

Conference Board of Pension and Health Benefits Original Report February 2013

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 \$4 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.

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

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.

New HRA Plan Eligibility

Non-grandfathered clergy at least age 50 or those under age 50 who have completed at least 15 years of service and are serving under Episcopal appointment to a local church or under ¶344.1(a) will be eligible for the new HRA benefit for retirements on or after January 1, 2014.

Anyone not meeting the HRA plan eligibility requirements as of 1/1/2014 and is not grandfathered is not eligible for a future HRA benefit or any subsidy from the Conference for the purchase of health insurance as a retiree.

Effective 1/1/2014 those eligible clergy who complete a minimum of 20 years of service and are at least age 60 will receive an annual HRA contribution upon retirement.

After 1/1/2014 service credits will not be awarded to clergy serving appointments outside the geographical boundaries of the FAC.

After 1/1/2014 service credits will not be awarded to clergy who are on or take a personal, sabbatical, or family leave of absence.

Clergy receiving a CPP disability benefits 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.

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 at least every four years to determine future increases

Years of Service Schedule Effective January 1, 2014

Annual HRA Contribution* For Early Retirement						Traditional Retirement (eligible for Medicare)
Years of Service Schedule	Age 60	Age 61	Age 62	Age 63	Age 64	Medicare Retiree Age 65+
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.