



### Healthcare

#### Healthcare reform compliance update

As new healthcare reform regulations are issued, the Board of Pensions, its legal counsel, and the Healthcare Committee of the Board of Directors continue to closely monitor their implications and implement measures to ensure the Medical Plan is in full compliance with the Patient Protection and Affordable Care Act (PPACA).

“We’ve all heard a lot about the legal requirements arising from the new regulations,” said Pat Haines, senior vice president of Benefits for the Board of Pensions. “We will meet or exceed these requirements while placing the best interests of members, churches, and employing organizations first at all times.”

At their July 24 meeting in Philadelphia, the Healthcare Committee recommended, and the directors approved, several amendments to the Medical Plan in order to bring it into compliance with the PPACA, which mandates certain measures be implemented each year through 2014.

The following changes to the Medical Plan take effect January 1, 2011:

- The definition of the term *dependent* is being expanded to allow the plan to extend coverage of members’ adult children up to age 26 (see “Coverage of adult children to age 26”).
- Lifetime limits (dollar maximums) will be eliminated.
- The pre-existing condition limitations will be eliminated for children under the age of 19.

#### Coverage of adult children to age 26

The PPACA allows young adults to stay on their parents’ health-care plan until age 26. This act requires that the Board’s Medical Plan extend coverage by January 1, 2011.

The Board of Pensions has chosen to implement extended healthcare coverage for young adults in two phases:

*Effective June 1, 2010:* In a previous action, the Executive Committee had approved an early accommodation for adult children who already were covered under the Medical Plan as of June 1, 2010. These adult children otherwise would no longer have been eligible for coverage between June 1, 2010, and December 31, 2010, by virtue of financial dependency, marital status, student status, or residency. (Most of them were former full-time college students who had just graduated in May.) The Board had determined that it was in plan members’ best interest and logistically feasible for it to make this early accommodation.



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*Effective January 1, 2011:* All adult children (of covered Medical Plan members) who are under the age of 26, regardless of financial dependency, marital status, student status, or residency, will be eligible for full coverage through their parents' coverage under the Medical Plan. This provision includes covered plan members' children, stepchildren, and adopted children who are not currently covered by the Medical Plan and who are not eligible for coverage under another employer-sponsored health plan.

Later this summer all primary plan members will receive a letter explaining how to enroll any adult children up to age 26 in Medical Plan coverage. An open enrollment period for this purpose will run from late summer until early fall.

### **Medical dues set for 2011**

Medical Plan reserves and claims experience over the past year were both generally stable, allowing the dues percentage for active coverage under the Medical Plan's Traditional Program to hold steady. Even so, healthcare cost pressures and mandated coverage changes are likely to impact dues in the future — but not until after next year for most covered members.

#### *Traditional Program*

Next year for the fourth consecutive year **the dues percentage for active coverage under the Medical Plan's Traditional Program will remain unchanged.** Traditional Program dues for 2011 will continue at 19.5% of effective salary.

Although there will be no increase in the dues percentage for 2011 for Traditional Program participants, actual dues invoiced are based on the **medical participation basis**, which will increase to reflect the change in the ordained median salary for 2011. Thus, individual invoices may increase slightly.

#### *Affiliated Benefits Program*

The medical claims experience of the Affiliated Benefits Program (ABP) necessitates a dues increase. Accordingly, the directors of the Board of Pensions voted to **increase by 5%, on average, the monthly subscription dues of active ABP participants and ABP early retirees** effective January 1, 2011. This increase does not apply to Medicare Supplement subscribers, whose dues are decided at the October Board Meeting each year.

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 with 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. Dues for coverage under the Traditional Program of the Benefits Plan are non-contributory.

#### *Seminary students*

**The dues percentage for seminary students will remain unchanged** for 2011. Actual dues invoiced are based on the **minimum medical participation basis**, which will increase to reflect the change in the ordained median salary for 2011. Thus, individual invoices will increase slightly.

#### *Application for Part D subsidy*

The Board of Pensions will apply to continue its participation in the Medicare Part D subsidy program for 2011. The effect of the subsidy will be reflected in the Medicare Supplement dues determined for 2011 at the October 2010 Board Meeting.

#### *Special open enrollment planned for Optional Dental Program*

The Board will hold a special open enrollment from **October 1 to November 19, 2010**, to allow Benefits Plan members who previously declined Optional Dental Program coverage to enroll in the program. No dental coverage restrictions apply for preventive, basic, or major services for those members who enroll at this time.

In addition, the Healthcare Committee authorized the Board to finalize any benefit enhancements to the Dental PPO (Preferred Provider Organization)/Indemnity Program and changes in subscription rates for the program, within certain limits, for 2011. Final terms of the program and the 2011 rates will be presented at the October Board Meeting.

Watch for more information in the fall open enrollment mailing. Also consult the fall 2010 issue of *The Board Bulletin* or the Pensions.org news page during open enrollment.

### **Renewal of contracts approved**

Contracts with the following third-party providers will be renewed for 2011:

- Anthem Blue Cross of Kentucky
- Triple-S
- CIGNA International Expatriate Benefits

## Investments

### **Board of Pensions Balanced Investment Portfolio reports negative 1.7% return for 6 months ended June 30, 2010 and positive 15.4% return for 12 months ended June 30, 2010**

Anne S. Drennan, chair of the Investment Committee, provided an overview of the mission and work of the committee, including action items they approved. The committee voted on several changes in investment managers. The Investment Committee reviewed the investment performance and asset allocation of the Board of Pensions Balanced Investment Portfolio. The committee affirmed the current asset allocation of 36.4% in U.S. stocks, 17.5% in international stocks, 33.8% in fixed income, and 8.8% in private limited partnerships and 3.5% in liquid alternative investments.

Judith D. Freyer, senior vice president of investments, treasurer, and chief investment officer, reported that the Board of Pensions Balanced Investment Portfolio had a market value of \$6.25 billion on June 30, 2010, with a return of negative 1.7% for the 6 months ended June 30, 2010 and a positive 15.4% return for the 12 months ended June 30, 2010. “While volatile markets in 2010 resulted in negative year-to-date performance of -1.7%, the committee was pleased to note not only positive investment performance for the twelve months ended June 30, 2010 but also the fully funded status of the Pension Plan,” said Ms. Freyer.

The Balanced Investment Portfolio is the investment fund for the Pension Plan, Death and Disability Plan, Endowment Fund, and the Assistance Program, as well as restricted gifts made to the Board of Pensions.

### **Not Participating in the Retirement Savings Plan?**

Does Your Statement of Benefits 2010, mailed in mid-July, show a balance for the Retirement Savings Plan of the PC(USA) (“the RSP”)? If it indicates you don’t participate, now is a good time to start.

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 RSP 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. To increase your contributions, complete a Retirement Savings Plan Salary Deferral Agreement, available at Pensions.org or from the Board of Pensions.

## Retirement

### **Retirement Savings Plan fee begins**

Effective July 1, 2010, Fidelity Investments began applying a quarterly administrative fee of \$3.75 to each participant account in the Retirement Savings Plan of the Presbyterian Church (U.S.A.). The fee offsets those expenses incurred in providing recordkeeping and invoicing services.

A recent survey conducted by Buck Consultants compared the fee schedules for various church retirement savings plans. The results indicated that the expenses paid by the participants in the Board’s Retirement Savings Plan are comparable to or less than those paid by the participants in the other church retirement savings plans in the survey.

### **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.

### **New look for Your Statement of Benefits**

**Your Statement of Benefits 2010** was mailed in mid-July to every active and disabled member who had Traditional Program coverage on January 1, 2010. Those members who were on the Transitional Participation Basis or were enrolled for Limited Participation on January 1, 2009, and who remain on that status also received personalized statements.

This year’s statement again provides members’ personalized benefit information, but in a consolidated format. This change reflects the Board’s commitment to both “going green” and creating easy-to-read benefit summaries. It also previews the secure, online benefits statement that will be available through Benefits Connect, at Pensions.org, early next year. (See Other Business: “Benefits Connect registrations grow.”) When the online statement is launched, the Board will no longer automatically mail paper statements; instead, members will be able to print a current statement themselves at any time.

If you have not yet **registered for Benefits Connect**, please take a minute to do so. You will find it a convenient tool for viewing details about your benefits, submitting changes to your address and dependent information, and much more. Plus doing so will ensure you have access to your online Statement of Benefits when it becomes available.

## Assistance

### Outgoing directors make class gift to Assistance Program

At their final Board Meeting, the eight outgoing directors together made a gift of \$15,000 to the Assistance Program of the Board of Pensions. The first “class gift” by a group of outgoing directors, it is intended to help fund Presbyterian CREDO conferences.

Instrumental in raising the gift was the Rev. Dr. Jefferson K. Aiken, Jr., outgoing chair of the Board of Directors. Dr. Aiken noted that, of the many important programs initiated during the Class of 2010’s tenure, Presbyterian CREDO, in particular, has had a significant impact on pastors’ leadership and vocational development.

After each conference, the Board receives numerous letters of thanks, praise, and encouragement to continue making the program available to other pastors. For many participants, the CREDO experience is a transforming one. As one pastor said, “At CREDO I clearly heard a renewal of Christ’s Call for me to use my gifts, skills, and experience to serve the PC(USA) as a pastor.”

Peter C. S. Sime, vice president of Assistance, CREDO & Funds Development, said, “On behalf of the pastors who will be able to attend Presbyterian CREDO as a result of this gift, we thank the Class of 2010 for their generosity and their commitment to the ministry of the Assistance Program.”

### Sabbath Sabbatical Support Grant pilot program extended

Begun in 2007, the Sabbath Sabbatical Support Grant pilot program was extended at the July 24 meeting of the Board of Directors.


Designed to strengthen the skills and renew the ministries of pastors serving small congregations, the program provides a limited number of grants of up to \$3,000 to help fund pastors’ sabbaticals. The grants are apportioned by synod based on the number of small congregations within its bounds.

### Middle Governing Body Grant application deadline approaches

The Assistance Program of the Board of Pensions can accept **Middle Governing Body Grant applications** until **August 15, 2010**. Ten matching grants of up to \$15,000 are available for 2011.

A Middle Governing Body Grant is a one-time grant to fund practical skills training for pastors who are members of the Benefits Plan and currently serving a Presbyterian Church (U.S.A.) congregation. Awards may be granted for training programs in congregational and staff leadership, budgeting and financial management, strategic planning, or conflict resolution.

To learn more about the matching grants available to synods or groups of presbyteries that want to develop new programs to improve the practical skills of their pastors, visit [Pensions.org](http://Pensions.org).



**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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## Other Business

### Board welcomes new directors

The Board of Pensions welcomed eight new directors, including two ministers, at its July 24 meeting. The eight new directors come from churches large and small and from all parts of the country. They join a diverse and dedicated board.

Elected by the 219th General Assembly (2010), the Board of Directors are trustees who act as representatives and advocates for Benefits Plan members. Together, they oversee the investment of plan funds; the payment of pension, death, and disability benefits and medical claims; the operation of the Board’s assistance, CREDO, and retirement housing programs; and the administration of the Benefits Plan.

## New directors

Jesse H. Butler/*Independence, MO*

Rev. Dr. Lindley G. DeGarmo/*Baltimore, MD*

Bradley C. Fowler/*Mercer Island, WA*

John W. Hamm/*Dallas, TX*

Rev. Dr. John A. Huffman, Jr./*Newport Beach, CA*

Jacqueline D. Jenkins/*Montclair, NJ*

Peter E. Kalan/*Greenwood Village, CO*

Angelica Michail/*Rowland Heights, CA*

The total clergy serving on the Board of Directors of the Board of Pensions now numbers nine. Four are pastors of congregations, one is an associate pastor of a congregation, two are honorably retired, one is a presbytery executive, and one serves in a validated ministry.

## Rev. Dr. John G. McFayden named Board's vice president of Church Relations

The Board of Pensions welcomed the **Rev. Dr. John McFayden** as its church relations executive on June 1, 2010, and on July 24, 2010, the Board of Directors elected him vice president of Church Relations.

Dr. McFayden brings to the Board nearly three decades of experience serving the Presbyterian Church (U.S.A.). He has worked with a wide range of constituents, and in congregations ranging from 50 to more than 1,700 members. Before joining the Board, he was senior pastor for the First Presbyterian Church of Arlington Heights, IL, near Chicago.

In addition to his active involvement in the Presbytery of Chicago, Dr. McFayden has demonstrated leadership on the national level by serving on numerous General Assembly committees and task forces, including the Special Offerings Task Force, and most recently, the Review Committee for the Church as a Whole and its six corporate agencies. He has also served on the General Assembly Council.

He earned his B.A. in American Studies from the University of North Carolina, Chapel Hill, and was awarded both his M.Div. and D.Min. from Princeton Theological Seminary.

## Board to study General Assembly's action urging domestic partner benefits eligibility

An **action** by the 219th General Assembly (2010) urged the Board of Pensions to “adopt amendments to the Benefits Plan 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, on the same basis as, and equivalent to, benefits made available to Benefits Plan members, their spouses, and the children of their spouses.”

The General Assembly also approved a dues increase of up to 1% to fund these benefits and urged the Board 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.”

At their July 24 meeting, the directors encouraged management to carefully and thoroughly consider the recommendation of the 219th General Assembly (2010) that the Board provide domestic partner benefits and to bring proposals for discussion to its meeting in the summer of 2011, with the intention of making formal recommendations in the fall of 2011. The Board hopes to implement initial changes in 2012.

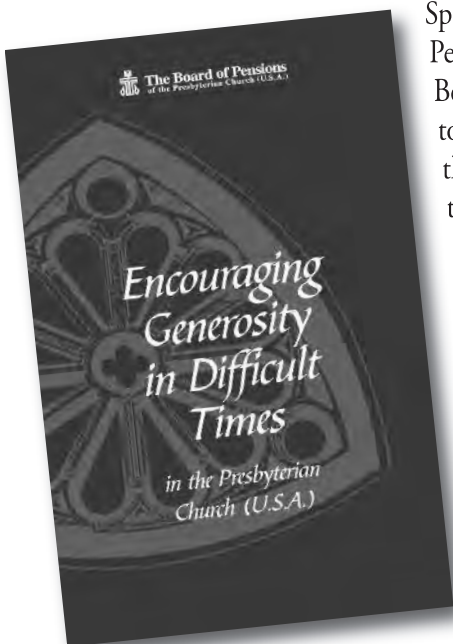
The Board of Directors was advised that this action will affect many Board constituencies, and encompasses an array of complex policy, administrative, and funding issues that need to be resolved before any changes to current Benefits Plan eligibility are implemented.

“The Board of Pensions is committed to responding affirmatively to the action of the General Assembly, with a focus on doing what is in the best interests of our members and being attentive to the concerns of our participating employing organizations,” said Thomas C. Paisley, Jr., Chair of the Board of Directors. “There are many complexities associated with this matter, and they must be considered in depth before the Board takes any action,” Mr. Paisley said.

Robert W. Maggs, Jr., Board of Pensions chief executive, added, “We will actively seek the full spectrum of views from our various constituents as we work to balance the interests of all concerned.”

## 2010 RBCs promote information exchange; replay of presentations available

This past spring, two annual Regional Benefits Consultations (RBCs) were held — one in Tampa, the other in Los Angeles. Together, the consultations drew approximately 425 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.



Sponsored by the Board of Pensions, the Regional Benefits Consultations 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. These pre-consultation seminars have provided inspiration for a continuing series of booklets produced by the Board of Pensions. The 2009 pre-consultation seminar addressed the subject “Encouraging Generosity in Difficult Times in the Presbyterian Church (U.S.A.),” and a **new volume** by the same name was recently produced by the Board of Pensions. The next volume will be based on the 2010 seminar, “Building Church Leadership: A Coaching Model.”

Some of the presentations from this year’s RBCs are available on Pensions.org. To view them, go to Pensions.org, select Forms & Publications, select E-learning, and select Regional Benefits Consultations, or **click here** and then select the eRBC 2010 module of interest.

Next year there will again be two Regional Benefits Consultations. The 2011 RBCs are scheduled as follows:

### Eastern Regional Benefits Consultation

Philadelphia, PA      May 4 - 5

### Western Regional Benefits Consultation

Los Angeles, CA      May 11 - 12

## Clergy Salary Study information released

The Board of Pensions annually tabulates the median and average effective salary reported to it for minister members of the Benefits Plan who are serving U.S. congregations.

The most recent **study**, as of May 1, 2010, shows the median salary of all Presbyterian Church (U.S.A.) minister members of the Benefits Plan serving U.S. congregations is \$52,900, as compared with \$52,200 one year earlier: an increase of 1.3%. The average salary of these ministers is now \$57,876, an increase of 1.2% from last year’s average of \$57,199.

Median salary, rather than average salary, is used in certain benefit calculations because it is less influenced by a few very high or very low salaries.

## Board of Pensions Annual Report available

The Board of Pensions recently published its **2009 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. Copies are available at Pensions.org, or you can call the Board at 800-773-7752 (800-PRESPLAN).

## Board recognized for its community service and corporate social responsibility

The Board of Pensions recently received two Communitas Awards, reflecting its commitment to exemplary organizational stewardship. Sponsored by the Association of Marketing and Communication Professionals (AMCP), the awards program is part of an international effort to recognize exceptional businesses, organizations, and individuals that give unselfishly of themselves and their resources, or that are changing how they do business to benefit their communities.

The Board received awards in two categories:

- Company Sponsored Volunteer Projects, for its volunteerism efforts
- Green Initiatives, for its initiative to create a foundation for green practices at the Board



Staff throughout the Board participate in a variety of company-sponsored volunteer projects, including the United Way of Southeastern Pennsylvania, Philadelphia Reads, Toys for Tots, the 6abc/Boy Scouts Holiday Food Drive, and American Red Cross blood drives. Exceptional corporate citizenship is part of the Board's core values.

In addition, the impetus to increase green practices at the Board sprang from the recognition that recycling and conservation must be supported through an organization-wide commitment. Accordingly, staff investigated the impact of the Board's existing practices and acted upon the resulting recommendations for recycling, electricity and water consumption, and paper usage. The Board's **membership in and certification by the Philadelphia Green Business Program** demonstrate its ongoing efforts to "work green."

### New brochure highlights the six national agencies

Reflecting the connectional nature of the Presbyterian Church (U.S.A.), all six of its agencies are working together toward the common goal of growing Christ's church. Even as they perform very different duties to serve specific needs of the Church, each shares a commitment to performing work that supports all aspects of the Church's ministry and mission.

To help ensure that this important work continues, the Board of Pensions, with the guidance of the other PC(USA) agencies, has

produced an informative brochure for charitable givers. The brochure, titled **Grow Christ's Church: Your Gifts Are Given To Be Given**, was introduced at the 219th General Assembly (2010) in Minneapolis.

It showcases some of the work of each of the six agencies: the General Assembly Mission Council, the Office of the General Assembly, the Presbyterian Investment and Loan Program, Inc., the Presbyterian Foundation, the Presbyterian Publishing Corporation, and the Board of Pensions. In so doing, the brochure highlights opportunities for generous individuals to make a lasting gift in support of the vital work of the Church. To obtain a copy, please contact the Board of Pensions at 800-773-7752 (800-PRESPLAN).



### Benefits Connect registrations grow

Registration for Benefits Connect, the Board's self-service benefits Web site, now exceeds 10,000 plan members. Through this site, active and retired members and surviving spouses are able to:

- view details about their benefits
- get a pension estimate (if applicable)
- update their personal information
- and more.

The site also offers a secure means for church treasurers and business administrators to confirm or change their members' salary information.

To register, simply visit the **Pensions.org homepage** and click the "Register" button under the Benefits Connect logo.

## 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 **communications@pensions.org**, providing your name and email address. Or look for it **online** at Pensions.org.



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



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