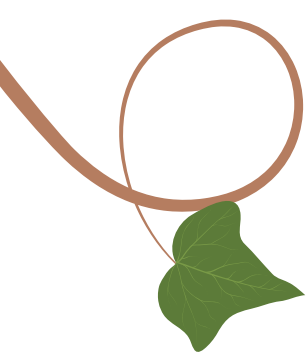
You are responsible for receiving congregational approval for a Sabbath Sabbatical and for providing a project plan for your proposed sabbatical. You also must provide a post-sabbatical summary to your congregation, presbytery, synod, and the Board of Pensions. In addition, you must commit to returning to your congregation for at least one year following the Sabbath Sabbatical.

Individual synods may place further requirements on you or your plan.

APPLICATION

To obtain an application form, contact your presbytery or synod, which can advise you on the availability of grants. (A synod may endorse only a predetermined number of grant applications per year; the number is based on the relative proportion of congregations with fewer than 200 members within the synod's bounds, and so, only a few grants may be available.)

If a grant is available, submit your application to the synod through your presbytery (or as otherwise provided by your synod's guidelines). If the synod approves your application, it will submit the application and its endorsement to the Board of Pensions for final approval and payment.



Benefits Overview

THE ASSISTANCE PROGRAM – SEMINARY DEBT ASSISTANCE

The Board of Pensions administers the Benefits Plan of the Presbyterian Church (U.S.A.), providing pension, healthcare, death, and disability benefits to qualifying members who serve, or have served, the PC(USA). The Board also provides financial and vocational grants through the Assistance Program.

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- retired church workers' *financial and housing needs* through Income and Housing supplements
- pastors' *vocational leadership needs* through Seminary Debt Assistance, Presbyterian CREDO, and Sabbath Sabbatical Support Grants

The Assistance Program is funded by gifts, legacies, income from endowments, and half the Christmas Joy Offering; it receives no funds from pension or medical dues.

For information about the Assistance Program or to apply for assistance, call 800-773-7752 (800-PRESPLAN) or visit pensions.org.

***“... they began their journey
for the sake of Christ. ...
Therefore we ought to
support such people,
so that we may become
co-workers with the truth.”***

3 John 1: 7-8 NRSV

SUMMARY

The Seminary Debt Assistance program was created to reduce the financial pressures on new teaching elders serving small churches.

Helping teaching elders repay their seminary educational debt makes it easier for them to accept positions at small churches and effectively minister to their congregations. Under this program, teaching elders who are in their first seven years of ministry and are serving a PC(USA) church of 150 or fewer members with an annual budget of \$250,000 or less, and who are serving in a full-time, called pastoral position can receive a grant of up to \$1,500 per year, for up to four years, to repay educational debt incurred while seeking a Master of Divinity. A teaching elder may receive up to \$6,000 over the course of four years.

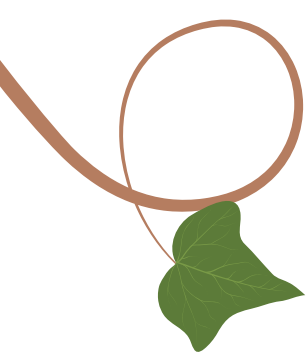
TO QUALIFY AND APPLY

To qualify as a prospective candidate, you must:

- serve in a full-time, called position as a teaching elder to a church with fewer than 150 members and a budget of \$250,000 or less
- attend a one-day financial planning seminar (Getting in Shape Fiscally), offered by the Board of Pensions at your seminary or presbytery
- receive permission from your presbytery

Presbyteries that submit applications are also required to have a policy on student/clergy indebtedness.

Please note: It's a good idea to apply early, as the total amount of grants awarded in any one year will be limited. Applications must be made through your presbytery.



Benefits Overview

THE ASSISTANCE PROGRAM — SHARED GRANTS

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ABOUT THE ASSISTANCE PROGRAM

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The Assistance Program is funded by gifts, legacies, income from endowments, and half the Christmas Joy Offering; it receives no funds from pension or medical dues.

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SUMMARY

Shared Grants are designed to help active and retired church workers or their surviving covered partners with special financial needs or in emergency situations. They must be recommended by a council or an employing organization of the Church that is willing to financially share in the grant with the Board.

Grants may also be awarded by the Board with two or more other bodies of the Church. Each case is reviewed on its merits, including the individual's need and available resources. In assessing the need, the individual's income, assets, and other financial resources are considered. Examples of special needs or emergency situations are outstanding medical and dental expenses not covered by the Benefits Plan or insurance, extenuating financial problems, and unexpected emergencies.

Although the Board will approve grants for a variety of needs, it does not approve Shared Grants that:

- subsidize a presbytery's mission responsibility
- substitute for a presbytery's or an employer's support of a terminated church worker
- provide moving expenses (except in extreme cases, such as those occasioned by illness, disability, divorce, etc.)
- pay for legal fees, fines, legal penalties
- pay for Benefits Plan dues

To be considered for a grant, both the individual needing assistance and the council or employing organization must complete the application, available upon the grant sponsor's request from the Board's Assistance team.

The Board does not initiate grants.



Benefits Overview

THE ASSISTANCE PROGRAM — TRANSITION-TO-COLLEGE ASSISTANCE GRANTS

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Through the Assistance Program, the church community provides care for:

- church workers' *urgent financial needs* through Shared Grants, Emergency Assistance Grants, Adoption Assistance Grants, and Transition-to-College Assistance Grants
- retired church workers' *income and housing needs* through Income Supplements and Housing Supplements
- pastors' *vocational and leadership training* needs through Seminary Debt Assistance, Presbyterian CREDO, and Sabbath Sabbatical Support Grants

The Assistance Program is funded by gifts, legacies, income from endowments, and half the Christmas Joy Offering; it receives no funds from pension or medical dues.

For information about the Assistance Program or to apply for assistance, call 800-773-7752 (800-PRESPLAN) or visit pensions.org.

SUMMARY

The Transition-to-College Assistance Grant (TCAG) program has assisted qualifying members since 2007.

Purpose

Although assisting with the full cost of a college education is beyond the scope of the Assistance Program, the Board of Pensions has initiated this program to help mitigate transitional expenses. Through the TCAG program, eligible families of college freshmen receive assistance to help defray significant one-time expenses, such as the purchase of a computer, dorm room furnishings, and the like.

Background

The Presbyterian Church (U.S.A.) has always affirmed the importance of an educated clergy and laity. Beginning with John Calvin's establishment of the Academy of Geneva in 1559, Presbyterians have founded numerous colleges and academic institutions in the United States and around the world.

In light of this tradition and the results of a pastor survey indicating college education costs are a significant area of concern, the Board of Pensions implemented the TCAG program. The program is funded by gifts and bequests to the Assistance Program; no Benefits Plan dues are used.

Grant Description

A family may be eligible for a one-time grant for each dependent child entering his or her freshman year of an accredited college or university.

The grants range from \$500 to \$1,000, depending on the family's household income.

Eligibility

Generally, eligibility criteria relate to financial need, plan participation, and enrollment of a dependent child as a freshman in an accredited college or university.

For the 2012-2013 academic year, grant applications will be accepted between August 1, 2012, and June 30, 2013.

You are eligible for this grant if you meet **all** of the following:

- Your household's total adjusted gross income is equal to or less than \$108,000.
- You have been a member of the Benefits Plan Traditional Program for at least five years and are currently an active member.
- You have a dependent child who is covered under the Board's Benefits Plan.
- Your child is beginning his or her freshman year as a full-time student at an accredited college or university.

GRANT PAYMENT

An eligible church worker will receive a grant based on the household's adjusted gross income.

Total Adjusted Gross Income	Grant Amount
Less than the Churchwide Median (CWM)	\$1,000
Greater than 100% but less than 120% of the CWM	\$900
Greater than 120% but less than 140% of the CWM	\$800
Greater than 140% but less than 160% of the CWM	\$700
Greater than 160% but less than 180% of the CWM	\$600
Greater than 180%, up to 200% of the CWM	\$500

Final determination of these grant ranges and amounts will be made by the Board of Pensions.

Accredited college or university — a junior college, college, or university accredited by the Council for Higher Education Accreditation (CHEA) through one of its regional accrediting organizations.

Adjusted Gross Income — income reported on federal tax Form 1040, line 37; Form 1040A, line 21; or Form 1040 EZ, line 4.

Churchwide Median — refers to the annual churchwide median salary of teaching elders serving churches.

Traditional Program — includes healthcare, disability, death, and pension benefits. Coverage under this program is distinct from Affiliated Benefits Program coverage.

Benefits through the stages of your life.



 **The Board of Pensions**
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