

# Benefits Bulletin

## Florida Conference Board of Pension & Health Benefits

Visit our website for more information

[www.flumc.org/hr](http://www.flumc.org/hr)

The HR & Benefits Team are available to respond to your questions. You can submit questions or comments via e-mail to

[benefits@flumc.org](mailto:benefits@flumc.org)

or call us at 800-282-8011

*These proposed changes will not affect current retirees. Approved benefit changes will be effective for retirements on or after July 1, 2014.*

### Support for Retiree Health Insurance

#### Why the current benefit plan must be modified

The current actuarial valuation projects that in 15 years the financial obligation to support our current arrangement will grow to \$137 million dollars. This equates to almost \$956 per average worship attendee. In 15 years, our reserve is projected to be approximately \$15 million. The Church cannot be expected to bear this future burden. Another factor is the marketplace changes taking place in the Medicare insurance market for groups and individuals. In addition, the expected flexibility and benefits coming under the Affordable Healthcare Act in 2014 and beyond.

The CBOPHB concluded they must consider alternatives to manage expected future cost.



#### What is the current benefit today?

The Conference currently provides support to retired clergy to purchase health insurance when these criteria are met:

These provisions are for clergy who are members of the Florida Annual Conference and meet the Standing Rules criteria for receiving this benefit. The Standing Rules specify only ordained ministers, deacons or Board approved local pastors are eligible for the existing benefit plan.

Credit formula is 2% of premium cost for each year of service to a

maximum of 40 years or 80% of plan premium.

A clergy person must have a minimum of 10 years of service in the Florida Conference and credits are limited to 40 years for awarding credits. In addition, credits are not available until you reach age 65.

The individual must be serving under Episcopal appointment and enrolled in the Conference health

insurance program at the time of retirement. In addition, he/she must be continuously enrolled in the health insurance program for a minimum of five years immediately prior to retirement.

For those who transferred into the Florida Conference prior to January 1, 2003, all years of service in all Conferences of The United Methodist Church will be credited.

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*"The beginning of wisdom is this: Get wisdom, and whatever you get, get insight"*

*Proverbs 4:7*



## Proposed benefit plan and eligibility criteria

The CBOPHB proposes converting the credit-based approach into a Health Reimbursement Account (HRA) arrangement.

This approach utilizes an account-based plan that provides an annual subsidy for the purchase of health insurance in retirement based upon total years of service at the time of retirement in the Florida Conference.

The following are specific details on plan eligibility and benefit provisions.



## Grandfathered Group – A choice of current plan or new Health Reimbursement Account (HRA)

Clergy age 64 or clergy age 55 or older with a minimum of 35 years of service are serving in an Episcopal appointment and are enrolled in the Conference health insurance program on July 1, 2014 may elect the current credit-based plan when they retire as outlined above.

It is their choice at the time of retirement. This group is "grandfathered" with the existing plan remaining an option.

Clergy who transferred their membership to the Florida Annual Conference (FAC) prior to 1/1/2003 will receive credit for prior service in all other Annual Conferences.

**Or,** they can elect the new HRA program.



## New HRA Plan Eligibility

This information is provided as an overview of the plan changes. Complete details are available on our website.

Effective July 1, 2014 clergy serving full time under Episcopal appointment will be eligible for the new HRA benefit.

Full time is defined as an appointment at minimum salary for each type of clergy category as defined in the Conference Journal.

Clergy must be enrolled in the Conference health insurance program at the time of retirement. In addition, they must be continuously enrolled in the health insurance program four of the last five years prior to retirement.

Effective 7/1/2014 eligible clergy who complete a minimum of 10 years of service and are at least age 60 will receive an annual HRA contribution upon retirement.

As of 7/1/2014 service credits are limited to one year for clergy who are on or take a personal, sabbatical, transitional or family leave of absence.

Clergy receiving a CPP disability benefit will be subject to the same eligibility rules for the grandfathered or HRA plan upon retirement. Service credits will be awarded while participants are receiving CPP disability benefits.

If this proposed change is made clergy appointed within the Florida Conference after July 1, 2014 will no longer receive a subsidy for the purchase of retiree health insurance.

## HRA Plan Benefit Provisions

The annual amount of the HRA contribution will vary with the retiree's age and service at retirement.

Clergy couples will be provided an individual HRA account contribution based on their own age and service at retirement.

A retiree's spouse at time of retirement (who is not receiving an individual HRA contribution) will receive an annual HRA contribution equal to 75% of the retiree's amount rounded to the nearest \$100 upon the death of the retiree.

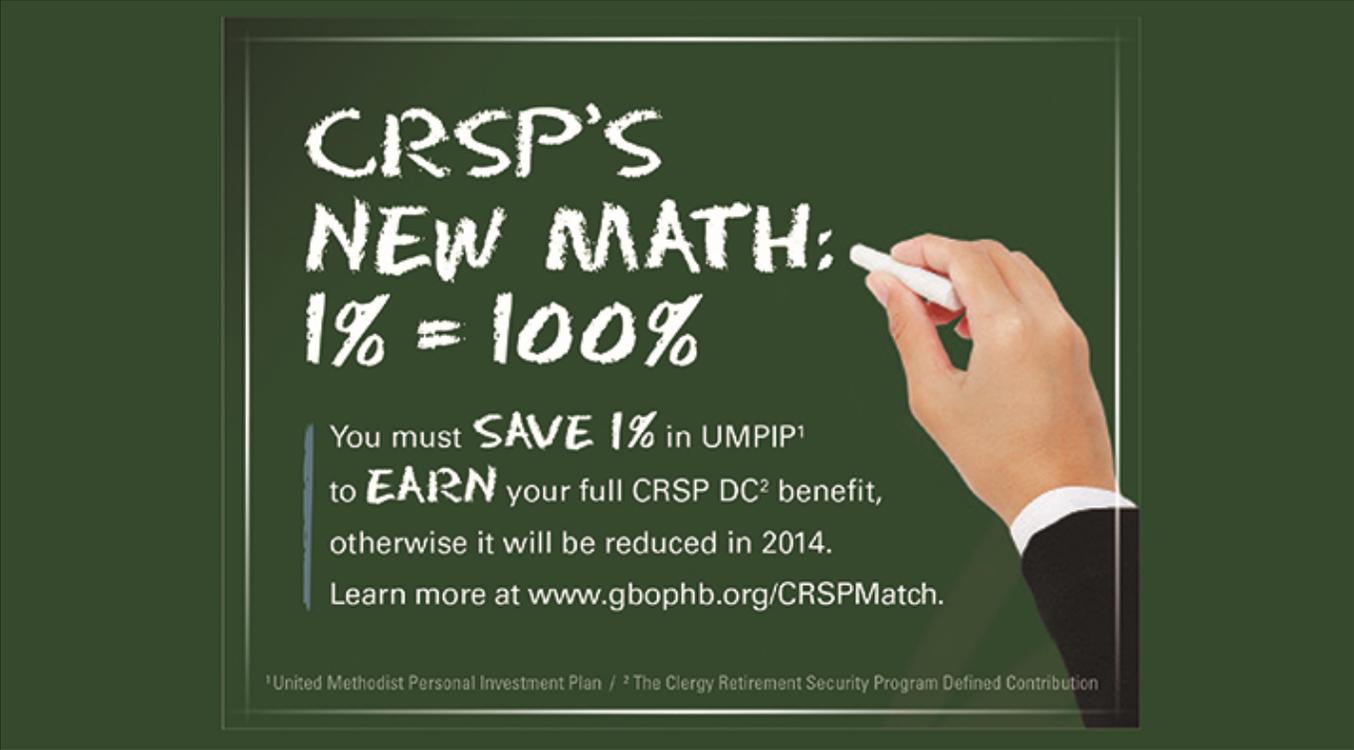
The surviving spouse will continue receiving the annual HRA contribution until their death or re-marriage.

The CBOPHB will review the annual HRA contribution schedule every four years to determine if increased contributions are needed.

### Years of Service Schedule Effective July 1, 2014

Years of Service Schedule	Age 60	Age 61	Age 62	Age 63	Age 64	Traditional Medicare Retirement Age 65+
10-14	\$1,000	\$1,100	\$1,200	\$1,300	\$1,400	\$1,500
15-19	\$1,600	\$1,700	\$1,800	\$1,900	\$2,000	\$2,100
20-24	\$2,000	\$2,200	\$2,300	\$2,400	\$2,600	\$2,700
25-29	\$2,500	\$2,700	\$2,800	\$3,000	\$3,100	\$3,300
30-34	\$2,900	\$3,100	\$3,300	\$3,500	\$3,700	\$3,900
35-39	\$3,400	\$3,600	\$3,800	\$4,100	\$4,300	\$4,500
40+	\$3,600	\$3,800	\$4,100	\$4,300	\$4,600	\$4,800

Annual HRA contribution is reduced by approximately 5% each year prior to age 65 for early retirement. Married retirees (that are not part of a clergy couple) share HRA contribution with spouse. Surviving spouse's benefit at retiree's death is equal to 75% of the retiree's amount while living - rounded to the nearest \$100. The clergyperson's age on the date of retirement determines the amount of the HRA contribution. Years of service is determined by the General Board of Pension & Health Benefits official Service Record.



# CRSP'S NEW MATH: 1% = 100%

You must **SAVE 1%** in UMPIP<sup>1</sup>  
to **EARN** your full CRSP DC<sup>2</sup> benefit,  
otherwise it will be reduced in 2014.

Learn more at [www.gbophb.org/CRSPMatch](http://www.gbophb.org/CRSPMatch).

<sup>1</sup>United Methodist Personal Investment Plan / <sup>2</sup>The Clergy Retirement Security Program Defined Contribution

General Conference changes to the Clergy Retirement Security Program (CRSP) go into effect January 1, 2014. This could mean your retirement benefits will be reduced—unless you take action. Both components of CRSP will be modified—the defined contribution component (DC) and the defined benefit component (DB).

## CRSP Changes—DC

You currently receive an automatic contribution of 3% of plan compensation\* to the CRSP DC plan. The 3% contribution you receive in CRSP DC is still available. However, starting January 1, you will receive only 2% automatically. You must make a contribution to receive the full 3%. If you make personal contributions of 1% or more of your plan compensation\* to the United Methodist Personal Investment Plan (UMPIP) you will earn a 1% CRSP DC matching contribution—resulting in a total plan sponsor contribution of 3%. In other words, a 1% contribution from you ensures that you earn 100% of the available plan sponsor contribution to CRSP DC. By earning this matching contribution, your CRSP DC benefit will remain at 3%, unchanged from today.

## CRSP Changes—DB

A reduction in CRSP DB benefits also begins on January 1, 2014. **Benefits you have already earned will not be reduced** by the General Conference changes. However, benefits you earn for service beginning January 1, 2014 will be determined using a lower multiplier (1.00% instead of 1.25%). By increasing your contributions to UMPIP, you can help offset this benefit reduction.

## Contribute to UMPIP

UMPIP is an excellent vehicle for your retirement savings. It allows you to invest in General Board funds that have historically yielded strong investment returns and charge lower fees compared to mutual funds with similar investments.

To start contributing to UMPIP or to increase your contributions, complete a *Before-tax and After-tax Contributions Agreement* and submit it to your church treasurer. This form is available on Benefits Access or at [www.gbophb.org/TheWell/Root/UMPIP/3255.pdf](http://www.gbophb.org/TheWell/Root/UMPIP/3255.pdf). Please call the General Board at **1-800-851-2201** if you need assistance.

*\* Plan compensation includes your housing allowance or the value of your parsonage.*

## Affordable Care Act Implications for the Local Church



### **Attention Staff-Parish Relations Committee Members**

The ACA will fundamentally change the individual health insurance market in 2014. As a result, The Florida Conference will no longer offer a group plan for lay employees of the local church. Become familiar with the new law and what actions your church must take to comply. Visit our website for details.

Effective Jan. 1, 2014, local churches and extension ministries will no longer have the opportunity to adopt the conference health insurance plan for lay employees. The conference health insurance program will limit participation to clergy serving full time under Episcopal appointment and full time lay employees on the conference staff.

Each local church must determine how to comply with the new law based on the composition of its workforce. The Florida Conference is providing resources to assist with this process.

- ◆ Employer Responsibility—determine if your church is a large employer requiring you to offer health insurance to all full-time employees.
- ◆ Learn more about the new Marketplaces where individuals can shop for Qualified Health Plans (QHP).
- ◆ Understand who is eligible for Premium Tax Credits (PTC's) provided to assist low income individuals with subsidies to purchase a health insurance plan.
- ◆ Be prepared to notify employees about the new law and how your church will comply with the ACA.
- ◆ ACA Open Enrollment begins October 1, 2014

The Florida Conference will sponsor workshops to offer additional guidance and information to help local churches implement the ACA. Watch the website for dates and locations of these workshops to be held later this summer.

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