



**The Board of Pensions**  
of the Presbyterian Church (U.S.A.)



# **Affiliated Benefits Program**



**Employer Provisions**

The Affiliated Benefits Program (ABP) is a **flexible, high-quality benefits program**, designed for Presbyterian Church (U.S.A.) employing organizations and affiliated employers to offer employees who are not enrolled in the Traditional Program of the Benefits Plan. Employers may elect to require employee contributions towards medical coverage under the ABP, and employees may elect to waive coverage, as described below.

The Affiliated Benefits Program is not available to installed pastors serving churches who are mandated by the *Book of Order* to participate in the Traditional Program; ABP also is not available to lay employees or other ministers serving in non-mandated positions who already are enrolled in the Traditional Program.

Under ABP, employing organizations may offer non-installed ministers and lay employees enrollment in the following benefits:

Active Benefits Available	Optional Coverage Available
Medical and Death and Disability*	Retirement Savings Plan Dental Supplemental Death Benefits Optional Supplemental Disability Benefits Long-Term Care
Medical Only*	Retirement Savings Plan Dental Long-Term Care
None	Retirement Savings Plan

\* Note: If medical coverage is contributory, members can waive participation in the Medical Plan. These members are eligible for the optional benefits shown if an employing organization elects to offer them to their employees.

Retiree Coverage	Optional Coverage
<p>Early Retirement (age 55-64)</p> <p><b>Note:</b> If no formal retirement medical provisions are established by the employing organization, employees must meet the Benefits Plan of the Presbyterian Church (U.S.A.) retiree medical eligibility provisions.</p>	<p>RSP available until age 70<sup>1</sup>/<sub>2</sub>; mandatory distributions required at age 70<sup>1</sup>/<sub>2</sub>. Other optional coverages not available.</p>
<p>Normal Retirement (age 65+)</p> <p><b>Note:</b> If no formal retirement medical provisions are established by the employing organization, employees must meet the Benefits Plan of the Presbyterian Church (U.S.A.) retiree medical eligibility provisions.</p>	<p>RSP available until age 70<sup>1</sup>/<sub>2</sub>; mandatory distributions required at age 70<sup>1</sup>/<sub>2</sub>. Other optional coverages not available.</p>

Under the Affiliated Benefits Program, an employing organization can establish additional participation rules for non-installed members or employee contribution requirements for participation in Medical Benefits coverage. (**Note:** Employers cannot charge an employee more than 50% of the member dues if part of the cost will be assessed to the employee.)

### Employing Organization Eligibility Requirements

Employing organizations may set eligibility requirements for enrollment in the Affiliated Benefits Program over and above what the Board requires, provided that the requirements do not unfairly discriminate in favor of highly compensated employees, as prohibited by Section 105 of the Internal Revenue Code. Employing organizations may establish different requirements for classes of employees, such as:

- hours worked per week
- waiting periods (not to exceed one year)
- retirement eligibility rules
- optional coverage offerings
- employee contributions
- similar employment-related provisions

At the time of enrollment, the employing organization will be required to complete an Employer Agreement form specifying the terms of participation that it has set for its employees or classes of employees.

Coverage begins on the first of the month provided the Board has received completed forms and applications by the previous 15th of the month.

### Optional Coverages

Employing organizations also may offer optional coverages, as illustrated in the chart on page 1.

The optional coverages are:

- Retirement Savings Plan
- Optional Dental Coverage
- Supplemental Death Benefits
- Optional Supplemental Disability Benefits
- Optional Long-Term Care Insurance

The optional Retirement Savings Plan is always available to all church workers. The Optional Dental Plan and Optional Long-Term Care Insurance are available if the employing organization is offering Medical Benefits coverage.

The Supplemental Death Benefits and the Optional Supplemental Disability Benefits are only available if the employing organization is offering Medical with Death and Disability.

(If medical coverage is waived, the member may still enroll for Death and Disability coverage, if offered.) The employing organization decides whether or not Supplemental Death or Optional Supplemental Disability benefits will be offered.

### Dues/Pricing

Employing organizations will remit dues for the Medical Plan under a four-tier structure:

- member only
- member plus child(ren) only
- member plus spouse
- member plus family

Employing organizations can remit the full amount of dues or require employees to contribute a portion of the cost for their medical coverage, but the employing organization is responsible for the remittance of dues.

If an employing organization asks employees to contribute, employers are not permitted to assess the employee more than 50% of the cost for member coverage. If spouse, dependent child, or family coverage is provided, employers can assess employees up to 100% of the cost to cover the dues required for a spouse, dependent child, or family portion of coverage.

Death and Disability coverage remains non-contributory for the employee. If the employing organization provides this coverage, it cannot require a contribution from the employee for the coverage; the employer must pay the full cost.

For current rates, visit [Pensions.org](http://Pensions.org), [Treasurers & Administrators](http://Treasurers & Administrators), [Affiliated Benefits Program Employers](http://Affiliated Benefits Program Employers), and [Costs of Coverage](http://Costs of Coverage).

### Non-Mandated Employees (Includes Commissioned Lay Pastors and Tentmakers)

The *Book of Order*, Section G-14.0534, requires Benefits Plan Traditional Program participation, which includes pension, death and disability, and medical coverage, as a term of call for installed pastors serving churches. Ministers in these positions are referred to as “mandated members.” The Affiliated Benefits Program is available for ministers serving in non-installed positions and lay employees (“non-installed members”).

## Ordained Ministers

Employing organizations can enroll ordained ministers in the Affiliated Benefits Program when this does not conflict with previously established traditional enrollment practices when they are employed in:

- a position that does not require participation in the Benefits Plan with Traditional coverage, such as an interim or stated supply minister or
- specialized ministry services, such as a pastoral counselor, chaplain, self-employed pastor, or other position as long as the service has been approved by the member's presbytery as a validated ministry. At enrollment, the Board will require written confirmation from the member's presbytery that the service was approved as a validated ministry.

## Lay Employees

Employing organizations need to decide the level of participation in which to enroll lay employees.

Employing organizations cannot enroll in the Affiliated Benefits Program any member who has limited or full coverage under the Traditional Program of the Benefits Plan.

With the exception of those employees who are "grandfathered" with Traditional coverage in the Benefits Plan as set forth above, all employees in an employment classification must be offered the same level of benefits and contributions for coverage (see Administrative Rule 105).

Employing organizations offering the Affiliated Benefits Program must offer it to all lay employees in the same employment classification (e.g., all full-time exempt staff; no part-time staff), subject to the same terms and conditions.

Employing organizations may not arbitrarily switch back and forth between the Affiliated Benefits Program and Traditional coverage under the Benefits Plan. On the employing organization's anniversary date of enrollment in the Affiliated Benefits Program, it may elect to change from Affiliated Benefits Program coverage to Traditional coverage under the Benefits Plan.

If an employing organization chooses to switch lay employees to the Traditional coverage under the Benefits Plan, the employing organization will have a three-year waiting period before it can again elect the Affiliated Benefits Program. At the end of the three-year period, employers can only enroll new hires or an employment classification not enrolled in the Traditional Program.

The three-year limited participation option for Traditional coverage under the Benefits Plan will continue to apply. Employing organizations can still enroll a particular class under Section 5.3 (*Limited Participation*) of the Benefits Plan of lay employees for Medical, Death and Disability benefits. Before the end of the three-year period, employing organizations must decide whether to increase the participation level to include pension or withdraw the employees from the Benefits Plan. Employing organizations will not be eligible to move those employees to the Affiliated Benefits Program at the end of the three years.

## Associated Employing Organizations

The Board will permit organizations that are controlled or associated with the PC(USA) to enroll their employees in the Affiliated Benefits Program, provided that the organization is eligible to participate in the PC(USA) plan. The Board refers to such organizations as "employing organizations." The organization must have a 501(c) status from the IRS. According to the Internal Revenue Code, an organization may participate in a church plan if it is "associated" with the church and "shares common religious bonds and convictions with that church."

The Board will consider the following types of information (and others as appropriate) to determine, in its sole discretion, whether the organization is eligible to participate in the Benefits Plan programs:

- current statement from the church or governing body attesting to its association with the PC(USA) and sharing common religious bonds
- corporate bylaws
- articles of incorporation
- other documentation that indicates that a majority of the board is elected by the Church or an agency of the Church, that the organization has a formal relationship or affiliation with the Church, or that the main source of funding comes from the Church or an agency or related body of the Church
- financial statements

## Open Enrollment Period

If an employer wishes to revise their benefits offered to employees, change their contribution level, add or drop an employee classification they can make the changes on the anniversary date of their initial enrollment in the Affiliated Benefits Program or January 1 of the calendar year. Employers must complete a revised Employer Agreement form and the revised form should be mailed/faxed to the Board's office 30 days prior to the effective date.

## Creditable Coverage/Waiver of Pre-Existing Conditions Requirement

Employing organizations need to provide the Board with proof of any prior creditable medical coverage for everyone at the time their employees enroll in the Medical Plan. If employees were previously covered through another plan, the employing organization can submit the information for the group as a whole.

Proof of creditable coverage is required for the employees and all family members who enroll. Under HIPAA (Health Insurance Portability and Accountability Act), plans are required to reduce the pre-existing condition period by the number of days the member or the family member had prior continuous coverage. Continuous coverage means coverage for more than 63 days without a break. Plans cannot limit coverage for pre-existing conditions for more than 12 months. No pre-existing condition limitation applies to children under age 19.

If proof of creditable coverage is not presented, employees may still enroll; however, the 12-month pre-existing condition limitation will apply.

## Waiver Provisions

Under the Affiliated Benefits Program, the employing organization must offer coverage to all employees within an employee classification, but an employee can waive coverage for him/herself, a spouse, and any dependent children if there is a contribution requirement or if other group coverage is available through the spouse's employment. If an employer elects to pay 100% of an employee's dues, however, there is no opportunity to waive coverage for the member.

If coverage that is provided by the spouse's employer for the employee, spouse, and/or dependent children ends, an employee will have 60 days from that qualifying event to enroll in the Affiliated Benefits Program.

The spouse's employer must provide proof of prior creditable coverage for all of those being added when they enroll in the Affiliated Benefits Program. This allows the Board to determine if any pre-existing condition limitations apply.

## Rules of Re-Entry

Employing organizations will be subject to a three-year waiting period if they elect to withdraw their employees from the Affiliated Benefits Program. In cases where the employee changes employment and the new employing organization has opted out of the Affiliated Benefits Program, then the employee is ineligible for continued coverage through the Benefits Plan, other than through the Medical Continuation option. The exact opposite will also be true. If an employee terminates service with an employing organization that has opted out of the Affiliated Benefits Program, but the new employing organization is participating, then the employee is eligible for enrollment.

## Termination of Service

Employing organizations must report termination of service in advance of or immediately upon termination. The Board may revise the requested termination date if the member has accessed benefits beyond his or her termination date of eligible service.

## Free Coverage

Employees enrolled in the Affiliated Benefits Program will not be eligible for free Medical and/or Death and Disability coverage (if applicable) following termination of service.

## Transitional Participation Basis

Employees enrolled in the Affiliated Benefits Program will not be eligible to continue active participation by remitting dues on the transitional participation basis. The employee may subscribe, at the termination of service, for medical coverage through the Medical Continuation Program as a terminated member.

## Optional Retirement Savings Plan

Employees can enroll in the Retirement Savings Plan of the Presbyterian Church (U.S.A.), a 403(b)(9) plan, without electing Medical coverage or Death and Disability coverage. With the Retirement Savings Plan, employees can invest in a diversified family of funds. Contributions come from pre-tax income, reducing the employee's taxes for the current year. Earnings grow tax-deferred until the money is withdrawn.

The Retirement Savings Plan is flexible. An employing organization can match a portion of an employee's contributions (the employer contribution will be excluded under the definition of "effective salary"), or it can simply make the plan available for salary deferrals by employees as an added benefit. Participants can allocate their investments among 11 funds, including the PC(USA) Socially Responsible Balanced Fund and PC(USA) Socially Responsible U.S. Equity Fund from Fidelity Investments.

This voluntary plan offers a valuable opportunity for ministers and other church workers to save for retirement, and for employers to contribute on their employees' behalf. Employee and employer contributions must be remitted with pre-tax dollars. IRS limits must be observed.

**Eligibility.** The Retirement Savings Plan is open to all employees of churches and employing organizations of the Presbyterian Church (U.S.A.) and church-related organizations, even if they are not members of the Benefits Plan. In the case of employing organizations (not churches), the IRS requires you offer the plan to everyone if you offer it to anyone.

**Enrollment.** Enrollment may start at any time. Employing organizations must agree to remit all contributions to Fidelity Investments and to sign an Adoption Agreement with the Board of Pensions. For further information, go to [Pensions.org](https://Pensions.org), Benefits & Assistance, Retirement, and Retirement Savings Plan. Also refer to the *Step-by-Step Enrollment Guide to the Retirement Savings Plan*, available at [Pensions.org](https://Pensions.org) or by calling the Board of Pensions.

## Disability Benefits

In order for employees to be eligible for disability protection, employing organizations must enroll employees in the Death and Disability coverage, as well as offer Medical coverage. Employees can only be enrolled for Death and Disability coverage when they initially are enrolled in the Affiliated Benefits Program or on the organization's anniversary date of Affiliated Benefits Program enrollment.

If the coverage is elected, employing organizations are required to pay the dues. Dues are non-contributory for the employee.

The disability coverage is a long-term disability benefit. The Board does not provide short-term disability benefits. If an employee applies and is approved for disability benefits, the disability payment is 60% of effective salary. The effective salary is capped at an amount determined by the Board of Directors, prorated for part-time employees.

If a member's effective salary is less than the annual median salary for his or her employment classification, the disability benefit is based on the median salary. Members will not receive an initial benefit that is greater than 100% of their annual effective salary at the time of disability.

When approved, the disability payment begins on the 91st consecutive day of disability. While receiving disability benefits the employee continues to receive medical and death benefits coverage without the payment of subscription dues by the employee or the employing organization; the required dues are paid from the Death and Disability Plan. (An employing organization not enrolling its employees for Death and Disability coverage may continue to provide Medical benefits for a disabled employee and his/her family by paying the required dues.)

**Note:** No disability benefits are payable if the employee becomes disabled during the first 12 months of participation in the Disability Plan if the illness or injury was due to an illness or injury diagnosed or treated during the 12 months immediately preceding Plan participation.

## Optional Supplemental Disability Benefit

An optional supplemental disability benefit is available to any employee earning income of \$100,000 or more. The coverage is available in increments of \$10,000 up to the maximum Pension Participation Basis (i.e., the maximum effective salary for Pension participation). Either the employing organization or the employee may enroll and pay for the coverage. The monthly cost for the coverage is based on the employee's age on January 1 of the calendar year.

## Supplemental Death Benefits

Additional, supplemental death benefits protection is available to help protect employees and their families. Members may choose to enroll in one of eight levels of coverage for themselves: \$25,000, \$50,000, \$75,000, \$100,000, \$150,000, \$200,000, \$250,000, and \$300,000.

A member may also cover his or her spouse by choosing to enroll in one of four levels: \$25,000, \$50,000, \$75,000, and \$100,000. The member can also enroll his or her child(ren) in one of two levels: \$5,000 or \$10,000.

Members may apply for Supplemental Death Benefits coverage when they first enroll in the Benefits Plan, when changing service, and during the annual open enrollment period held each fall, with coverage taking effect the following January 1.

### **Continuation of Medical Coverage**

Members, their spouses, and dependent children can subscribe for continuation of medical coverage following termination of service. Employees and their dependents enrolled in the Affiliated Benefits Program will not be eligible for free Medical or Death and Disability (if applicable) following termination/loss of eligibility. The subscription form to elect continued coverage must be received within 60 days of the change in status. Also eligible for continued coverage are dependent children no longer meeting the dependency requirement and divorced spouses and surviving spouses of Plan members.

The initial payment for the subscription must be received within 45 days of the date the member subscribes for the coverage.

### **Ministers (Non-Installed) and Lay Employees**

Ministers and lay employees (and their spouses and/or dependent children) can subscribe for coverage for 18 months (or 29 months if the employee is disabled) from the date of termination.

### **Surviving and Divorced Spouses**

Following death or divorce, coverage is available for surviving and divorced spouses (and their eligible dependent children) until eligibility for Medicare.

### **Ex-Dependent Children**

Once children of actively enrolled employees reach age 26, they can subscribe for coverage for 36 months at age 26.

### **Dependent Permanently Disabled Child**

If the child loses permanently disabled status the child may continue coverage if the loss of status occurs after age 26 with medical verification of his or her status from a physician.

### **Terminated Members**

Terminated members and eligible family members can subscribe for a period of 18 months.

### **Retiree Medical Option**

Employing organizations can establish their own provisions regarding eligibility requirements for retiree medical coverage. If retiring members meet the eligibility requirements of the employing organization, then they do not have to meet the Board's retiree eligibility provisions. A copy of the employing organization's retirement provisions must be provided at the onset of enrollment in the Affiliated Benefits Program. In cases where no formal retirement medical provisions are initiated by the employing organizations, retirees requesting medical coverage must then meet the eligibility provisions of the Benefits Plan of the Presbyterian Church (U.S.A.) (Section 13.15 (e) of the Benefits Plan).

The Affiliated Benefits Program offers retiree medical coverage for non-Medicare and Medicare retirees and their spouses. The Board will establish annually the cost of participation in the Medical Continuation Program or the Medicare Supplement Plan for retirees covered under the Affiliated Benefits Program prior to retirement.

### **Withdrawing from the Affiliated Benefits Program**

The Board requires to be notified in writing at least 45 days prior to when an employer desires to withdraw all or a class (or classes) of employees from the Affiliated Benefits Program. All active members, those on Medical Continuation, those on Medicare Supplement, and their dependents must be transitioned to the new coverage.

**Note:** Employees from employing organizations withdrawing all their employees or a class of employees from the Affiliated Benefits Program are not eligible for continuation of medical coverage, and the employing organization may not rejoin the Affiliated Benefits Program for three years.



**The Board of Pensions**  
of the Presbyterian Church (U.S.A.)

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