The Episcopal Diocese of Newark

Equipping congregations...
Empowering people...
Engaging the world...
...with the hope and justice of Jesus.

The Denominational Health Plan and The Lay Employee Pension System of The Episcopal Church

Frequently Asked Questions *(and answers)* for the people of the Diocese of Newark

June 2012

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THE DENOMINATIONAL HEALTH PLAN

1. What is the Denominational Health Plan (DHP)?

In 2009, the 76th General Convention of The Episcopal Church ("TEC" or "Church") passed Resolution A177 requiring all domestic dioceses, parishes, missions, and other ecclesiastical organizations or bodies subject to the authority of the Church ("mandated groups") to provide medical benefits solely through the Episcopal Church Medical Trust (the "Medical Trust").

2. When is the deadline for complying with the DHP?

All mandated groups are required to provide healthcare benefits under the DHP through the Medical Trust no later than January 1, 2013.

3. Who is the administrator of the DHP?

The DHP will be designed and administered by the trustees and officers of the Church Pension Fund. The Medical Trust is the plan sponsor for this self-funded plan and is responsible for designing the medical benefits offered through the DHP (the "Plans").

4. What are the goals of the DHP?

- Provide savings to our Church by leveraging its aggregated size for the large scale purchasing of employee healthcare benefits.
- Provide dioceses and groups with control, choice, and flexibility.
- Balance financial constraints with the cost of delivering adequate employee healthcare benefits.
- Provide health benefits through parity of plans and funding for all mandated group employees, whether clergy or lay.
- Provide access to healthcare benefits to all eligible employees.
- Secure future healthcare benefits for clergy and lay employees.
- Provide financial stability for employees (protection from catastrophic expenses) and provide employers a more stable position from which to absorb claim fluctuations and volatility.
- Decrease the healthcare benefit administrative burden for most employers.
- Provide comprehensive and integrated care management programs and processes for delivery of improved health outcomes.
- Create and maintain a central web-based source of data (Benefits Registry System BRS) on clergy and lay employee information for dioceses.
- Be proactive by working with TEC employees concerning healthy lifestyles, wellness, and preventive healthcare information.
- Provide excellent customer service.
- Provide individualized service, support, and education to dioceses through the assignment of a Regional Relationship Specialist from the Medical Trust's Client Relations department for each province.

5. How much is the Church spending on employee healthcare benefits?

In 2008, an actuarial estimate determined that the mandated groups and employers of The Episcopal Church spent approximately $133 million on healthcare benefits that year. In addition, it was estimated that employees contributed another $12 million, bringing the total cost to approximately $145 million. At that time, it was projected that if no changes were instituted, costs to the Church would almost double in seven years to over $250 million by 2015.

6. How much could the DHP save The Episcopal Church?

In 2008, it was projected that if the DHP was fully implemented by January 1, 2010, the savings would be approximately $64 million over the first four years.

7. Does the DHP require parish schools, camps and conference centers, social service agencies, or other Episcopal institutions to participate? What will happen in the Diocese of Newark?

No. The decision to cover other Episcopal institutions under diocesan authority will be left to each individual diocese. Each diocese will establish its own policy regarding coverage for employees working in non-mandated Episcopal institutions. However, those organizations can choose to participate voluntarily, even if not mandated by the diocese. For the Diocese of Newark, the Bishop's Advisory Committee on Human Resources will be making policy recommendations to the Diocesan Council and Convention for adoption at the 2013 Special Convention, to take effect January 1, 2013.

8. Does participation in the Medical Trust under the DHP require a group to comply with the requirements of the Lay Employees' Pension System (Resolution A138) too?

The Lay Employees' Pension System and the Denominational Health Plan are two separate canonical requirements. Although they are independent of each other, all dioceses, parishes, and missions are required to comply with both sets of requirements.

9. Which employees are required to participate in the Medical Trust under the DHP?

Full-time clergy and lay employees of mandated groups (domestic dioceses, parishes, missions, and other ecclesiastical organizations or bodies subject to the authority of TEC) are required to comply with Resolution A177 (the DHP). Full-time is defined as being regularly scheduled to work 1,500 hours or more per year or 30 hours per week, on average.

10. Can part-time employees participate in the Medical Trust Plans under the DHP?

The Medical Trust's eligibility rules relating to part-time employees have not changed for 2010, the first year under the DHP. Clergy and lay employees of any Episcopal institution that are regularly scheduled to work between 1,000 and 1,499 hours per year (20 to 29 hours per week on average) are eligible to participate voluntarily and at their own expense.

11. How are hourly lay employees who are hired to work less than 30 hours per week or 1,500 hours per year, but who actually work and are compensated for 1,500 hours or more per year, treated regarding participation?

The requirement to participate and the eligibility to participate voluntarily in the Medical Trust Plans are governed by actual compensated hours. In this case the employees would be required to participate because the actual hours worked total or exceed 1,500 per year.

12. What about clergy who receive a salary with no established hourly schedule?

Clergy generally know if they are full time (more than 1,500 hours annually) or part time (less than 1,500 hours annually) employees. Full time clergy employed by mandated groups are required to participate in the Medical Trust Plans. Salaried clergy employed by mandated participating groups that are not considered full time are eligible to participate voluntarily in the Medical Trust Plans. Part-time salaried clergy employed by other Episcopal entities may participate voluntarily if their employer offers medical benefits through the Medical Trust.

13. Are non-stipendiary clergy eligible to participate in the Medical Trust?

Currently, non-stipendiary clergy are not eligible to participate in the Medical Trust Plans, with a few exceptions as noted in the administrative guidelines. The Medical Trust is evaluating the eligibility of non-stipendiary employees as part of a strategic project initiated in 2010. Because the Episcopal Church Clergy and Employees' Benefit Trust ("ECCEBT"), the trust through which the Medical Trust Plans are funded (see Section 10), is a Voluntary Employee's Beneficiary Association (VEBA), the evaluation of eligibility of non-employees must be carefully assessed. The Diocese of Newark is actively exploring the option of access to medical insurance through the Medical Trust for our vocational deacons.

14. Are non-parochial clergy eligible to participate in the Medical Trust Plans?

Non-parochial clergy employed by Episcopal institutions that offer medical benefits through the Medical Trust are eligible to participate if they are regularly scheduled to work at least 1,000 hours per year (20 hours per week). Full-time non-parochial clergy employed by diocesan institutions may be eligible or required to participate at the option of the diocese.

15. What about clergy or lay employees who are employed by more than one congregation or Episcopal institution?

Full-time or part-time work status with The Episcopal Church determines the requirement for voluntary or mandatory participation in the Medical Trust Plans. In some cases, clergy and lay employees work for more than one Episcopal employer. Employers sharing clergy or lay employees should coordinate enrollment and cost sharing if the combined total number of hours worked for both employers exceeds the requirement for mandatory coverage.

16. Are domestic partners of clergy or lay employees eligible for medical benefits under the DHP?

Each diocese will decide individually whether or not to offer medical benefits to same-sex domestic partners, opposite-sex domestic partners, or both. The policy in the Diocese of Newark is that domestic partners are eligible for medical benefits coverage on an identical basis as married couples.

17. How will former employees, currently enrolled in a benefit continuation benefit, be treated under the DHP?

Although the Medical Trust Plans are exempt from the Employee Retirement Income Security Act of 1974, as amended (ERISA), an Extension of Benefits (EOB) provision is offered which covers existing employees receiving COBRA benefits through the end date that is currently in place at the time they transition to the Medical Trust Plans. Once an employer participates with the Medical Trust, the EOB program will be available to departing employees for a maximum period of 18 months from their employment termination date.

18. Our diocese has people enrolled in our program who may not meet the DHP eligibility rules for January 1, 2013. Will they have their benefits cancelled on January 1, 2013?

No. The goal of the DHP is to provide greater access to benefits. If a diocese has enrolled members who would not be eligible under the DHP, the Medical Trust will work with that diocese to develop solutions that work for everyone and are within the VEBA provisions as discussed above.

19. Who decides which health care networks are available?

In the Diocese of Newark, there will be no change to our existing practice. Diocesan Council makes decisions annually as to which plans and networks are made available to employees.

20. Who decides what types of plans will be available?

The Medical Trust reviews plan designs each year to ensure that the Diocese can offer plans that meet the needs of our diverse population. Conference calls are held annually with administrators to get their feedback regarding which plan designs work best for their populations.

The Medical Trust currently offers several Preferred Provider Organization (PPO) or Point of Service (POS) plan designs that allow members to utilize network and non-network providers, including high deductible health plans with the associated health savings accounts. Several other plans are also offered that provide only in-network coverage, such as Exclusive Provider Organization (EPO) plans and Health Maintenance Organization (HMO) plans. The current diocesan plans offer a range of deductibles, co-insurance amounts, and co-pays.

On an annual basis, groups providing benefits through the Medical Trust choose which plans to offer for the upcoming plan year from among the various Medical Trust Plans available. A group can offer its employees as many plans as it thinks necessary to meet the unique needs of its employees. Members whose employer offers multiple plans can choose to change plans during our annual open enrollment period. It is from these plans that the Diocesan Council makes its choices annually.

21. Will most employees have access to the same plan and provider network available as they do currently?

Because the Diocese of Newark has been part of the Medical Trust, employees will see no changes except those normally seen at annual enrollment time.

22. Will the Medical Trust continue to offer value-added benefits such as vision benefits, the Employee Assistance Program (EAP), and Health Advocate?

Yes, the Medical Trust will continue to offer these ancillary benefits for the foreseeable future. The availability, manner in which they are bundled, and cost of these types of benefits are reviewed annually.

23. What does "parity" refer to?

The DHP requires that each diocese establish, on a diocesan-wide basis, the minimum required employer cost-sharing percentage. That means that a diocese can choose to cover 100% of the premium cost for employees and families, or only a portion. "Parity" refers to the fact that the diocesan policy regarding employer cost-sharing must be the same for all eligible clergy and lay employees scheduled to work 1,500 or more hours per year. In other words, all full-time clergy and lay employees in a diocese must receive the same minimum level of funding - such as a percentage of the premium cost, a flat dollar amount, or a coverage level (i.e., single, family, etc.) - for healthcare benefits. The Bishop's Advisory Committee on Human Resources will make a recommendation to Diocesan Council for adoption by the Special Convention in June 2012. January 1, 2013 is the deadline for full implementation of the DHP including the parity provisions.

24. Do the parity rules apply just to clergy and lay employees hired after implementation of the DHP within the diocese? Can the diocese grandfather current employees using its current cost-sharing policies?

By January 1, 2013, all full-time clergy and lay employees within the diocese must be treated equally with regard to cost-sharing of the plan premiums, no matter when they were hired. However, employers with existing health insurance provisions which are not in parity must achieve parity within five years under a plan filed with and approved by the Office of the Bishop. This five-year period notwithstanding, any employers entering into an employment agreement with a new eligible clergy or lay employee must meet the parity standard at the beginning of that agreement.

25. Can the diocese set a policy that treats full-time and part-time employees differently?

Yes. The DHP requires that all *full-time* clergy and lay employees be treated equally with regard to the cost-share of plan premiums. Employers are free to provide benefits with a different cost structure to their part-time employees, so long as parity exists among all part-time employees.

26. How does the diocese determine whether true parity exists between full-time lay employees and full-time clergy throughout the diocese regarding the cost sharing of medical plan premiums?

The Church Pension Group is designing a Benefits Registration System (BRS) that will provide reporting to diocesan leadership.

27. How long will implementation of the DHP take?

Implementation must be completed by January 1, 2013, with all mandated groups participating.

28. What role does the Diocese of Newark have in the implementation process?

The diocese is the primary partner in implementing the DHP within that diocese. The diocese must establish canons, policies, rules, or guidelines to determine:

- Whether other institutions under its authority (parish/diocesan schools, day care facilities, social service agencies, and other organizations under diocesan control) are required to participate in Medical Trust plans through the diocese
- A cost-sharing policy that provides a minimum level of funding for healthcare

benefits that is the same for clergy and lay employees of that diocese who are regularly scheduled to work 1,500 or more hours per year (30 or more hours per week)
- Which Medical Trust plans meet the needs of its clergy and lay employees. The diocese makes this decision annually.

29. How does the diocese determine what other institutions it may require to participate with the diocese in the Medical Trust Plans?
The rules governing the ECCEBT's status as a VEBA require that only eligible employees of Episcopal institutions be allowed to participate in the Medical Trust's plans. The Medical Trust will assist the diocese in determining which of its diocesan institutions are considered Episcopal institutions, according to these stipulations. The Diocese of Newark will then determine which of those institutions are diocesan entities and subject to the authority of the diocesan bishop.

30. Can mandated groups choose to purchase health care benefits elsewhere, especially if they can get them cheaper?
No, but the Medical Trust will work with all employers to find plans that are economically viable for their specific situations and populations.

31. Can mandated groups leave the Medical Trust?
After January 1, 2013, all mandated groups must provide health coverage through the Medical Trust.

32. Who is going to monitor compliance with the DHP?
Participation in a Medical Trust plan is required by the canon enacted by the General Convention of The Episcopal Church and is enforced in the same manner that any canon is enforced. It is the individual diocese's responsibility to ensure compliance with Resolution A177, as it is with all canons. The Medical Trust will not enforce compliance.

33. Can the Medical Trust guarantee plan costs in future years?
Plans and benefits are evaluated annually and rates are adjusted accordingly based on a number of factors. The Medical Trust can provide a two-year rate upon request to new groups and participating groups.

34. For how long are rates valid?
Generally, rates are valid for the calendar year, and may change each year to account for trend. Groups that enroll with the Medical Trust mid-year may have rates that are valid until the end of the following calendar year. The Medical Trust will work with each group to create a health plan solution that makes sense for the group and for the Medical Trust.

35. What is the termination procedure for those who are not able to keep up with their billing? Would the diocese be informed and able to consult with the Medical Trust before any termination takes place?
The Medical Trust understands that maintaining employees' healthcare benefits is critically important. There is a notification process in place for when an account falls past due. The Medical Trust will make every effort to contact the affected organization and work with them to bring their account current. The diocese is copied on all the written communications and would be encouraged to consult with the Medical Trust to find a

resolution.

36. Who handles the open enrollment communications under the DHP, the diocese or the Medical Trust?
As in years past, the Diocese of Newark will coordinate open enrollment for its covered participants.

37. Can an employee opt out of the DHP, and if so, under what circumstances?
Under the terms of the DHP, clergy and lay employees who have healthcare benefits through approved sources will be allowed to waive healthcare coverage under the DHP "opt out" provision administered by the Medical Trust and may choose to maintain their healthcare benefits through the approved source. Examples of approved sources include:

- coverage through a spouse's or partner's employment
- healthcare benefits through a government sponsored program such as Medicaid or TRICARE
- coverage from a previous employer.

Declaration of the individual waiver will occur on an annual basis through the Benefits Registration System (BRS).

An employee may elect to waive coverage at the initial point of employment, during annual open enrollment, or at the time of any qualifying life event. The employee will need to re-affirm the election to waive coverage on a periodic basis, as determined by the Medical Trust.

38. Will there be some type of form or waiver that employees are required to sign if they opt out? For those who do, will this be required annually?
There will be a form that the employee will need to complete in order to opt out of healthcare coverage. The employee will need to re-affirm the election to waive coverage on a periodic basis. The Medical Trust's new BRS (Benefits Registration System) will be used for this purpose. Each year, administrators will make sure all employees are listed properly in the BRS. This can be updated throughout the year as members join or leave the plans.

39. What happens to an employee's medical coverage when he or she changes church employers?
If an employee changes church employers within the diocese, and maintains eligible status, the same coverage will be offered and will "go with" the employee to the next employer. If an employee accepts new employment in a different diocese, the employee will be offered the plan(s) that are available in the new diocese.

40. What happens to an employee's benefit plan when he or she leaves employment with the Church, whether voluntarily or involuntarily?
If the departing employee so chooses, coverage could be continued voluntarily under the Medical Trust's extension of benefits provision for a maximum of 18 months. He or she would be responsible for the premium payments, which would be the same as those rates charged to the former employer, and there would be no additional administrative

fee charged by the Medical Trust.

41. If a member needs help regarding a claim or pre-authorization and the Medical Trust's offices are closed, whom can the member contact for immediate assistance?

Members should always call their medical plan vendor first. The customer service phone numbers are printed on their health plan identification cards. If the vendor can't help resolve the issue, members can use Health Advocate, an advocacy program provided with most of our benefit plans (except those that are fully-funded) for assistance, or contact our Client Engagement call center during regular business hours.

42. Will employees have online access to their plans?

An employee who registers on their healthcare vendor's web site (Aetna, Empire BCBS, etc.) will have access to his or her plan information and be able to review claims status and history. Our vendor partners' web sites also have many unique and valuable features such as free health assessments that provide recommendations for positive changes, healthy, up-to-date lifestyle advice, and tools and information for learning more about health conditions and procedures, and checking medication facts.

The Medical Trust's website (www.cpg.org) has a variety of online resources for members to consult about their plans. Plan handbooks including our Medicare Supplement plan, schedules of benefits, the Health& Wellness newsletters, and more, are available online.

43. Will there be any change in the Medicare Supplement coverage as a result of the DHP?

No, the post-65 Medicare supplement coverage will not change because of the move to the DHP since the DHP addresses only active clergy and lay employees, not retirees.

44. How are early retirees covered under the DHP?

The DHP does not change the Medical Trust's current practice of providing coverage for eligible employees who retire before they are eligible for Medicare. If an employee has worked for the Church (a diocese, a congregation, or other institution under the authority of TEC) and has accrued at least five years of credited service directly prior to retirement, that employee is eligible to enroll in any of the active medical plans offered by the diocese from which the employee retires, according to that diocese's policies.

45. Can early retirees and post-65 retirees change plans, or go in and out of plans, each year at open enrollment?

An early retiree will be offered the same plan choices that his or her former diocese offers active employees. If more than one plan is offered, the early retiree may choose to change plans at open enrollment.

Post-65 retirees, and retirees on Medicare, have a choice of three Medicare Supplement plans, each of which offers a different level of coverage. The plan selection can be changed annually during open enrollment, if the retiree's needs change.

46. What if the upcoming General Convention decides to extend the implementation deadline beyond January 1, 2013?

Regardless of whether the General Convention extends the implementation deadline, the Diocese can still implement the plan earlier than the mandated deadline. In addition, the Diocesan Council could act to adjust the implementation schedule based on any action the General Convention takes.

47. What impact would that have on the implementation here in the diocese? What is our explanation for taking action now in June rather than waiting until after the General Convention in July?
First, we are operating under the mandate of a General Convention resolution that has already been passed, not on the possibility of one that might pass in July to delay it. We have an obligation to be prepared for implementation in a timely way that is thought out and has allowed time for reflection, not in a way that assumes repeal or delay of the original General Convention resolution.

48. What effect does the January diocesan resolution calling on General Convention to delay the January 1, 2013 deadline have on any of our actions? (See text below)
There is no effect as the resolution merely urges the General Convention to delay implementation. Until such action is taken, we are still bound to respond to the current mandate of the General Convention requiring that the program be implemented no later than January 1, 2013.

THE LAY EMPLOYEE PENSION SYSTEM

1. What is the Lay Employee Pension System (LPS)?

Resolution A138 enacted by the 76th General Convention of The Episcopal Church and its associated canon provides that the Church will establish a church-wide lay employee pension system for employees who are scheduled to work a minimum of 1,000 hours annually for any domestic diocese, parish, mission or other ecclesiastical organization or body subject to the authority of the Church.

2. What is the deadline for complying with Resolution A138?

The deadline for complying with the canonical requirement to provide pensions to all eligible lay employees is January 1, 2013. However, both General Convention in Resolution D165 passed in 1992 and Diocesan Convention in 1993, with the passage of the Lay Employee Pension Plan resolution, have already mandated that all Parishes, Missions, and other ecclesiastical organizations subject to the authority of the Church provide pensions to lay employees working over 1,000 annually starting on January 1, 1993.

3. Who is the administrator of the Lay Employee Pension System?

The lay employee pension system shall be designed and administered by the Trustees and Officers of the Church Pension Fund.

4. What are the required employer contributions?

- If a defined contribution plan is selected, the employer shall contribute not less than 5% of the employee's compensation as defined by the plan and match on a dollar-for-dollar basis not less than 4% of the employee's compensation.
- If the defined benefit plan is selected, the employer assessment will not be less than 9% of the employee's compensation.

5. Can an employer who is participating in the defined contribution plan elect a base contribution amount that is greater than 5% while electing a matching contribution that is less than 4%?

Yes, an employer can elect any base contribution amount that exceeds 5 % and a matching contribution that is less than 4 % as long as the total of the two equals or exceeds 9%, For example, the employer can elect a base contribution of 7% and a matching contribution of 2%, An employer can also elect a base contribution of 9%, 10% or more with no matching contribution.

6. Will an employee's service prior to being provided a lay employee pension benefit be counted for vesting purposes?

Yes, all service earned during employment with any Episcopal Church employer will be counted for vesting purposes. However, service earned prior to enrolling in the Church Pension Fund sponsored defined benefit pension plan will not be considered in the determination of the employee's pension benefit.

7. Will an employer be allowed to continue minimum age and service requirements for participation in the Lay Employee Pension System?

No, effective January 1, 2013, there will no longer be any age or length of service requirements for participation in the lay employee pension system.

8. Who must comply with the Lay Employee Pension System?
Any domestic diocese, parish, mission or other ecclesiastical organization or body subject to the authority of this Church with lay employees scheduled to work 1,000 hours or more annually. Employers have the option, but not the requirement, to provide lay employees scheduled to work less than 1,000 hours per year with a lay employee pension benefit.

9. Does the Lay Employee Pension System require parish schools, camps and conference centers, social service agencies, or other Episcopal institutions to participate?
Yes, if the employer is deemed to be an ecclesiastical organization or body subject to the authority of this Church, societies, organizations, or other bodies not required to participate in the lay employee pension system may elect to participate in accordance with the regulations established by the Church Pension Fund.

10. What if a Church employer with eligible lay employees does not currently offer lay employee pension benefits?
The employer is required to offer one of the Church Pension Fund's lay employee pension plans no later than January 1, 2013. The Church Pension Fund administers both a defined benefit plan and a defined contribution plan.

11. Will an employer be required to make retroactive contributions for employees based on their hire date if the employer does not currently offer lay employee pension benefits?
No, Resolution A138 clearly states that retroactive contributions will not be required.

12. What if a Church employer currently sponsors a lay employee pension plan that is not a Church Pension Fund sponsored plan?

- If a defined benefit plan, the employer shall be permitted to continue the plan as long as the plan delivers pension benefits not less than the pension benefits required by Resolution A138, as determined by the Church Pension Fund, annual certification will be required.
- If a defined contribution plan, the employer shall be required to begin participation in a Church Pension Fund lay employee pension plan no later than January 1, 2013. (*Please note: it is recommended that such employers freeze their existing pension plans since plan termination may result in a prohibition of employer contributions to a successor plan for 12 months*).

13. What if a school employer sponsors a lay employee pension plan that is not a Church Pension Fund sponsored plan?
If the school currently sponsors a defined contribution plan for lay employees administered by TIAA-CREF that provides contribution levels equal to or exceeding those required by Resolution A138, that plan may be retained. Annual certification will be required. Schools that are not participating in a TIAA-CREF administered plan will need to adopt a Church Pension Fund lay employee pension plan no later than January 1, 2013.

14. Will employers that sponsor a defined benefit pension plan that is not administered by the Church Pension Fund be required to contribute a

minimum of 9% of the covered employees' compensation to the plan?
No. Contribution requirements for such an existing defined benefit plan will be dictated by the financial condition of that plan. And the existing plan must deliver pension benefits not less than the pension benefits required by Resolution A138 as determined by the Church Pension Fund. As previously noted, annual certification will be required.

15. Can employees enroll in RSVP if they participate in a defined benefit plan that isn't sponsored by the Church Pension Fund?
Yes. As long as the employer agrees to withhold and remit the elective deferrals, the employee can enroll and participate in RSVP, which is a 403(b)(9) plan.

16. Does an employer who is already participating in a Church Pension Fund lay employee pension plan need to do anything?
No. If the employer is in compliance with the contribution levels specified in Resolution A138 and all eligible lay employees are enrolled, there is nothing the employer needs to do.

17. What if an employer does not currently have lay employees scheduled to work 1,000 or more hours annually?
Nothing needs to be done until such time as the employer has a lay employee who is scheduled to work 1,000 hours or more annually.

18. What if a lay employee's scheduled hours decrease and he/she is now scheduled to work fewer than 1,000 hours annually?
The employer will no longer be required to contribute to a lay employee pension plan on behalf of an employee who is now scheduled to work fewer than 1,000 hours annually. However, the employee can continue to contribute his or her own salary deferrals if the employee is participating in The Episcopal Church Lay Employees' Defined Contribution Retirement Plan. If the employee is enrolled in the The Episcopal Church Lay Employees' Retirement Plan (the defined benefit plan), he/she can contribute salary deferrals to The Episcopal Church Retirement Savings Plan.

19. Are employers required to provide a lay employee pension benefit if an employee is scheduled to work fewer than 1,000 hours for each of two or more Episcopal employers, but more than 1,000 hours in total?
Yes. The Church Pension Fund will aggregate hours when determining who is required to participate in the lay employee pension system and will notify each affected employer.

20. Will employers be required to enroll employees in a Church Pension Fund sponsored lay employee pension plan if their pension benefits are dictated by a collective bargaining agreement?
No. Employees whose pension benefits are specified by a collective bargaining agreement will continue to receive pension benefits through the plan(s) specified by that agreement.

21. Does participation in the Lay Employee Pension System require an employer to comply with Resolution A177, the Denominational Health Plan, as well?
Two separate General Convention Resolutions and attendant canons govern the Lay Employee Pension System and the Denominational Health Plan. Although the canonical

requirements are independent of each other, all dioceses, parishes, and missions are required to comply with each.

22. Why does participation in the Lay Employee Pension System require scheduled work to equal or exceed 1,000 hours while participation in the Denominational Health Plan requires scheduled work to equal or exceed 1,500 hours?

Resolution A138, which established the Lay Employee Pension System, was based on Resolution D165a enacted by the General Convention at its 1991 triennial meeting. The Task Force that conducted the study of the existing lay employee pension practices of The Episcopal Church recommended that any resolution enacted with regard to lay employee pensions not detract from the guidelines established by Resolution D165a. Among other things, Resolution D165a established a 1,000 hour basis for participation in a lay employee pension plan.

Resolution A177, which established the Denominational Health Plan, was based on a study conducted by the Church Pension Fund. Among other things, the study looked at the current costs, projected cost savings, and other factors associated with providing medical coverage for all clergy and lay employees scheduled to work more than a minimum number of hours per year. Those conducting the study concluded, and the General Convention agreed, that the appropriate threshold for medical benefits is 1,500 hours.

23. What lay employee pension plans are sponsored by the Church Pension Fund?

The Church Pension Fund sponsors the following plans:

- The Episcopal Church Lay Employees' Defined Contribution Retirement Plan (the defined contribution plan)
- The Episcopal Church Lay Employees' Retirement Plan (the defined benefit plan)
- The Episcopal Church Retirement Savings Plan (RSVP). The RSVP is available to employees enrolled in a defined benefit plan who wish to make salary deferral contributions to a tax-deferred account.

24. Who is the record keeper for the Church Pension Fund sponsored lay employee pension plans?

Fidelity Investments is the record keeper for the defined contribution plan and RSVP. All employer and employee contributions are remitted directly to Fidelity Investments. The Church Pension Fund is the record keeper for the defined benefit plan. Employer assessments are remitted to the Church Pension Fund.

25. What are the vesting options for employer contributions?

If the defined contribution plan is selected, the employer can choose from either of the following vesting schedules:

- Immediate vesting: Employer contributions are 100% vested from the outset of the employee's participation.
- 3-year cliff vesting: Employer contributions are not vested during the first three years of service and become 100% vested on the employee's third anniversary of employment. Any forfeited employer contributions are allocated to all participants in the same vesting schedule and are not returned to the employer.

Employee contributions to the defined contribution plan are always 100% vested
If the defined benefit plan is selected, employees become fully vested after five years of Credited Service in the plan or at age 55, whichever comes first.

36. How much can an employee contribute to the defined contribution plan or RSVP?

An employee can contribute up to the lesser of 100% of taxable compensation or the maximum limits established by the Internal Revenue Service. The IRS employee contribution limit is $16,500 for 2010. Employees age 50 and over can make an additional catch-up contribution of $5,500 in 2010. The limitation on total contributions (both employer and employee) is the lesser of $49,000 or 100% of compensation in 2010.

27. What are the investment options available through the defined contribution plan and RSVP?

Investment options include a variety of choices ranging from a money market mutual fund to growth-focused stock mutual funds. They include a stable value investment option. Also included are the Fidelity Freedom Funds", which are the default investment options for the defined contribution plan. The employee bears the investment risk. The employee should read the available education materials and possibly seek professional investment advice prior to selecting from the various investment options.

28. Are there fees associated with either the defined contribution plan or RSVP?

The investment options in the defined contribution plan and RSVP have expense ratios that range from zero to 1.31 % depending on the investment option selected. The Church Pension Fund charges an administrative fee of 30 basis points (0.075% per quarter) on the participant's mutual fund account balance. There are no fees charged to the employer.

29. Where can an employer obtain additional information regarding the lay employee pension plans that are sponsored by the Church Pension Fund?

Additional information can be obtained through the Church Pension Group website, www.cpg.org or by calling the Church Pension Fund at (866) 802-6333, Monday - Friday, 8:30AM - 7:00PM ET (excluding holidays), or emailing us at layplans@cpg.org.

30. How will the Lay Employee Pension System be implemented?

While The Episcopal Church is bringing the Church together around lay employee pension benefits on a national level, it is the dioceses that will engage congregations and diocesan agencies/institutions at the local level, particularly with regard to the question as to which schools and institutions will be required to participate in the LPS. The Church Pension Fund will collaborate closely with Episcopal employers during and after the implementation period. Implementation of the lay employee pension system will occur over a two-year period to minimize possible disruption to employers and employees, with a scheduled completion date of December 31, 2012.

The comprehensive, multi-year implementation program seeks to:

- Transition dioceses, congregations, and other groups that do not currently participate in the Church Pension Fund's lay employee pension plans by providing on-demand, comprehensive, web-based employer and employee communication and education materials that can be supplemented by regional in-person meetings and presentations.

- Ensure a seamless, efficient, pastoral transition for all involved as well as world-class ongoing client service and assistance.

31. How long will implementation of the Lay Employee Pension System take?

Implementation will be accomplished on a province-by-province basis beginning in the spring of 2011 and continuing through early summer 2012. Implementation must be completed by January 1, 2013. The Church Pension Fund will be discussing the specifics of the implementation plan with diocesan administrators in the near future.

32. Can employers adopt a lay employee pension plan now?

Yes, employers can adopt a lay employee pension plan at anytime prior to January 1, 2013.

33. Who is going to monitor compliance with the Lay Employee Pension System?

It is the individual diocese's responsibility to ensure compliance with Resolution A138, as it is with all General Convention Resolutions and canons. The Church Pension Fund in its role as Plan Administrator will periodically provide information to the bishops regarding compliance with Resolution A138 and its attendant canon (Title 1, Canon 8).