

Commissioned Lay Pastor

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The *Book of Order* defines a Commissioned Lay Pastor (CLP) as an elder, who has been

- endorsed by the presbytery,
- received presbytery-approved training, and
- granted a local commission by the presbytery to provide certain pastoral services to one or more congregations.

The commission is only valid for

- one or more congregations,
- a new church development, or
- other validated ministries of the presbytery designated by the presbytery.

The commission may be valid for a period of up to three years as determined by the presbytery. It may be renewed at expiration or terminated at any time at the discretion of the presbytery.

The duties of a CLP are authorized by the presbytery and may include service

- as a part-time pastor of a small church,
- in pastoral care,
- to a new church development,
- to a church seeking an ordained pastor, or
- in other validated ministries of the presbytery.

See *Book of Order*, G-14.0560-0565.

Eligibility for Benefits Plan Participation

Benefits Plan participation for a Commissioned Lay Pastor is at the option of the employing organization.

A Commissioned Lay Pastor scheduled to work at least 20 hours a week for a PC(USA) church, related agency, or other ministry validated by the presbytery is eligible for Benefits Plan participation provided his/her total effective annual salary meets the Benefits Plan's minimum compensation requirements. The minimum compensation requirement is met if the employee receives an effective salary of at least 25% of the churchwide median salary for pastors serving churches; this amount is reduced proportionally when hours worked a week are less than 35.

Employment Classification for Benefits Plan Purposes

A Commissioned Lay Pastor is classified as a full time exempt lay member when scheduled to work 35 hours a week or more. A CLP is classified as a part-time exempt lay member when scheduled to work 20 or more but fewer than 35 hours a week.

Employment Classification for Federal Income Tax Purposes

Commissioned Lay Pastors may qualify for certain clergy federal income tax provisions if their qualifications and service meet the IRS criteria for ministers. CLPs should review this issue carefully with a tax adviser or consultant. CLPs meeting the IRS criteria for ministers should acquaint themselves with the housing allowance exclusion available to ordained ministers and the difference between employee status for income tax purposes and the self-employed status with regard to Social Security.

See "Who is a Minister for Federal tax purposes?" in the *Tax Guide for Ministers and Churches* (TAX-000). The Tax Guide is mailed annually in January from the Board of Pensions to active and retired ministers. A copy may be obtained by calling the Board at 800-773-7752 (800-PRESPLAN) or from the Board's online library at Pensions.org.

See the Taxation section of the *Legal Resource Manual* available online at www.pcusa.org or from the Office of Legal/Risk Management Services in Louisville for further discussion about whether CLPs are ministers as defined by the Tax Code.

Benefits Plan Programs

The Benefits Plan includes core and optional programs for medical coverage, disability, retirement, and death benefits.

Employing organizations may offer Benefits Plan coverage under the Traditional or Affiliated Benefits Program, subject to the employee classification enrollment rules.

Coverage Options

An employing organization may elect either Traditional or Affiliated Benefits Program coverage for its CLP.

Traditional Coverage

Traditional coverage is noncontributory.

Members may not contribute to the cost of medical, pension, or death and disability benefits. Coverage under this program includes:

- limited participation benefits (medical and death and disability) for the first three years of plan participation only with pension participation added on the member's third anniversary of limited participation. The 403(b)(9) Retirement Savings Plan can provide an immediately vested retirement benefit during the period of limited participation and beyond, or
- full participation benefits (medical, pension, and death and disability).

With either level of participation under Traditional coverage, the enrollment of the CLP must be consistent with the employing organization's enrollment practices for any other lay employees in the same exempt employment classification as the CLP. This means that the CLP may not be enrolled for Benefits Plan participation if other exempt lay employees with the same employment classification are not enrolled. See Administrative Rule 105 available online at Pensions.org for more information regarding enrollment practices.

When enrolled for full, or limited participation, the CLP is eligible for all optional coverages: dental, death, long-term care insurance and the 403(b)(9) Retirement Savings Plan, subject to each optional benefit's specific eligibility requirements.

Affiliated Benefits Program

Affiliated Benefits Program participation includes:

- medical only or
- medical and death and disability.

Retiree medical coverage option may be elected with either medical only or medical and death and disability. The CLP does not have to be receiving a pension or be of retirement age to continue medical coverage under this option.

Employing organizations offering Affiliated Benefits Program participation are required only to offer all employees within the same job classification the opportunity to enroll for this level of participation.

When enrolled for Affiliated Benefits Program participation, the CLP's eligibility for optional coverages is determined by the core benefit selected except the Retirement Savings Plan. With medical only, optional dental and long-term care insurance are available; with medical, death, and disability, all optional coverages are available if offered by the employing organization.

CLPs may participate in the 403(b)(9) Retirement Savings Plan even if not enrolled for Benefits Plan participation.

The 403(b)(9) Retirement Savings Plan can provide an immediately vested retirement benefit in combination with any level of Benefits Plan participation or as a "stand alone" benefit.

Costs of Coverage

For Traditional coverage, dues are a percentage of the greater of the member's total annual effective salary or the minimum salary participation basis for the benefit subject to any established maximum. The cost of medical coverage is the same for one member or a family. Healthcare dues are based on the full-time equivalent salary of members scheduled to work fewer than 35 hours a week. Dues are paid entirely by the employing organization without member contributions for the core benefits: medical, pension, and death and disability.

For Affiliated Benefits Program participation, medical dues are based on family composition. Members enrolled for this level of participation may be required to pay up to 50% of the cost of member-only medical coverage and up to 100% of dependent coverage. If death and disability benefits are provided, however, employing organizations must pay the entire amount of the death and disability coverage, the cost of which is based on a percentage of the member's total annual effective salary.

There is a separate cost for each optional benefit.

Dues information and costs for optional benefits are available online at Pensions.org or by calling 800-773-7752 (800-PRESPLAN).

Specifying the Housing Amounts

For a CLP who qualifies for the IRS housing allowance exclusion and receives a housing allowance as part of his/her compensation, it is important to itemize any amounts for housing in the CLP's contract and when reporting effective salary to the Board of Pensions.

This reporting allows the Board to comply with tax laws requiring it to maintain records of the itemized components of effective salary such as cash salary, housing, and others.

For this reason, itemizing housing allowances or manse amounts is important when such allowances are a component of any member's effective salary.

Effective Salary

Effective salary is a term defined in the Benefits Plan to include cash salary, housing allowance, certain other allowances, and deferred compensation paid to a member. It is an important provision of the Benefits Plan for employing organizations who pay dues and members who receive benefits. The booklet *Understanding Effective Salary* (PLN-103) describes the various types of compensation or reimbursements most frequently paid by churches and other employing organizations affiliated with the Presbyterian Church (U.S.A.) and identifies what must be included in effective salary for Benefits Plan purposes. This publication is available online at Pensions.org or by calling the Board of Pensions at 800-773-7752 (800-PRESPLAN).

The funding of the Benefits Plan reflects the community nature of the Plan design with dues based on a percentage of the salaries paid by the employing organization and received by the member. The member's effective salary determines:

- healthcare dues for members with Traditional coverage.
- pension dues and pension credit accruals for members with full participation.
- death and disability dues and benefits for all participating members.
- dues for members with Optional Supplemental Disability coverage.
- healthcare deductibles and copayment limits for all participating members.

Dependent Coverage

For all members enrolled for Traditional coverage, the Benefits Plan provides medical coverage for the member's spouse and all eligible dependent children for no additional dues.

For all members enrolled for Affiliated Benefits Program participation, dependent coverage is optional and is available at an additional dues cost.

Under both Traditional and Affiliated Benefits Program participation, a child is eligible for health-care coverage when the member provides at least 50% of the child's support, the child is unmarried and

- under the age of 21; or
- under the age of 25 and enrolled for full-time attendance at an accredited college, university, or other institution of higher learning; or
- over the age of 21 but is permanently disabled and was enrolled for Benefits Plan coverage prior to the age of 21.

The Board verifies eligibility annually for all dependent children age 21 and older.

You can waive coverage for your spouse and/or dependent children provided they have comparable medical coverage through another employer- or military services-related group healthcare plan. Choosing this option will not affect the benefit dues paid by your employer.

Coverage for Ex-Dependents

When a CLP is enrolled for either Traditional coverage or Affiliated Benefits Program participation,

- emancipated dependent children and divorced or surviving spouses under age 65 may continue medical coverage under the Medical Continuation Program. For details, see the Board's publication *Medical Continuation Program* (MED-101) available online at Pensions.org or by calling 800-773-7752 (800-PRESPLAN).
- divorced spouses or surviving spouses age 65 and older may continue coverage under the Medicare Supplement Plan. For details, see the Board's publication *Medicare Supplement* (MED-102) available on Pensions.org or by calling 800-773-7752 (800-PRESPLAN).

Member Couples

Reimbursement of medical claims is made using the coordination of benefits method when the CLP and his/her spouse are both enrolled for Traditional coverage by their respective employing organizations.

Prior Church Service

Accurately reporting all periods of prior, compensated church service of 20 hours a week or more is important because prior eligible church service is a

- determinant of the date of vesting of pension benefits following enrollment in the pension benefit provisions of the Benefits Plan, and
- consideration in the eligibility requirements for certain assistance programs.

The enrollment form provides the applicant the opportunity to report all compensated prior church service of 20 hours a week or more regardless of whether the applicant was enrolled in the Benefits Plan of the Presbyterian Church (U.S.A.).

Vesting of Pension Credits

The standard rules of vesting apply to Commissioned Lay Pastors, namely, if enrolled for pension participation, any accrued pension credits are vested after three years of eligible church service. All compensated church service of 20 hours a week or more counts as eligible service for vesting purposes even if the CLP did not participate in the Benefits Plan during those years of service.

Any accrued pension credits are forfeited when a member terminates eligible service before satisfying the vesting requirements.

Accrual of Pension Credits

The standard rules for the accrual of pension credits apply, namely, pension credits accrue annually at 1.25% of the member's Pension Participation Basis: the greater of the member's total annual effective salary or the lay exempt median adjusted proportionally when a CLP works fewer than 35 hours a week.

Benefits Continuation Following Termination of Eligible Service

The Board of Pensions must receive notice of termination of service within 30 days of the effective date of termination.

An eligible CLP must enroll for continuing medical coverage within 60 days of termination of employer-provided benefits.

When enrolled for Traditional coverage, a CLP (including eligible dependents) is eligible for 30 days of free healthcare coverage after one year of Benefits Plan participation and free death and disability coverage based on years of plan participation:

- 30 days after one year of plan participation
- 60 days after two years, and
- 90 days after three years.

A CLP enrolled for Traditional coverage is also eligible to continue coverage on a self-paid basis on either the transitional participation basis coverage or under the Medical Continuation Program. This coverage begins after the free medical coverage period ends for eligible CLPs.

When enrolled for Affiliated Benefits Program participation, a CLP is not eligible for any free coverage but is eligible to continue healthcare coverage under the Medical Continuation Program only following termination of eligible service as described on page 5.

For a full discussion of considerations related to coverage following termination of service, please see the Board's publication *Continuing Coverage at Termination of Eligible Service* (PLN-205).

Transitional Participation

Following termination of service, eligible CLPs with Traditional coverage may continue benefits participation for 12 months on the transitional participation basis with appropriate verification from the presbytery that they are actively seeking church service.

Following termination of transitional participation coverage, they are eligible for 18 months of Medical Continuation coverage unless they qualify for a longer period under the Benefits Plan's Rule of 70 as described on page 5.

For an explanation of the Rule of 70 (see below) and additional details about the transitional participation basis, see the Board's publication *Continuing Coverage at Termination of Eligible Service* (PLN-205) available online at Pensions.org or by calling 800-773-7752 (800-PRESPLAN).

Medical Continuation

Medical coverage may be continued under this program for 18 months for CLPs with Traditional medical coverage who will not be seeking church service following termination of current service unless the CLP qualifies for a longer period under the Board's Rule of 70.

CLPs with Affiliated Benefits Program medical coverage are eligible for 18 months of Medical Continuation following termination of eligible service unless qualified for a longer period under the Board's Rule of 70.

Rule of 70

To qualify for a longer period of Medical Continuation, the member on the date active coverage terminated

- has a minimum of five years of plan participation, and
- is age 55 or older and the sum of the member's years of plan participation and his/her age as of the date of termination of coverage equals 70 or greater (the "Rule of 70").

Spouses and eligible dependent children may subscribe even if the member does not. Two subscriptions are required for family coverage.

A waiver of continuous coverage may be granted when CLPs are age 55 and older, meet the Rule of 70 requirements, and have other employer-provided coverage.

Retiree Medical Coverage

Medical Continuation

For members with Traditional coverage or participation in the Affiliated Benefits Program retiree medical coverage option, the Medical Continuation Program is available when the CLP initiates retirement benefits but is not yet Medicare eligible.

CLPs with Traditional coverage terminated from eligible service and their eligible dependents receive 18 months of Medical Continuation from the end of any applicable free healthcare coverage period unless they qualify for a longer period under the Rule of 70.

CLPs participating in the Affiliated Benefits Program with retiree medical coverage option can qualify for a longer period if they also meet the Rule of 70.

Medicare Supplement

The Medicare Supplement is available for terminated or retired Medicare eligible CLPs and spouses as of the date of termination or retirement if the CLP

- was actively participating in the Medical plan;
- had a minimum of five years of plan participation or has met the requirements for retirement of the employing organization that enrolled the member for Affiliated Benefits Program participation with the retiree medical coverage option;
- is participating in Medicare Parts A and B or enrolled in a Medicare + Choice Program; and
- had received a waiver of continuous coverage as described under the Rule of 70.

See the Board's publication *Medicare Supplement* (MED-102) for more information about retiree medical coverage and waivers available online at Pensions.org or by calling the Board at 800-773-7752 (800-PRESPLAN).

When coverage is required for a spouse not yet eligible for Medicare or for dependent children, one of those subscriptions must be for Medical Continuation.

Vacancy Dues

Vacancy dues are payable the first 12 months that an installed ministerial position is vacant.

Vacancy dues are suspended when a CLP temporarily occupies a position vacated by an installed minister and the CLP is enrolled for full, limited, or Affiliated Benefits Program participation. Vacancy dues will resume when the CLP terminates service if the church's 12-month vacancy dues obligation was not previously satisfied and the pulpit has not been filled.

Vacancy dues are payable when a CLP occupies a position vacated by an installed minister but the CLP is not enrolled for Benefits Plan participation.

See the Vacancy Dues fact sheet available online at Pensions.org or by calling 800-773-7752 (800-PRESPLAN).

Post-Retirement Service

A CLP may not continue to serve the employing organization from which he/she retired following initiation of retirement benefits.

Post-retirement service dues are payable when a CLP is engaged in a valid post-retirement service. See Administrative Rule 1002 available online at Pensions.org for additional information regarding Post-Retirement Service. The Post-Retirement Service Registration form (ENR-104) is used to report these services.



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