

Report of the Board of Benefits Services

The Board of Benefits Services met in regular session on October 14-15, 2008, in Chicago, Illinois, and on March 18, 2009, in a webinar meeting hosted from New York City. The board, through its finance, insurance, and policy committees, discussed and made decisions on several important issues that impact the financial and medical health of participants that are enrolled in the programs provided by the RCA through the Board of Benefits Services. The Board of Benefits Services has also begun the process to implement a policy governance approach to their workings as a board. The board has determined that policy governance provides the most effective way to make BOBS responsive to both the immediate and long-range needs of the denomination and the participants.

The objective of the Board of Benefits Services is to support those in ministry to the RCA by providing benefits during times of transition and financial need. In order to provide this support BOBS must utilize insurance principles that require levels of participation that can sustain the programs over time and in a cost efficient manner. BOBS is committed to carry out the policy of the denomination as identified in the *Book of Church Order*.

Covenant of Care and Full Participation

The Board of Benefits Services (BOBS) revised the definition of full participation under the Covenant of Care in order to address the concern of requiring all full-time pastors to be in the medical insurance program and to respond to the request of several classes at the 2005 General Synod. As of January 1, 2006, an RCA church with a full-time minister of Word and sacrament under call or contract can meet the full participation requirement by paying a contribution of one-half the single annual medical premium. This contribution helps maintain the viability of the RCA medical program and also allows the minister of Word and sacrament to enter into the RCA medical program should circumstances change and health coverage become needed through the RCA medical program.

As of January 1, 2007, in order to comply with the requirement of Formulary 5 as outlined in the *Book of Church Order*, BOBS has included all full-time ministers of Word and sacrament in the medical program or Covenant of Care contribution, basic life insurance, and long-term disability. The board recognizes that local practices may differ with providing these coverages, but in order to meet its fiduciary responsibility as an agency of the General Synod and to meet requirements of its insurance contracts, BOBS is required to provide these benefits to pastors.

BOBS is called by the denomination to provide benefits to all full-time RCA ordained pastors. BOBS must establish benefits, policies, and rates based on this directive. BOBS does not have authority over the actions of churches and consistories and therefore cannot force the collection of contributions for the benefits required by the *BCO*. Non-compliance with Formulary 5 at the local level creates 1) the potential loss of benefits to the entire denomination, and 2) a potential inability to fully fund benefits due to non-payment at the local level. These two potentials both became a reality with the loss of long-term care coverage due to lack of participation. A third consequence was the premium increase for medical insurance for 2009—which would not have been necessary if all Covenant of Care premiums had been paid.

BOBS is working on solutions to this issue but recognizes that this will require joint understanding, acceptance, and responsibility at both the classis and consistory level. BOBS is committed to greater communication and dialogue with these groups to emphasize the importance of full participation.

In 2007, based on input from classis at General Synod in 2006, BOBS revised its policies to provide a way for consistories and other assemblies to be in compliance with Formulary 5 while still making it possible for those pastors with equivalent medical plan alternatives to opt out of the RCA medical program if they would contribute a Covenant of Care charge equal to one-half the single medical premium of the RCA program.

As of 2007, BOBS has been charging consistories and other employing assemblies the Covenant of Care premium for active ministers if they are not in the RCA medical program.

BOBS does not have the authority to initiate enforceable action for the collection of Covenant of Care or other benefit premiums related to full-time active pastors. As of January 1, 2009, BOBS has accounted for \$310,000 in unpaid Covenant of Care premiums.

Had Covenant of Care premiums been paid there would have been no RCA medical plan premium increase in 2009. Therefore, churches that are in compliance with *Book of Church Order* and General Synod policies are subsidizing noncompliant churches. Therefore, the Board of Benefits Services offers the following recommendation:

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To increase the per-member assessment for classes in which consistories are in arrears in the payment of benefits required in Formulary 5 (Call to a Minister of Word and Sacrament) for all of its ministers serving full-time in congregations under call or contract, unless the minister is covered through the Canadian portion of the RCA plan or the plan of the communion where the minister's membership is held (BCO 1.II.12.Sec. 3 and 1.I.2.Sec. 7); and further;

that the 2010 assessment be set for each classis in which there are consistories in arrears based on the amount of the current arrearage for the consistories in that classis.

The RCA Insurance Program: Striving to Help Participants Retain and Regain Health

The major objectives of BOBS are to provide benefits that meet the needs of participants and their families and to provide benefits that are financially sound and affordable for the denomination. Fortunately, due to the efforts of many throughout the denomination, the insurance programs (medical, drug, dental, disability, long-term care, and life) are on very solid financial footing. As of January 1, 2009, the medical program is fully reserved and able to pay all incurred but not reported claims. The entire insurance program has a total working reserve of just over \$8.5 million. As a result, BOBS was able to 1) maintain average premium increases of 3 percent over the last four years, 2) develop programs that enhance the entire plan and better serve the participants, and 3) provide incentives to encourage greater participation in the wellness initiatives.

BOBS provides medical, life, and disability coverage through its Benefits for Life program. Benefits for Life is designed to provide quality medical care through United Healthcare and Medco and to offer comprehensive wellness and prevention services to promote health and well-being. Participants can benefit from the following services:

- Access to large physician, hospital, and prescription drug networks through United Healthcare and Medco.
- Health and well-being assessment surveys with the opportunity for participants to engage in lifestyle coaching programs to increase health and productivity.
- The HeartMath program, which is offered to all active participants. HeartMath is a program designed to help participants deal with the negative impact of stress and improve cognitive performance.
- Increased basic and supplemental life benefits for participants over age 51.
- Increased retiree medical coverage to a 90 percent/10 percent coinsurance.
- Online enrollment with single-sign-on functionality.
- Online access to benefits, with the ability to update indicative data immediately.
- Web-portal access to health resources related to wellness, health management, medical providers, and prescription drugs.
- One hundred percent coverage for most preventative and diagnostic procedures.

BOBS' major emphasis in 2008 is twofold: to increase participation in the wellness programs and to obtain better biometric and health status information so that BOBS can develop more comprehensive and effective programs to meet the needs of our participants.

Insurance Premium Rate Changes

Effective January 1, 2009, the Board of Benefits Services was able to offer all programs under Benefits for Life at a premium increase of three percent. This increase is well under the national average of 10 percent. For the last three years rate increases have averaged less than three percent per year.

The Transition to the RCA 403(b) Retirement Program

At the 2005 General Synod the denomination delegated to the Board of Benefits Services full responsibility for developing and implementing the RCA's retirement plan, in accordance with the Covenant of Care, to provide participants with a program that provides

competitive and varied investment opportunities, exceptional customer care and service, and distribution options that will provide income when needed while protecting income as one moves through the retirement years.

With this responsibility the Board of Benefits Services moved forward with the transition to the RCA 403(b) Retirement Program. Contributions made since January 1, 2005, have been credited to the amended and reinstated RCA 403(b) Retirement Program. The non-qualified RCA Retirement Plan was frozen from further contributions effective December 31, 2004. The Board of Benefits Services took this action for several reasons. In October 2004 Congress passed legislation that significantly changed the rules on how the prior RCA retirement plan could operate. These legislative changes made it virtually impossible for the Board of Benefits Services to continue to operate the plan as it was designed. The law did not apply to the 403(b) program. The board used the opportunity to enhance the 403(b) by providing participants with greater management tools, loan flexibility, and additional investment options. The RCA 403(b) Retirement Program plan document, Summary Plan Description, and forms are available on the RCA website, as are the details concerning this transition.

Currently, the RCA 403(b) Retirement Program consists of participant money already deferred and invested in the 403(b) employee plan and contributions that have been made by churches, or other eligible employers, as of January 1, 2005. BOBS has determined that until the IRS provides for a private letter ruling on the possibility of the nonqualified program being deemed a 403(b) program, no further attempt will be made to merge the two retirement plans.

Fidelity Retirement Planning

The Board of Benefits Services is committed to providing educational resources to plan participants to assist them in planning for retirement. To this end BOBS has worked with Fidelity to provide various opportunities for participants to prepare for retirement. Fidelity works with participants who are three to five years away from retirement to evaluate current readiness for retirement and offer strategies to maintain or build toward greater retirement growth. Participants are matched with one retirement specialist through a one-on-one teleconference session or face-to-face at a local Fidelity branch to review budgeting and retirement income stream. Plan participants can expect Fidelity to render this level of service free of charge. Additionally, younger participants also have access to Fidelity retirement counselors to gather strategies toward retirement, such as deferring part of their salaries in order to save for retirement. At this meeting of the General Synod, as it does each year, Fidelity representatives are available to counsel plan participants on planning for their retirements.

In collaboration with Fidelity, the board is also communicating with participants who, based on age, may not be investing in a portfolio mix that could best maximize their retirement savings. A Fidelity advisor will work with these participants to align their funds to target retirement income needs based on their current age.

Transition of Members from the Board of Benefits Services

With deep appreciation and sincere gratitude, the board thanks the following Board of Benefits Services members who have completed their term of service.

Don Van Hemert
John Chen
Ellyn Blysmá

The board is grateful to these persons for their willingness and ability to provide their expertise and wisdom to help serve those in the Reformed Church in America. We commend them for their work and trust God will continue to bless them in all they do.