September 2015

Dear colleagues in ministry,

The purpose of this letter is to assist consistories in complying with promises made under Formulary 5 of the *Book of Church Order* (BCO) and to outline resources that are available through the Board of Benefits Services (BOBS).

You may notice that the format of this letter changed this year. The goal is to provide you with an all-encompassing resource that you can use throughout the coming year.

Under the BCO, a consistory shall fulfill the provisions of the call form (Formulary 5) for all ministers serving the church under call or contract through participation in the RCA 403(b) retirement plan and enrollment in medical insurance. Consistories must also provide basic life and long-term disability insurances. Formulary 5 applies equally to full-time and part-time ministers. There are, however, a few exceptions to this general rule. For more information about exceptions to the rule, see Chapter 1, Part I, Article 2, Section 7 of the BCO and BCO Formulary 5.

In the attached appendices, you will find the following information:
- Appendix 1 – RCA 403(b) retirement program contribution requirements for 2016 and sample calculations
- Appendix 2 – RCA 403(b) contribution remittance to Fidelity
- Appendix 3 – Medical and other insurance
- Appendix 4 – BOBS contact information

If you have questions regarding the RCA 403(b) retirement plan, contact Thos Shipley at 212-870-3086 or tshipley@rca.org or Claude Bussières at 212-870-2892 or 866-221-5480, or at cbussieres@rca.org. Any questions regarding the medical plans should be directed to the Reformed Benefits Association (RBA) at 800-701-8992 or 616-224-5896, or at benefits@reformedbenefits.org.

Sincerely,

Kelly Oliveira
Executive Director of Benefits Services
Appendix 1

RCA 403(b) Retirement Program Contribution Requirements for 2016

The contribution amount payable to the RCA 403(b) retirement account of eligible ministers for 2016 is calculated as the greater of 11 percent of eligible pay or the EBPH amount.

The EBPH amount represents the minimum amount of employer basic contributions, which should be made on behalf of ministers. The amount for 2016 is $6,578. This amount is established annually and approved by the Board of Benefits Services. It is updated based on the change in the Consumer Price Index over the 12-month period ending in June.

Eligible pay is defined as the sum of base salary and housing allowance paid to the minister, when a parsonage is not provided. Base salary does not include benefits, such as vehicle, education assistance allowances, or salary gross ups to assist with Social Security obligations. Base salary does include taxable compensation added for those ministers who are purchasing medical insurance for themselves and their families through a federal or state marketplace. If a parsonage is provided, eligible pay is defined as 140 percent of base salary (base salary is grossed up by 40 percent). If your minister voluntarily participates in tax-deferred salary reductions, contributions should be included as part of the base salary (meaning the salary before employee payroll deduction should be used).

The annual contribution for a part-time minister’s retirement plan account is calculated as 11 percent of the eligible pay of the minister. The EBPH amount does not apply for part-time ministers.

An online RCA 403(b) contribution calculator is available on the RCA web site treasurer’s page at http://images.rca.org/docs/bobs/ContributionCalculation.xls.

The following three pages provide you with examples of how contributions should be calculated.
Appendix 1 (continued)

2016 EBPH: $6,578 annually

Example 1: Full-time pastor, who worked a full year in 2016. Annual base salary of $50,000.

If given annual housing allowance of $15,000:
- Eligible pay: $65,000 ($50,000 + $15,000)
- Calculated contributions: $7,150 (11 percent x $65,000)
- Church contributions payable: $7,150

If parsonage is provided instead of a housing allowance:
- Eligible pay: $70,000 ($50,000 x 140 percent)
- Calculated contributions: $7,700 (11 percent x $70,000)
- Church contributions payable: $7,700

Example 2: Full-time pastor, worked a full year in 2016. Annual base salary of $30,000.

If given annual housing allowance of $10,000:
- Eligible pay: $40,000 ($30,000 + $10,000)
- Calculated contributions: $4,400 (11 percent x $40,000)
- Church contributions payable: $6,578 (minimum of 2016 EBPH)

If parsonage is provided instead of a housing allowance:
- Eligible pay: $42,000 ($30,000 x 140 percent)
- Calculated contributions: $4,620 (11 percent x $42,000)
- Church contributions payable: $6,578 (minimum of 2016 EBPH)

Example 3: Full-time pastor; effective date of the call, July 1, 2016. Annual base salary of $50,000. Based on six months worked, the prorated ratio is 6/12.

If given annual housing allowance of $10,000:
- Eligible pay: $30,000 ((6/12) x ($50,000+$10,000))
- Calculated contributions: $3,300 (11 percent x $30,000)
- Prorated EBPH: $3,289 (6 months worked, 6/12 x $6,578)
- Church contributions payable: $3,300

If parsonage is provided instead of a housing allowance:
- Eligible pay: $35,000 ((6/12) x ($50,000 x 140 percent = $70,000))
- Calculated contributions: $3,850 (11 percent x $35,000)
- Prorated EBPH: $3,289 (6 months worked, 6/12 x $6,578)
- Church contributions payable: $3,850
Appendix 1 (continued)

2016 EBPH: $6,578 annually

Example 4: Full-time pastor; effective date of the call, July 1, 2016. Annual base salary of $30,000. Based on six months worked, the prorated ratio is 6/12.

If given annual housing allowance of $10,000:
- Eligible pay: $20,000 ((6/12) x ($30,000+$10,000))
- Calculated contributions: $2,200 (11 percent x $20,000)
- Prorated EBPH: $3,289 (6 months worked, 6/12 x $6,578)
- Church contributions payable: $3,289

If parsonage is provided instead of a housing allowance:
- Eligible pay: $21,000 ((6/12) x ($30,000 x 140 percent = $42,000))
- Calculated contributions: $2,310 (11 percent x $21,000)
- Prorated EBPH: $3,289 (6 months worked, 6/12 x $6,578)
- Church contributions payable: $3,289

Example 5: Full-time pastor; effective date of the call, July 15, 2016.* Annual base salary of $30,000. Based on 170 days worked, the prorated ratio is 170/365.

If given annual housing allowance of $10,000
- Eligible pay: $18,630.14 ((170/365) x ($30,000 + $10,000))
- Calculated contributions: $2,049.32 (11 percent x $18,630.14)
- Prorated EBPH: $3,063.73 (170 days worked, 170/365 x $6,578)
- Church contributions payable: $3,063.73

If parsonage is provided instead of a housing allowance:
- Eligible pay: $19,561.64 ((170/365) x ($30,000 x 140 percent = $42,000))
- Calculated contributions: $2,151.78 (11 percent x $19,561.64)
- Prorated EBPH: $3,063.73 (170 days worked, 170/365 x $6,578)
- Church contributions payable: $3,063.73
Appendix 1 (continued)

2016 EBPH: $6,578 annually


If given annual housing allowance of $10,000:
- Eligible pay: $45,000 ($35,000 + $10,000)
- Calculated contributions: $4,950 (11 percent x $45,000)
- Church contributions payable: $4,950
- (EBPH not applicable because of part-time status)

If parsonage is provided instead of a housing allowance:
- Eligible pay: $49,000 ($35,000 x 140 percent)
- Calculated contributions: $5,390 (11 percent x $49,000)
- Church contributions payable: $5,390
- (EBPH not applicable because of part-time status)

Example 7: Part-time pastor; effective date of the call, July 15, 2016.* Annual base salary of $35,000. Based on 170 days worked, the prorated ratio is 170/365.

If given annual housing allowance of $10,000:
- Eligible pay: $20,958.90 ((170/365) x ($35,000 + $10,000 = $49,000))
- Calculated contributions: $2,305.48 (11 percent x $20,958.90)
- Church contributions payable: $2,305.48
- (EBPH not applicable because of part-time status)

If parsonage is provided instead of a housing allowance:
- Eligible pay: $22,821.92 ((170/365) x ($35,000 x 140 percent))
- Calculated contributions: $2,510.41 (11 percent x $22,821.92)
- Church contributions payable: $2,510.41
- (EBPH not applicable because of part-time status)

*For calendar year 2016, there are 31 days in January, 29 days in February, 31 days in March, 30 days in April, 31 days in May, 30 days in June, 31 days in July, 31 days in August, 30 days in September, 31 days in October and 31 days in December.
A new service being offered is the ability to remit contributions to the RCA 403(b) plan directly to Fidelity electronically. We would like to encourage all churches to move to remitting contributions electronically. The electronic process will help to minimize errors that can result from manual transactions, and contributions will be in the accounts of the participants more quickly. To take advantage of this new capability, you simply need to:

1. complete a Fidelity Electronic Remittance Application form; and
2. return the completed form to BOBS.

Contributions to the RCA 403(b) plan can still be remitted to Fidelity manually by check and by the use of the Fidelity contribution remittance form. The Fidelity contribution remittance form is periodically mailed to you by Fidelity. Please make sure to edit the form for any changes in your minister(s) participation in the RCA 403(b) plan such as: change in eligible compensation, or a new minister joining your church. To make changes, simply cross off the old information on the Fidelity contribution remittance form, write in the new information, and enclose your check.

The various forms can be found on the RCA web site treasurer page as follows:

**Contribution Remittance Form:**
http://images.rca.org/docs/bobs/ContributionRemittanceForm.pdf

**Fidelity Electronic Remittance Application:**
http://images.rca.org/docs/bobs/FidelityElectronicRemittance.doc
Appendix 3

Medical and Other Insurance

Group insurance is available through the Reformed Benefits Association (RBA), a partnership between the Board of Benefits Services and the Christian Reformed Church in North America. Churches and other employers may choose comparable coverage or may reimburse the eligible minister(s) for the cost of the insurance they purchase on their own through a state or federal insurance exchange/marketplace operated in accord with the Affordable Care Act.

Formulary 5 states, “such medical insurance shall meet or exceed the minimum standards set by the Board of Benefits Services.” The minimum standard for 2016 shall be a plan that is comparable with the medical plans offered by the RBA.

In 2016, the RBA will offer a basic plan, a consumer plan (prior CDHP plan), and a premium plan. The basic plan has a $5,000 individual deductible and a $10,000 family deductible. The maximum out-of-pocket cost is $6,000 for an individual and $12,000 for a family.

While the basic plan will meet the minimum standards of coverage, it is recommended that churches provide coverage that approximates the consumer plan. The consumer plan carries an individual deductible of $2600, and a family deductible of $5200. The maximum in-network, out-of-pocket cost is $5000 for an individual and $10,000 for a family. If purchasing medical care out of network, the out-of-pocket maximum increases to $10,000 for an individual and $20,000 for a family. Coverage is 80 percent after the deductible has been met and until the out-of-pocket maximum has been reached. Once the out-of-pocket maximum has been met, the plan pays 100 percent of eligible medical expenses. The consumer plan also has what is called an “embedded deductible.” This means that any one individual in a two-person or family plan will only need to meet the individual deductible before the plan cost-sharing (“coinsurance”) begins. The consumer plan also will cover many commonly prescribed “preventive” medications (for example, drugs to control high blood pressure and high cholesterol) before the deductible is met.

A participant in the basic or consumer plans may establish a health savings account (HSA) that can be funded with pre-tax dollars. Many RCA employers “seed fund” these accounts for their ministers. It is recommended that employers not fund more than half of the HSA annual maximum contribution for an individual or family. This HSA can be established by the employee through a local bank or credit union. An employee may also make pre-tax salary deduction contributions to an HSA up to the annual maximum for an individual or family. In 2016, the HSA maximums are $3350 for a single person and $6750 for two or more persons on a qualified plan. Those over age 55 are allowed a “catch up” contribution of $1000 annually. An employee may not contribute to an HSA if they are over 65 years of age.

In addition, the BCO requires that eligible RCA ministers be provided with basic life and long-term disability (LTD) insurances.

RCA ministers who enroll in medical insurance through the RBA will also be enrolled in the RBA basic plan. Participants in the RBA can also elect supplementary life insurance plans offered through the RBA. Open enrollment through the RBA will be from October 19 to November 3, 2015. Those who enroll will have a coverage date of January 1, 2016. RBA is sending more information regarding open enrollment and plan details in early October.
Appendix 3 (continued)

Medical and Other Insurance

RCA ministers who do not enroll in medical insurance through the RBA will be enrolled in the group life insurance plan provided by BOBS.

In addition, since the RBA does not offer LTD insurance, eligible RCA ministers will be enrolled in the LTD insurance program sponsored by BOBS.

BOBS plans to send open enrollment information to eligible ministers by mid-October. Open enrollment for life and LTD insurance through the Board of Benefits Services will be from November 9 to November 30, 2015.

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More information about the RBA can be found at www.reformedbenefits.org. More information about the life and LTD insurance programs offered through the Board of Benefits Services can be found on the RCA website. Information regarding 2016 insurance rates, beneficiary designation, and payment options is available at www.rca.org/benefits/ltd-and-group-life-insurance. Per Internal Revenue Code Section 79, employer paid group life insurance may generate taxable, imputed income. More information is available on the BOBS (RCA) web page.
Appendix 4

BOBS Contact Information

RCA retirement program (and address changes)
Thos Shipley, retirement program plan administrator: 212-870-3086, tshipley@rca.org

RCA life insurance and long-term disability insurance plans
Cineca Anthony, life and LTD administrator: 866-221-5480
Jeanenne Spencer, life and LTD administrator: 866-221-5480, retirement@rca.org

RCA 403(b) correction and reallocation (and other special projects)
Feifei Liu, benefit actuarial analyst: 212-870-3244, feifeiliu@rca.org

Retiree chaplains and assistance program
Mornier Rich, coordinator of the retiree chaplains program: 212-870-3245, mrich@rca.org

All other questions
Claude Bussières, manager of retirement services: 212-870-2892, cbussieres@rca.org

Executive director of benefits services
Kelly Oliveira: 616-541-0869, kolumeira@rca.org