



Healthcare

Cost of Medical Plan coverage to increase for 2012-2013

After five years of stable dues and only modest changes in members' out-of-pocket costs, continued pressure on healthcare costs and unfavorable claims experience in 2010 caused a net loss to the Medical Plan of \$6.2 million. Absent any increase in income to the plan, the forecast is for even greater losses and significantly declining reserves for 2011 through 2013.

This is occurring against a backdrop of uncertainty around national healthcare reform and its implications for the Medical Plan.

At their June 25 meeting in Philadelphia, the directors of the Board of Pensions took action to ensure the Medical Plan remains financially viable. Based on the advice of the Board's consulting actuary, Milliman, Inc., and Board staff, the directors approved a combination of employer dues and member out-of-pocket cost increases, in addition to drawing on operating reserves. "It's critical that we take steps to keep our promises while we wait for the changing landscape of healthcare to evolve between now and 2014," said Pat Haines, the Board's senior vice president of benefits.

In addition, the directors approved a change in the way salary minimums and maximums are set. Flat rates will now be used instead of relying on pastors' median effective salary as a point of reference.



Ms. Haines noted that, as a source of indexing, the pastors' median is no longer particularly reliable. "Although in 2011 the minimum medical dues basis is \$34,385, approximately two-thirds of our presbyteries have salary minimums of \$40,000 or more," she said. "Changing the minimum to a flat dollar amount recognizes that fact."

These actions follow five consecutive years of holding dues steady at 19.5% of effective salary for active member coverage under the Medical Plan's Traditional Program, despite the fact that increases in the cost of healthcare have consistently outpaced the cost of living (as established by the Consumer Price Index) during this same period.

Seeking to distribute the increased costs in a fair and equitable manner, the directors approved increases in cost share by all stakeholders, including churches and employing organizations, members, and seminary students.

To give churches, employing organizations, and plan members adequate advance notice for budgeting purposes, the increases will be phased in over two years. Susan Reimann, chair of the Healthcare Committee, said, "This approach is intended to give employers and members as much time as possible to prepare for these increased costs, while moving quickly to increase revenues to protect Medical Plan reserves."

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Medical Plan Dues Schedules

Two changes affect medical dues amounts: new dues percentages for 2012 and 2013, and use of flat dollar amounts for setting dues minimums and maximums.

Traditional Program

The directors approved **changes in medical dues percentages**, to be implemented over the next two years, as follows:

In 2012, the dues percentage for active coverage under the Medical Plan's Traditional Program increases from 19.5% to 20.25% of effective salary. In 2013, it increases to 21.0% of effective salary.

Traditional Program Dues

Effective Date	From*	To*
January 1, 2012	19.5%	20.25%
January 1, 2013	20.25%	21.0%

* Percent of effective salary

Affiliated Benefits Program

For active Affiliated Benefits Program (ABP)* participants and ABP early retirees, the directors approved **an increase in monthly subscription dues of 7.0%**, on average, effective January 1, 2012. This increase does not apply to Medicare Supplement subscribers, whose dues are decided in the fall.

Affiliated Benefits Program Dues

Coverage Level	Current		2012	
	Active	Continuation (Post-Employment) & Early Retiree	Active	Continuation (Post-Employment) & Early Retiree
Member only	\$545	\$556	\$583	\$594
Member & child(ren)	\$808	\$824	\$865	\$882
Member & spouse	\$1,119	\$1,141	\$1,197	\$1,220
Member & family	\$1,457	\$1,486	\$1,559	\$1,590

* Under the Affiliated Benefits Program, churches and other employing organizations may offer medical coverage only—or medical with death and disability coverage—to employees in non-installed positions scheduled to work 20 hours a week or more. There is no Pension Plan offering under this program. Participating churches and other employing organizations may choose to offer optional programs, including the Retirement Savings Plan, a 403(b)(9) plan. Employees covered under the Affiliated Benefits Program may be required to make a contribution for their coverage.

Flat dollar amounts for minimum and maximum dues bases

Currently minimum and maximum dues are calculated as a percentage of the pastors' median. For the next two years, the directors approved the following **flat dollar amounts for the minimum and maximum dues bases**:

Minimum and Maximum Dues Bases

Effective Date	Minimum		Maximum	
	From	To	From	To
January 1, 2012	65% of pastors' median (\$34,385)	\$38,000	200% of pastors' median (\$105,800)	\$117,000
January 1, 2013	\$38,000	\$40,000	\$117,000	\$124,000

The plan's minimum and maximum dues bases continue to reflect the spirit and intent of community nature: Medical Plan costs are distributed in such a way that churches with greater resources subsidize those with lesser resources.

Seminary students

As a result of the increase in the minimum dues basis for active plan members, **dues increase on January 1, 2012, and again on January 1, 2013, for seminary students** (see “Flat dollar amounts for minimum and maximum dues bases”).

Seminary student subscription dues for 2012 and 2013 are as follows:

Seminary Student Dues

Coverage Level	Current	2012	2013
Member only	\$ 318.06	\$ 364.17	\$ 396.67
Member & spouse	\$ 487.12	\$ 560.50	\$ 613.33
Member & child(ren)	\$ 487.12	\$ 560.50	\$ 613.33
Member & family	\$ 558.75	\$ 641.25	\$ 700.00

Member cost sharing

The directors approved three changes to the Medical Plan that directly affect **members’ share of the costs**. Beginning January 1, 2012, members are responsible for larger annual deductibles and pay more for visits with specialist physicians. Beginning January 1, 2013, annual family copayment maximums for medical and hospital services also increase. (The annual family copayment maximum of \$2,500 for prescription drugs remains unchanged.)

Details of these increases are as follows:

Member Out-of-Pocket Costs

Effective Date	Provision	From	To
January 1, 2012	Annual deductible (network)	1% of effective salary	1.25% of effective salary
	Annual deductible (out of network)	2% of effective salary	2.50% of effective salary
January 1, 2012	Network office visit copays	\$25 primary care doctor/\$35 specialist	\$25 primary care doctor/ \$45 specialist
January 1, 2013	Annual family copayment maximum (network)	4% of effective salary	5% of effective salary
	Annual family copayment maximum (out of network)	12% of effective salary	15% of effective salary



The following deductibles and copayment maximums chart shows the deductibles and copayment maximums members pay in 2012, based on salary.

2012 Healthcare Deductibles and Copayment Maximums¹

Salary Range ²	Deductible ³		Copayment Maximum ⁴	
	Network 1.25%	Out of Network 2.50%	Network 4%	Out of Network 12%
\$0 - \$42,299	\$475	\$950	\$1,520	\$4,550
\$42,300 - \$46,699	\$530	\$1,060	\$1,690	\$5,075
\$46,700 - \$51,099	\$585	\$1,170	\$1,870	\$5,605
\$51,100 - \$55,499	\$640	\$1,280	\$2,045	\$6,130
\$55,500 - \$59,899	\$695	\$1,390	\$2,220	\$6,660
\$59,900 - \$64,299	\$750	\$1,500	\$2,400	\$7,190
\$64,300 - \$68,699	\$805	\$1,610	\$2,570	\$7,715
\$68,700 - \$73,099	\$860	\$1,720	\$2,750	\$8,245
\$73,100 - \$77,499	\$915	\$1,830	\$2,925	\$8,775
\$77,500 or more	\$970	\$1,940	\$3,100	\$9,300

¹ For covered inpatient and outpatient medically necessary services, not counting prescription drug costs or office visit copays.

² Deductibles and copayments are rounded and based on the medical minimum salary of \$38,000, up to 70% of the maximum medical participation basis (\$117,000), or \$81,900.

³ Members with dependents are responsible for two deductibles, one for the member and one for all other family members combined. These are not counted toward the copayment maximum.

⁴ After a member reaches the copayment maximum, the Medical Plan pays 100% of eligible expenses up to the plan allowance, except for office visits. The copayment maximum applies to the entire family combined.

Contract renewals approved

Contracts with the following third-party providers will be renewed for 2012: Anthem Blue Cross of Kentucky, Triple-S, and CIGNA International Expatriate Benefits.

How To Calculate Dues

- 1 Click on "Calculators" at the bottom of the Pensions.org homepage and navigate to the Dues Calculator.
- 2 Select the dues year—for example, "2011."
- 3 Choose the participation type based on whether the position is Traditional, ABP, vacant, or occupied by retired clergy—for example, "Traditional - Full."
- 4 Enter the number of hours worked per week—for example, "40."
- 5 Calculate the total eligible compensation for the member. A link is provided to a calculator for determining effective salary.
- 6 Click the "Calculate" button. Review the monthly and annual dues in total and for each major benefit area: medical, pension, and death and disability.

Notes

- The Dues Calculator takes into account minimum and maximum salaries, and any full-time equivalencies for part-time employees.
- The calculator will be updated with 2012 dues information by mid-July.



Medicare Supplement Plan to gain Medicare “Part D” status

At their June 25 meeting, the directors of the Board of Pensions approved a change in the way prescription drug coverage under the Medicare Supplement Plan is financed.

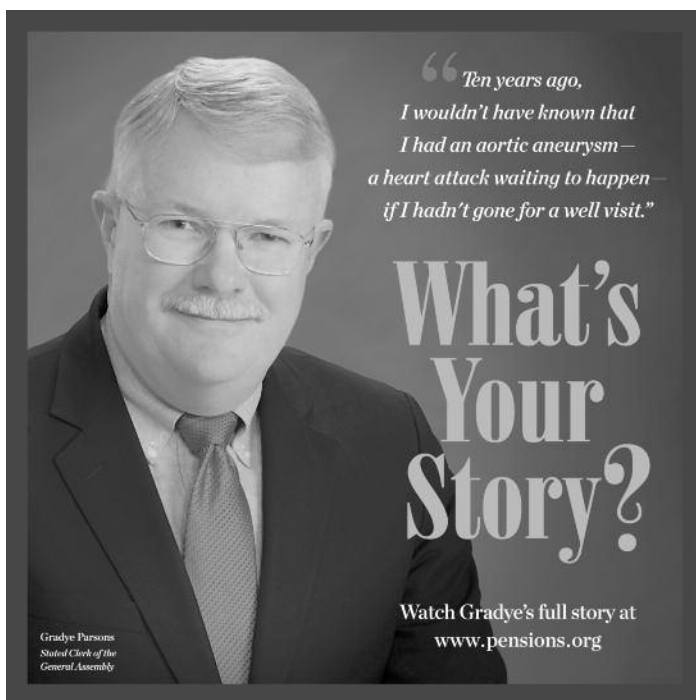
Effective January 1, 2012, the prescription drug portion of the Medicare Supplement Plan will qualify as Medicare Part D prescription drug coverage; it will continue to be administered through Express Scripts with no change to subscriber cost-share provisions, although there may be minimal changes to the formulary.

Subscribers will be able to continue to receive home delivery of their maintenance drugs—those they take for chronic conditions such as hypertension or high cholesterol.

Under this arrangement, newly available subsidies received from the federal government and the pharmaceutical companies will be used to help offset the expense associated with the prescription drug portion of the Medicare Supplement Plan.

Medicare Supplement subscribers will receive further communication about this in the fall.

“What’s Your Story?” campaign, featuring the stated clerk and a plan member-physician, promotes preventive care



Gradye Parsons, Stated Clerk of the General Assembly, might never have known he had a potentially fatal condition if he hadn't gone for a well visit. His family history and his wife's concern prompted him to get checked out, and that visit proved life-saving. His follow-up tests revealed an aortic aneurysm—one of a number of health conditions that often have no symptoms until it's too late.

Health conditions like Gradye's are far too common, and the key to detecting them is to get yearly check-ups.

The Benefits Plan covers annual preventive care visits and certain associated tests at no cost to plan members, but only 21% of adult male members and 42% of adult female members of the Benefits Plan take advantage of this benefit each year.

According to Dr. Paul B. Volker, a family practitioner and plan member who is married to a Presbyterian minister, many people have high blood pressure, high cholesterol, diabetes, or early cancer and aren't aware of it because those conditions usually don't cause symptoms in their early stages. “The key is to catch health problems before they gain a foothold,” he says. “Having a well visit with your doctor once a year gives you and your doctor the best chance to detect these things at an early stage, when we can really do something about them.”

Both Gradye and Dr. Volker agreed to appear in brief videos and print ads because health studies show that getting annual preventive care can prevent many medical catastrophes.

Gradye's video, in which he tells his personal health story, is currently featured on the Pensions.org homepage. Dr. Volker's video on preventive care, the first in a series of three videos, will appear on Pensions.org in mid-July.

On behalf of the Benefits Plan and its members, the Board of Pensions is extremely grateful to Gradye and Dr. Volker for serving as spokespersons for the cause of personal health and wellness.

What Tests Are Covered?

Each year, Highmark Blue Cross Blue Shield and the Medical Plan produce a schedule of covered screenings and immunizations based on age and gender.¹ Costs for the services listed are fully covered by the plan; additional tests are subject to the usual plan deductible and copayment provisions.

You'll also find the Preventive Health Schedule in Appendix B of *Guide to Your Healthcare Benefits 2011*. To get a hardcopy of this year's schedule, call the Board of Pensions at 800-773-7752 (800-PRESPLAN). Be sure to share it with your doctor.

¹ Anthem, Triple-S, CIGNA International Expatriate Benefits, and retired enrollees also have preventive care benefits under their plans, but coverage details differ. Consult your plan's provisions for details.

Investments

Balanced Investment Portfolio returns 6.5% for five months ended May 31, 2011

On Saturday, June 25, 2011, Anne S. Drennan, chair of the Investment Committee, provided an overview of the work of the Investment Committee and Committee actions on behalf of plan members and their beneficiaries.

The Committee heard presentations on strategies for investing in U.S. and international private equity as well as portfolio strategies for periods of inflation. The Committee affirmed the May 31, 2011 asset allocation of 39.4% in U.S. stocks, 18.3% in international stocks, 30.0% in fixed income, and 12.3% in other assets and approved commitments to private equity and real return strategies.

Judith D. Freyer, senior vice president, treasurer, and chief investment officer of the Board of Pensions, provided an investment report to the board of directors. She reviewed 2011 within the context of extremely volatile global markets. The performance of the Balanced Investment Portfolio for the first five months of 2011 was 6.5%, with a return of 20.8% for the 12 months ended May 31, 2011.

Ms. Freyer also reviewed the processes used by the Board's Investment Team to monitor managers and provide the highest levels of risk management and due diligence.

The Balanced Investment Portfolio is the investment fund for the Pension Plan, Death and Disability Plan, Endowment Fund, and Assistance Program, as well as for restricted gifts made to the Board of Pensions. On May 31, 2011, the Portfolio had a market value of \$7.39 billion.

Update Retirement Savings Plan Adoption Agreements, as needed

Church treasurers and business administrators are reminded that they must update their church or employing organization's Retirement Savings Plan of the Presbyterian Church (U.S.A.) Adoption Agreement whenever they make any changes that affect the plan—i.e., changes to eligibility requirements or employer contribution amounts.

For further information, call the Board of Pensions.

Retirement

Retirement Savings Plan fund changes

In an effort to ensure both competitive performance and fund expense ratios are in line with, or lower than, industry norms, the directors of the Board of Pensions approved, or heard reports on, the following changes to the Retirement Savings Plan of the Presbyterian Church (U.S.A.):

July 15, 2011

The Board is making a "share class"* change to two funds in the Retirement Savings Plan, a 403(b)(9) plan. The **Spartan® 500 Index Fund** and the **Spartan® U.S. Bond Index Fund** are changing from Investor Class to Institutional Class effective July 15, 2011, at 4 p.m. ET.

The overall dollar value of participants' holdings in either of these funds will not change due to the share-class conversion.

Participants with investments in these funds will find the new share class offers the same investment strategy, composition, and risk, but overall expense ratios will be decidedly lower. They will receive a letter notifying them of the change and detailing fund codes, ticker symbols, and more.

October 1, 2011

The directors approved the following change in investment options: The **T. Rowe Price Equity Income Fund** will replace the **Fidelity Equity Income Fund** as one of the plan's U.S. equity investment options, effective October 1, 2011.

Participants in the fund will receive further communications from the Board and from Fidelity about this change.

Finally, the **PC(USA) Socially Responsible Balanced Fund** currently invests in the PC(USA) Socially Responsible Equity Portfolio and the Fidelity Government Income Fund. Effective October 1, 2011, the fixed income component of the PC(USA) Socially Responsible Balanced Fund will be invested in the Fidelity Intermediate Treasury Index Fund. This will reduce the expense ratio for the PC(USA) Socially Responsible Balanced Fund.

* The distinctions between share classes generally pertain to expense ratios.

Report Cards for Retirement Savings

If you participate in the Retirement Savings Plan of the Presbyterian Church (U.S.A.) and are age 40 or more, you may have recently received an email containing your Savings Report Card. This communication by Fidelity aims to get you thinking about your retirement plan, savings approach, investment mix, and investment fees.

The email invites you to call Fidelity to **schedule a no-fee, no-obligation retirement review**. This can give you important insights as you plan for retirement.

Remember, retirement is funded by three sources: your pension, Social Security, and personal savings. It's crucial that you save for those years when you're not working. The Retirement Savings Plan offers tax savings if you do.

Sign up through your church treasurer or business administrator, or call the Board of Pensions at 800-773-7752 (800-PRESPLAN) for more information.

Board-sponsored retirement planning seminars and resources available

The Board of Pensions offers critical resources to support members' efforts to plan and prepare for retirement. These include financial and retirement seminars offered as part of members' benefits as well as a Financial & Retirement Planning Resource Center at Pensions.org.

The seminar *Growing into Tomorrow . . . Today* is a holistic retirement planning seminar designed for mid- to late-career clergy and lay Benefits Plan members. Spouses and fiancés/fiancées are encouraged to attend. The seminar helps members:

- decide where to live
- maintain optimal health
- integrate pension, Social Security, and personal savings
- understand Medicare and the Board's Medicare Supplement Plan
- explore options for play, learning, volunteering, and work
- use their knowledge and wisdom to benefit others

Members may register to attend Board-sponsored seminars at www.pensions.org/seminars.

The Board also offers books, checklists, worksheets, and calculators to help members prepare for and follow up on Board seminars and e-learning tools, as well as supplement their planning practices. These are available at the Financial & Retirement Planning Resource Center.

Assistance

About the Assistance Program of the Board of Pensions

The Board of Pensions of the Presbyterian Church (U.S.A.) oversees benefits and assistance programs for Presbyterian church workers and their families. When the needs of these servants of the Church exceed the bounds of the Benefits Plan, personal resources, and other means of support, the Assistance Program provides an important safety net. It also provides critical vocational, leadership, and other training support to strengthen the Church's future leadership.

Middle Governing Body Grant Program pilot discontinued

In this difficult economy, demand for financial assistance from the Assistance Program has increased while the resources of synods and presbyteries have grown more limited. In light of these factors, this past spring the directors suspended the Middle Governing Body Grant Program, a matching grant program for vocational skill-building, and took formal action to discontinue it at their June 25 meeting. The program ends December 31, 2011.

The Middle Governing Body Grant Program was initiated in 2006 to provide an opportunity for synods or groups of three or more presbyteries to conduct onetime programs to support the practical leadership skills of pastors. Twenty grants have been made since the program began.

However, when the financial markets experienced a precipitous decline in 2008 and the resources of synods and presbyteries became more constrained, it became increasingly difficult for governing bodies to participate in the grant program. By 2011, the middle governing bodies had fewer financial and staff resources to design, support, and manage the kind of major programmatic effort that the program entails.

Currently the Assistance Program's other grant programs are adequately funded, and are expected to continue to meet the financial assistance needs of Presbyterian pastors, other church workers, and their families for many years to come.



Help Us Help Those Who Serve the Church

“The supplemental income and housing grants for my mother, who served in the ministry her entire working life, came in the very month in which her modest savings had completely run out: The hand of the Lord could not be more discernible.”

The Assistance Program of the Board of Pensions provides vital financial assistance to church workers and their families in their time of need. The need has never been greater than it is right now. Help us to help those who serve the church. Call 215-587-7300 *today*.

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Hamilin Memorial Window
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Presbyterian CREDO looks to embrace younger pastors

The Board is considering expanding the age group of pastors eligible to attend the highly popular Presbyterian CREDO Program.

CREDO creates a sacred space where clergy who are facing the challenges of ministry can renew themselves spiritually and vocationally, and can consider the impact of their health and finances on their effectiveness as church leaders and on their overall well-being.

Currently, pastors serving congregations must be between the ages of 40 and 55, among other criteria, in order to receive a randomly generated invitation to this seven-day conference.

The new criteria that are being considered would expand the invitation guidelines to include pastors between the ages of 30 and 55, providing younger pastors the opportunity to benefit from the CREDO experience.

Other Business

Special Committee meets

Frank S. James, III, chair of the Special Committee on Domestic Partner Benefits, reported that the Committee has met twice since the March Board meeting and has received input from the Eastern and Western Regional Benefits Consultations listening sessions, as well as from other directors.

Mr. James explained that the Committee will continue its work, with meetings scheduled in August, September, and early October. The Committee expects to present for discussion its recommendation to the Board of Pensions at the October Board Meeting in San Diego, and will encourage the Board to act on that recommendation at the March 2012 Board Meeting. The Board of Pensions will report to the 220th General Assembly (2012).

If the board acts to extend coverage in response to the referral from the 219th General Assembly (2010), any dues increase to the Pension Plan arising from that decision would not be effective until on or after January 1, 2013.

Members reminded to check their online Statement of Benefits

Earlier this year, the Board of Pensions transitioned from paper to an online Statement of Benefits to provide members with a real-time look at their benefits. Active members of the Traditional Program now can print up-to-the-minute statements themselves by going to Benefits Connect, the Board's secure benefits website.

Once they log in to Benefits Connect from the Pensions.org homepage, members can get summary statements that consolidate information



about their benefits administered through the Board of Pensions. Here

they can see their personal pension accruals, retirement savings (if any), death benefits, disability benefits, and healthcare benefits—all in an easy-to-read format.

The statement contains current information, including last reported salary and other changes in members' benefits. The online statement also includes a printer-friendly feature that enables members to print their statements.

Any member who has not yet registered is encouraged to do so. Simply go to the Pensions.org homepage and, under the Benefits Connect logo, click "Register." Follow the step-by-step instructions for creating a user profile and establishing a password.

Anyone who has questions about registering for or using Benefits Connect should contact the Board of Pensions at 800-773-7752 (800-PRESPLAN).

Note: *All members, both active and retired, and surviving spouses are encouraged to use Benefits Connect to view their personal benefits information and use related tools. Follow the directions above to register today.*

2011 RBCs promote information exchange; replay of presentations available

This past spring, two annual Regional Benefits Consultations (RBCs) were held—one in Philadelphia, the other in Los Angeles. Together, the consultations drew approximately 410 participants, who heard members of the management team of the Board of Pensions offer information and engage them in dialogue on topics related to the many programs provided by the Board to meet the needs of Benefits Plan members. Key representatives from other church agencies joined Board of Pensions executives in an open-forum session.

Sponsored by the Board of Pensions, the RBCs bring together representatives from the presbyteries and synods of the Presbyterian Church (U.S.A.), including synod executives, executive presbyters, COM and CPM moderators, stated clerks, and pension liaisons.



In recent years at the RBCs, the Board has offered a pre-consultation seminar that provides an opportunity for participants to reflect on an important issue facing the Church. This year, the pre-conference event was a listening session on the topic of same-gender domestic partner benefits. The session provided opportunities for elected members of the Board's Special Committee on Domestic Partner Benefits to hear comments from RBC participants on the action of the 219th General Assembly (2010), which urged the Board of Pensions to "extend eligibility for spousal and dependent benefits under the plan to Benefits Plan members, their same-gender domestic partners, and the children of their same-gender domestic partners" and to

design a mechanism to "provide relief of conscience, to be implemented simultaneously with these actions, for those congregations for whom these actions cause a moral dilemma."

Presentations from this year's RBCs are available on Pensions.org. To view them, go to www.rbc.pensions.org and select the recording of interest.

Next year there will again be two Regional Benefits Consultations. The 2012 RBCs are scheduled as follows:

Western-Central Regional Benefits Consultation

Dallas, TX, April 18-19

Eastern Regional Benefits Consultation

Baltimore, MD, April 26-27

Clergy Salary Study information released

Each year, the Board of Pensions uses current annual effective salary data to calculate median annual effective salaries, which are needed for dues billing and benefit determinations for the following year.

Based on the annual effective salary information reported to the Board as of May 1, 2011, the median full-time salary of all Presbyterian Church (U.S.A.) minister members of the Benefits Plan who serve U.S. congregations is \$53,300. This compares with \$52,900 one year earlier—an increase of 0.8%.

Board of Pensions Annual Report available

The Board of Pensions recently published its 2010 Annual Report. This report provides an overview of the Board's work of the past year, a review of its plans and programs, and a look at its fiscal health. You can view the Annual Report on Pensions.org, or request a print copy by calling the Board at 800-773-7752 (800-PRESPLAN).

Contact Information

The Board of Pensions publishes *The Board Bulletin* after each regular meeting of the board of directors.

To receive it **by mail**, call us at 800-773-7752 (800-PRESPLAN), or **by email**, write to communications@pensions.org, providing your name and email address. Or look for it **online** at Pensions.org.



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