Report of the Board of Benefits Services

The Board of Benefits Services (BOBS) was established by the General Synod of the Reformed Church in America (RCA) and incorporated and approved by Act of the Assembly of the State of New York on April 16, 1923.

The General Synod has delegated to the Board of Benefits Services the responsibility to manage and administer the retirement and insurance programs required by the Reformed Church in America Book of Church Order (BCO) Formulary No. 5 and the assistance programs, and to also ensure the availability of appropriate group life insurance benefits, group long-term disability benefits, and other programs or services related to the financial and physical wellbeing of eligible ordained ministers and their dependents, and of other employees of agencies, assemblies, and institutions of the Reformed Church in America.

The board met in Chicago, Illinois, on October 12–13, 2016, and again in Orlando, Florida, on March 13–14, 2017. The volunteer board consists of at least nine but not more than seventeen members, including pastors and professionals from business, finance, investments, and law. Board membership also includes the officers of General Synod and the general secretary.

Review of Ends and Executive Limitations

The Board of Benefits Services, like the General Synod Council, utilizes the principles of policy governance to conduct its work and to guide its oversight and supervision of its executive director in the fulfillment of the purposes (“ends”) it was established to accomplish by the General Synod.

Key to its use of the principles of policy governance is the responsibility to state clearly the reasons the Board of Benefits Services exists. In policy governance the reasons are stated as “ends.”

Two board work groups reviewed and proposed revisions to the BOBS governance policies to reflect the constitutional amendments approved by General Synod 2016. The following updated ends policies were approved in the October meeting:

1: Manage and administer the retirement programs required by BCO Formulary No. 5.

   1.1: Participants and eligible participants have a means to wisely set aside funds at a rate commensurate with other church plans.

   1.2: Participants and eligible participants have a means to convert accumulations into retirement income choices, including guaranteed lifetime income options.

2: Manage and administer the insurance programs required by BCO Formulary No. 5.

   2.1: Reasonable health insurance benefits at rates commensurate with other church plans are available to participants and eligible participants through our partnership with Reformed Benefits Association (RBA). Recognizing that the partnership with RBA is a board decision, the executive director is tasked with the following end: “Advocate for the purposes of 2.1 and monitor and report the effectiveness of current partnership with RBA to the board.”
3: Manage and administer the Reformed Church in America–funded assistance programs.

   3.1: Active and retired participants and spouses might have access to an assistance fund that may be available based on demonstrated need and is limited by available funds.

4: Ensure the availability of appropriate life insurance benefits and long-term disability benefits.

   4.1: Reasonable life insurance benefits and long-term disability benefits at rates commensurate with other church plans are available to participants and eligible participants.

5: Provide other programs or services related to the financial and physical wellbeing of eligible ordained ministers and their dependents, and of other eligible employees of agencies, assemblies, and institutions of the Reformed Church in America.

   5.1: Participants and eligible participants have access to and are encouraged to use information and educational resources that allow them to make timely financial decisions regarding their retirement and their health-, life-, and disability-related benefits.

   5.2: Investigate, and if appropriate, ensure availability of programs or services related to multidimensional wellness and wellbeing.

Review of Services and Ministries

Fidelity Investments and Fund Management

In a continual effort to improve administrative process and drive down the cost of administration, staff and Fidelity have been inviting churches to transmit funds electronically through a Fidelity online portal instead of manually by check. This process has been available since September 2015. Currently, only 30 percent of our churches have enrolled in the system and only 15 percent of our churches have logged into the portal. Online remittance of funds is a crucial step in reducing administrative fees and being able to be a desirable customer for other recordkeepers. Full cooperation from treasurers is needed to make this transition successful.

In collaboration with the Investment Advisory Committee (IAC), in its fiduciary role, BOBS monitors the performance of the investment options (funds) available under the two retirement programs. BOBS and the IAC are assisted in this task by outside investment consultants. Lockton Advisors, our investment consultant, remains a valuable asset as it continues to monitor the investment options and administrative expenses associated with the retirement plans. We are currently working with Fidelity to transition a number of funds to their lower-cost equivalent. Reasons for the lower-cost fund availability varies by fund. It is estimated that participants invested in these funds at the current level of investments will save $20,000 per year collectively. Effective January 1, 2017, we implemented a fee reduction for our participants from 29 basis points to 28 basis points. This represents a decrease of 30 percent in the past five years.

After one year of availability, 25 participants are enrolled in the Portfolio Advisory Service at Work (PAS-W) program through Fidelity. PAS-W is an optional service that provides professional management of a participant’s plan account for an advisory fee of 0.50 percent, billed quarterly. Fidelity’s investment consultants create an investment strategy
that aligns with the personal goals of an individual and will monitor those investments and adjust the strategy based on the market or life changes of the participant. This investment service is optional. Enrollment campaigns are held annually to allow a participant to enroll at a discounted price to test the program.

In order to improve security and reduce fraud, Fidelity is rolling out a two-factor authentication (TFA) for participants performing certain high-risk transactions (password and user ID requests, rollover requests, etc.) on netbenefits.com.

At our request, a project was initiated with Fidelity to allow employee contributions to be elected on a percentage basis as well as a fixed dollar amount.

New participants continue to enroll online through the Fidelity NetBenefits website. In addition, current participants can change their employee contributions and list and update beneficiaries directly on the Fidelity website.

*RCA 403(b) Retirement Correction Project*

Staff continued to collect the necessary information from RCA employers for the 403(b) correction project. By housing the Retirement Security Form alongside the Consistorial Report Form, the necessary information for 2016 has been collected so staff can complete the contribution verification process. BOBS staff appreciate the cooperation of treasurers and consistory members in providing this information.

As reported in prior years, the correction project was initiated in 2012 to audit the participation and payment of the required employer contributions related to the retirement accounts of eligible ministers under call or contract. Many employers were out of compliance with the plan document and the *Book of Church Order* and had not contributed the required 11 percent of compensation to eligible RCA ministers’ retirement accounts.

As a result of the correction project, over $1 million has been added to the retirement savings accounts of RCA ministers. Nine churches have reported they will not contribute the outstanding funds to the 403(b) accounts of their pastors and significantly more churches have not responded to the requests for payment or have only provided the basic information requested by staff to perform the review.

Contributions will be verified through an annual review process and ministers, churches, and classes will be made aware of missing contributions.

A growing concern is the lack of response from the churches who are not providing the requested data so staff can verify the contributions to the accounts of the ministers. Several discussions between the Board of Benefits Services and the Commission on Church Order have taken place since October 2016 to determine what can be done to get churches to respond. Further discussions between GSC staff, the Commission on Church Order, and BOBS board members raised the added question of who is ultimately responsible for making the contributions and who is potentially liable if the contributions are not made. The plan document states responsibility for making contributions lies with the church employer.

The review of church compliance (adoption agreement, contributions, life and LTD insurance coverage) on a per-classis basis continues. All of the classes have received reports that outline which churches are not in compliance and which churches have missing contributions or adoption agreements or have failed to pay the insurance premiums on behalf of their pastors. The regional synods have been copied on this communication. Staff feel confident that we have made reasonable efforts to collect these contributions.
The correction project will be rebranded as the retirement contribution verification project in 2017. The formal review and data gathering will be done once every three years for a select group of churches who have fulfilled their obligations by faithfully paying the correct amount each year. This will lessen the burden for staff as well as treasurers and volunteers. Treasurers and ministers have tools available online to self-verify, certifying that the right amount of contributions has been remitted for any given year. Furthermore, in the annual BOBS fall newsletter, ministers are reminded to verify that they received the accurate amount of retirement contributions for the year by using the tools available on the benefits webpage. Upon request by a minister or treasurer, staff will perform the formal review.

To participate in the 403(b) plan, employers need to complete and submit an adoption agreement to the Benefits Services office. This is a compliance document that can allow a consistory some flexibility in defining the terms of its participation in the RCA 403(b) retirement program. The agreement recognizes the RCA 403(b) plan as the retirement plan of the employer. If an employer submits funds on behalf of its ministers, the board recognizes this action as evidence that the employer has adopted the agreement. Staff will continue to request adoption agreements from employers as required by the plan. The adoption agreement should be completed annually, or whenever there are staff or contribution changes. The agreement can be downloaded from the church treasurers’ page on the RCA website, www.rca.org/resources/church-treasurers-and-administrators.

Reallocation Project

The Board of Benefits Services’ non-qualified retirement plan holds funds for 1,838 participants, with a market value of nearly $250 million as of December 31, 2016. This plan was closed to new participants and contributions as of December 21, 2004. The plan has advantages and disadvantages. Staff feels that the potential disadvantages are compelling enough to open the opportunity for participant funds to be transitioned out of the RCA retirement plan and into the 403(b) retirement plan.

Following approval by the 2015 General Synod, the legal plan document of the RCA retirement plan was amended to allow the reallocation of participant funds from the RCA retirement plan to the RCA 403(b) retirement plan. The Board of Benefits Services implemented a process in the summer of 2015 to reallocate retirement savings from the RCA retirement plan to the RCA 403(b) plan. This reallocation was a two-step process that required participants to provide relevant information to confirm their eligibility and determine the amount that could be reallocated for the 2014 tax year. Staff worked closely with Fidelity Investments in the process, and the review was completed in strict compliance with the IRS 415(c) rules. Participation was optional.

This process took place again in the summer of 2016, for tax year 2015, for eligible participants in the retirement program. In September 2016, $6,159,535 was reallocated from one plan to the other.

In June 2017, the Reallocation Project will be offered to participants in connection with the 2016 tax year.

Insurance Programs

The Board of Benefits Services continues to collaborate with the Christian Reformed Church in North America (CRCNA) regarding the Reformed Benefits Association (RBA). The RBA board is made up of RCA and CRCNA representatives. Nancy Degood, vice president of human resources at Universal Forest Products in Grand Rapids, Michigan, joined the RBA board as an RCA representative, replacing Denise Ratcliffe. Nancy has
more than 25 years of human resources experience, and for most of those years has been deeply involved in employee benefit programs.

RCA and CRCNA entities are eligible to participate in RBA benefit offerings by agreeing to the Terms of Participation. The terms require that entities enroll all eligible full-time staff in the health insurance (unless the staff member has coverage through a spouse or parent or has retiree health insurance) and that members be enrolled in the basic life insurance of $175,000. Part-time staff are eligible to participate as well. Optional benefit offerings include dental, vision, and supplemental life; however, participants cannot enroll in the supplemental benefits without purchasing medical and life insurance coverage. RBA does not provide long-term disability insurance for clergy.

RCA ministers who are not enrolled in medical insurance through the RBA are enrolled in the group life and long-term disability insurance offered and administered through the Board of Benefits Services. In providing these benefits for eligible ministers, churches have access to an affordable group plan that allows them to easily fulfill the requirements of Formulary No. 5 of the *Book of Church Order*.

Churches are billed quarterly for the BOBS policies. Reminders are sent to the church and the classis when an invoice is not paid by the due date. If payment is not received, a notice of cancellation is sent to the minister and the treasurer. Currently, almost 400 eligible RCA ministers are enrolled in the group basic life insurance and 735 are enrolled in group long-term disability insurance plans administered through the Board of Benefits Services.

The loss of coverage is a violation of the *Book of Church Order* and puts employers out of compliance. More importantly, this loss of coverage puts the participants at financial risk, should an uncovered insurance event happen. We continue to work with the classes to ensure proper insurance coverage is available and provided to all eligible RCA ministers. A summary of ministers without life and long-term disability insurance is communicated to each classis stated clerk prior to termination of the policy.

Last year, five separate overtures were brought to General Synod requesting that General Synod instruct the Board of Benefits Services to provide a mechanism by which specialized transitional ministers may keep their denominational life and accidental death and dismemberment insurance between assignments.

In response to the overtures, the Advisory Committee on Overtures and New Business made the following recommendation, which was adopted by the 2016 General Synod (*MGS 2016*, R 16-34, p. 168):

> To instruct the Board of Benefits Services to continue developing a mechanism by which specialized transition ministers (formerly called specialized interim ministers) and ministers who are between calls or contracts may keep their denominational life and accidental death and dismemberment insurance; and further,

> To investigate how our Formula of Agreement partners are dealing with the issue.

In response to this recommendation, phone contact was made with the Presbyterian Church (U.S.A.) (PC(USA)), the United Church of Christ (UCC) and the Evangelical Lutheran Church in America (ELCA). In addition, the Christian Reformed Church in North America (CRCNA) and the Reformed Benefits Association (RBA) were contacted.
Life insurance for employees enrolled in benefits through each of these five entities terminates as of the last day of employment or as of the last day of the month in which employment is terminated. This is standard for most group life insurance plans. The group life and long-term disability plans administered through BOBS provide extended group coverage for ministers without charge, including specialized transitional ministers.

As reported to the Advisory Committee on Overtures and New Business at the 2016 General Synod, Reliance was able to extend our policy to cover ministers for up to three months after an assignment ends, provided that the premiums are paid for by the church where the minister was most recently assigned. This coverage went into effect on May 1, 2017.

The PC(USA) has a separate self-insured transitional participation coverage program that is billed to the member directly. Each dollar paid out in life benefits is paid directly by the PC(USA). Participation in this program requires a written letter from a classis showing proof that the individual is actively seeking to serve in a new church. If approved for coverage, the minister is able to extend his or her group life insurance coverage for up to two years. Due to the financial risks, the Board of Benefits Services is not able to offer coverage via a self-insured plan at this time. Actual life insurance payments made by Reliance on eight separate claims over the last five years totaled more than $1.1 million.

We spoke again with our insurance broker, who reiterated that our plan is unique in that we are able to provide three months of additional coverage to a participant who is not actively working.

We requested quotes from two separate brokers for BOBS’ life and long-term disability policies. At this point, only one insurance company is able to provide us with competitive rates for life insurance coverage for our clergy. Each of the companies we have formally heard from have declined to provide a quote for our long-term disability insurance due to our industry.

The Board of Benefits Services remains committed to providing group life and long-term disability insurance at a competitive rate for eligible RCA ministers. We continue to seek ways to expand the coverage.

Retiree Chaplains Ministry

Twenty-seven retiree chaplains are employed by the Board of Benefits Services to call and visit more than 1,000 retired pastors and surviving spouses across the U.S. and Canada each year. The retiree chaplains see each retired pastor once per year and call them at least three times per year. This ministry attempts to keep retired pastors and their spouses connected to the RCA after a life of service and provides a resource for those who are experiencing significant medical, financial, or emotional needs. Retiree chaplains play a key role in the assistance program. They know the needs of the retirees, are able to identify those who might have a need and, at the request of staff, will contact the applicant or a family member to clarify the extent of the need. The annual retiree chaplain meeting took place April 27–28 in Holland, Michigan.

Assistance Program

Financial assistance grants are awarded each year to eligible ministers and their surviving dependents. Assistance may be granted for housing and utilities, ongoing medical insurance premiums, higher education for children of deceased ministers, funeral grants to surviving spouses, and retirement contributions for disabled ministers. Matching grants are available for emergency needs of active RCA ministers and for the medical insurance premiums of
full-time RCA ministers involved in a new church. The assistance program provided more than $375,000 in grants to nearly 50 recipients in 2016.

Each year, grant recipients express their gratitude by sending a note of thanks to the staff. One recent thank-you note said:

I humbly acknowledge receipt of the Denomination’s kind check that has been sent to me on the occasion of the death of my husband.

Thank you for your kind words of sympathy. He was loved by many and the outpouring of sympathy I have received is almost overwhelming. 66+ years in the Ministry is a Life well lived for and with God. My faith, family and a lifetime of beautiful memories will bring me much comfort in the days and months ahead.

Another spouse thanked the RCA by saying:

Please relay our gratitude to the proper group (BOBS or another). We are thankful for this assistance. Stan is doing well again here at home after spending the week of his 90th birthday in the hospital recovering from a slight stroke. He has an exercise schedule and is, I believe, getting stronger in his feet and legs so that he can continue to walk with a walker and not have to use a wheel chair for mobility. Again, thank you for your help.

Four primary sources of income for the programs have been identified: administrative fees from the RCA retirement plan, assessments, contributions, and endowments. The donor’s intended purpose for each endowment has been researched and documented.

1. Administrative fees (RCA retirement plan): Expenses for the retiree chaplains program and the assistance program that are not covered through assessments, contributions, and endowments are covered by the administrative fees charged to the plan as noted in Article V, Section 5.4 of the plan document.
2. Assessments: In 2017, assessments designated for the assistance fund were increased from $1.50 to $2.00 per member.
3. Contributions: Any donation to BOBS that is not specified for another fund is deposited into this fund to be used for the assistance program.
4. Endowments:
   • Ed and Luella Mulder Pastor Assistance Fund: Beginning in 2017, the earnings are being distributed to the assistance fund.
   • Frank Williams Fund: This endowment specifies that the interest shall only be used to aid ministers who have special emergency needs. This has traditionally been used to provide assistance to active RCA ministers, on a matching-funds basis with the consistory, other RCA employer, or classis of membership.
   • Stillwell Trust: The interest can only be used to fund the assistance program. Beginning in 2017, the earnings are being distributed to the assistance fund.
   • Restricted legacies and assistance funds: These are board-restricted funds to be used for assistance. In 2017, the Children’s Fund (formerly the Orphan’s Fund) was rolled into the assistance fund, expanding the coverage to include the provision of higher education grants for dependent children of deceased RCA ministers of Word and sacrament.
   • Van Brunt Trust: The distributions from this trust are made each quarter to the assistance fund.
A board-restricted endowment fund has been established with the reserves from the medical plan that was managed by the Board of Benefits Services. Future earnings from the fund will be used for assistance and the creation of a multidimensional wellbeing program. Budgets are being planned so that the assistance fund and the retiree chaplains program will eventually be fully funded by assessments, contributions, and earnings from the various endowment funds.

**Wellbeing**

At the October board meeting, the board discussed moving forward with investigating the offering of a multidimensional wellbeing program.

Caring for the emotional health of our pastors has been an ongoing need in the denomination for a number of years. An employee assistance program (EAP) will be put in place that will reach our pastors nationwide. EAP programs typically offer free short-term counseling sessions for mental health, marital, substance abuse, financial, and work-related issues.

The second area to be prioritized will be financial wellness. Participants will be engaged through educational opportunities that will provide tools for budgeting, managing debt, saving responsibly, and turning savings into retirement income.

**Communication**

The Board of Benefits Services hosted retirement workshops and one-on-one meetings with a Fidelity planning and guidance consultant for participants located in Pella, Iowa; Chicago, Illinois; and Wichita, Kansas. Along with the staff- and Fidelity-led workshops, participants were able to register for a 30-minute, face-to-face consultation to review their investment choices and to manage their retirement savings goals. A Fidelity planning and guidance consultant was on site in Holland, Michigan, from June 7 to 9, 2017. Participants attending General Synod and those in West Michigan were invited to register for an opportunity to meet one on one with a consultant.

Participants will be able to take part in a number of webcasts in 2017. The webcasts and campaigns will address topics such as America Saves Week, PASW discount, Social Security planning, managing debt, Medicare, and beneficiary designations. A number of age-specific, targeted mailings and quarterly check-ins will also provide participants with relevant information, depending on the age of the participant.

The newsletter continues to be created and distributed to participants either through print or digitally. The newsletter is housed on the benefits page of the RCA website (www.rca.org/benefits).

The benefits page of the RCA website is an evolving resource for ministers, treasurers, consistories, and stated clerks. Information available includes minimum standards for medical insurance, newsletters, housing allowance letters, a calculator for imputed taxes, life and long-term disability insurance highlights, beneficiary and address change forms, retirement plan documents, investment performance updates, and links to Fidelity and the RBA.

Compliance-related documents (e.g., adoption agreements, retirement plan investment changes, etc.) are reviewed either by the RCA's general counsel or Board of Benefits Services’ external attorneys at Conner and Winters prior to distribution to employers, supervising entities, and participants.
Participants are encouraged to contact retirement@rca.org with any questions.

*Finance and Annual Audit*

Please see the report of the Office of Finance on pages 51-62.

*Board and Staff Transitions*

The Board of Benefits Services expresses its gratitude and appreciation to Denise Ratcliffe and Evan Vermeer, who completed their board terms at the end of June 2017. The board is also grateful for the faithful service of Thomas Bos, Neal Busker, and Virgil Dykstra, who completed their employment as retiree chaplains in 2016.