

HEALTH INSURANCE

The Diocese of Texas purchases its health insurance coverage through the group medical plans offered by the Episcopal Church Medical Trust. (An affiliate of the Church Pension Fund) These plans cover all eligible active clergy, retired clergy, surviving clergy spouses, diocesan lay employees and the eligible dependents of each of these groups.

To active participants the Diocese currently offers eleven Medical Trust Plans:

1. Cigna Consumer Directed Health Plan CDHP-20
2. Cigna Open Access Plus
3. Anthem Blue Cross Blue Shield EPO 80 Plan
4. Anthem Blue Cross Blue Shield PPO 75/50 Plan
5. Anthem Blue Cross Blue Shield PPO 70 Silver Plan
6. Anthem Blue Cross Blue Shield Consumer Directed Health Plan CDHP-40
7. Anthem Blue Cross Blue Shield PPO 90/70 Plan
8. Anthem BCBS BlueCard PPO 90
9. Anthem BCBS BlueCard PPO 80
10. Anthem BCBS BlueCard PPO 70
11. Anthem BCBS CDHP -20

Retired clergy and their surviving spouses on Medicare continue to be covered by Supplements to Medicare Part A and Part B that are offered by the Episcopal Church Medical Trust. The Diocese also provides a Mental Health Supplement that is administered through the Episcopal Church Medical Trust's Employee Assistance Plan, which is available to all covered clergy and lay employees.

Overall, the cost of health insurance for active diocesan clergy are flat, there are no increases for 2018. Parishes and institutions health insurance cost will rise by 6.47% for 2018. This increase is less than the average for premium increases across the United States. Our Insurance Task Force held a meeting on September 13, 2017, to look at these changes in more detail and will make recommendations to the Executive Board prior to year-end.

As a reminder, in September 2013 the Executive Board voted that all clergy joining the Diocese after December 31, 2014, would receive only single coverage for themselves. By terminating family coverage for those clergy hired after January 1, 2015, the Diocese has now fully implemented parity between clergy and lay health insurance coverage.

As in past years, the Diocese will be provided with \$5 million in 2018 to offset its health care costs through the generosity of the Episcopal Health Foundation. These funds will allow the Executive Board to continue the significantly reduced insurance assessment on the parishes.

Please call or email Zee Turnbull, Human Resources/Benefits Administrator, at 713-353-2120 or 800-318-4452, ext. 2120, zturnbull@epicenter.org for further information regarding health insurance.

Linda Riley Mitchell, CFO

CLERGY LIFE INSURANCE

Effective January 1, 2009, the Church Pension Fund increased the life insurance coverage available to clergy and began providing up to \$100,000 in life insurance for all eligible, active clergy. This increased benefit generates imputed taxable income to the

clergy-person under the Internal Revenue Code. Churches will need to include this amount on the clergy person's W-2 each year.

The Church Pension Fund also provides up to \$50,000 in life insurance for all eligible employees. Retired clergy or clergy person with 25 years of credited service will continue to receive \$100,000 of life insurance. We emphasize how **extremely important** it is that pension assessments be paid currently for all active clergy. Failure to do so by their parishes could result in the loss of this important life insurance benefit to the clergy. If the pension assessments for a priest are in arrears by more than six months and the priest should die, life insurance benefit will not be paid.

Since 2002, Supplemental Life Insurance has been offered to all active clergy and lay employees under the age of 65. This plan offers the option to purchase Supplemental Term Life Insurance for the eligible clergy person or lay employee up to three times the life insurance benefit the Diocese provides. Or, they may purchase in increments of \$50,000 to a maximum of \$500,000 of coverage. Spousal coverage is based on the same calculation; however, it is limited to a maximum coverage of \$240,000. Clergy and lay employees will be responsible for the premiums and may apply at the date of hire. Premiums are based upon age and change in five-year increments. The supplemental term life insurance will be automatically reduced by 50% at age 65 and terminates at age 70.

For more information, please call or email Zee Turnbull, Human Resources/ Benefits Administrator at the Diocesan Center at 713-353-2120 or 800-318-4452, extension 1012, zturnbull@epicenter.org.

Linda Riley Mitchell, CFO

PENSIONS

Pensions are provided to the clergy through participation in the Church Pension Fund. This is funded by monthly contributions based on the compensation of clergy in each parish. Parishes are responsible for making monthly contributions timely. The clergy should also review their reports from the Pension Fund to assure the accuracy and timeliness of the amounts remitted to the Church Pension Fund. Delay in reporting changes results in retroactive adjustments, which are difficult to manage. In addition, adjustments can only be made for the previous two years, so failure to report adjustments could result in lower pension bases and therefore reduced pensions at retirement.

The Pension Fund's total net assets for the year ended March 31, 2017, were over \$12.1 billion representing an increase which totaled \$187.4 million as compared to March 31, 2016. These assets are still in excess of the required reserves by over \$1.40 billion. The Fund investments have a moderate return during this fiscal year. The Pension Fund paid out a total of \$377 million in pensions and other benefits during fiscal 2016.

The following table delineates the beneficiaries receiving benefits in each of the two fiscal years, each ending March 31:

<u>Beneficiaries</u>	<u>2017</u>	<u>2016</u>
Retired Clergy		
Normal Retirement	4,029	3,914
Early Retirement	3,612	3,606
Disability Retirement	445	447
Surviving Spouses	<u>2,701</u>	<u>2,681</u>
TOTAL	10,787	10,648

As the number of retirees increases in every diocese, the Church Pension Fund, through its ministry to the retired, is available to assist chaplains designated by our bishop in the ministry established in our diocese. Through personal contact and educational services, they are willing to assist the chaplains in interpreting pension benefits as well as introduce proven programs for ministry to and with the retired. The Church Pension Fund, in conjunction with the Diocese, provides training to enhance the pastoral ministry of these chaplains. The Church Pension Fund's Department of Pastoral Care and Education continues to offer Planning for Tomorrow Conferences, presented in each diocese every five years.

Church treasurers should be aware that 30% of the clergy's compensation is the annual housing factor to be used when computing the pension base for a clergy person who lives in a home owned by the church. Amounts reimbursed to clergy for payment of their self-employment social security also form part of the pension base along with salary, housing and utility allowances. Forms for calculation of clergy pension are available on the Diocesan website.

Church treasurers should promptly notify the Church Pension Fund office of all changes in compensation paid to their clergy staff. Monthly Pension assessment statements are issued by the Church Pension Fund and are based upon information on file. For questions or information, contact the Church Pension Group is 866-802-6333 or Zee Turnbull at 713-353-2120 or zturnbull@epicenter.org.

Linda Riley Mitchell, CFO

PROPERTY INSURANCE

Nearly all congregations within the Diocese hold property and casualty and personal property insurance with the Church Insurance Company of Vermont and their product partners. Parishes, missions and entities within the Diocese are free to insure their property with any reputable company of their choice so long as the coverages afforded are in accordance with Title II, Canon 5.2. This Canon requires that the coverages afforded under policies purchased from outside sources be comparable to those from the Church Insurance Company in the Diocesan master policy. Most commercial carriers will not write sexual misconduct insurance for churches and this coverage is required by the Diocese.

It is recommended to perform an annual review of your insurance coverage for general liability, sexual misconduct, non-owned auto, worker's compensation, director's and officer's liability and umbrella liability provisions.

Note that, effective August 1, 2017 flood coverage now encompasses a \$1,000,000 maximum limit, which is the minimum coverage to carry for flood. A Blanket Crime provision covers theft within churches with a \$25,000 limit. (Additional coverage is available at the church's expense.) Specific entities may find that they require other more expanded coverages to protect fine art, stained glass, vestments or other valuable church property. Church Insurance protects their insureds with all these coverages through the Diocesan master policy. They are also available to assist in reviewing your coverage. Church Insurance Agency has obtained product partners to provide quality coverage in a number of areas at more affordable rates for products such as director's and officer's and umbrella liabilities. This coverage is recommended by the Diocese.

For information and assistance with insurance through the Church Insurance Company, please contact our agent Mr. John Scheffler, Vice President of Client Services, at 972-355-0927 or via email to JScheffler@cpg.org You may also contact Jonathan Blaker in our offices at 713-353-2134 or jblaker@epicenter.org.

Linda Riley Mitchell, CFO