

QUESTIONS & ANSWERS

Q What is the new medical dues model, and when will it be effective?

A The new medical dues model for the Traditional Program will be effective January 1, 2015. Medical dues will be 24.5 percent of effective salary (subject to the medical participation minimum and maximum) for Member + Family coverage. Dues will be 23 percent for Member-only coverage.

Q Is there a difference in dues depending on the number of dependents a member covers?

A Under the Traditional Program, medical dues of 24.5 percent will be for the member and his or her entire eligible family, regardless of the number of people in the family. Dues for Member-only coverage will be 23 percent.

Q How will retroactive enrollments be handled?

A There will be no change to the current practice. Employers will be billed all dues as of the date the member's coverage is effective, prorated to the day, regardless of when the enrollment is received. If the employer is asking members to pay some or all of the 1.5 percent allowable dues share, however, there may be IRS restrictions on whether the employer may deduct the full amount from a member's pay, on a pretax basis, for the retroactive portion of the allowable dues-share amount.

Q I handle billing for an employer who will be asking members to pay some of the 1.5 percent allowable dues share. How will my dues invoice look in 2015?

A Employers will receive one monthly invoice for all dues, just as they do currently, and will be responsible for paying the entire dues invoice, just as they are now.

If an employer chooses to ask members to pay some or all of the 1.5 percent allowable dues share, the employer should arrange to deduct that amount from a member's pay. The Board recommends that the employer deduct the amount on a pretax basis, similar to the manner in which deductions are taken for optional dental or supplemental death benefits coverage, through an IRS-approved Section 125 plan. If your organization does not currently have a Section 125 plan or if you have questions, note that you will receive additional, detailed information in February 2014 regarding guidelines for establishing this type of plan.

Note: Both the Board and employers may need to change their policies in response to nondiscrimination regulations once they are released by the IRS. The Board encourages employing organizations to treat all employees the same with regard to dues-sharing practice.

(continued on back)

Q How will dues be paid — and who will pay them — in the following special situations?

A Member Couples

The way dues will be paid for member couples in 2015 will be similar to the current method, with each employer paying the full Member-only dues for each covered member. Member couples who choose Member + Family coverage must decide, in consultation with their employer(s) and presbytery policy, through which employer the family members will be covered, and, therefore, through which employer the additional 1.5 percent allowable dues share will be paid.

14-09 Couples

The way dues will be paid for couples considered to be “14-09” in 2015 will be similar to the method in 2013. (A 14-09 couple is defined as two members who are married or in a qualified domestic partnership, who are both teaching elders, who “share” a pastoral relationship with the same church, and who each work fewer than 35 hours per week.) Medical dues will be applied at the Member + Family level and will continue to be paid based on one position (unlike pension and death and disability dues, which are paid on both positions). If the employer asks members to pay some or all of the 1.5 percent of the allowable dues share, the amount will be based on the dues paid on one position.

Members with Split Service

Some PC(USA) members serve part time with more than one employer. Currently, each employer pays dues for these members in proportion to the member’s effective salary at that employer and subject to the medical participation minimum and maximum. For 2015, this method of determining dues for the members will remain the same, and the proportion will also apply to the 1.5 percent allowable dues-share amount. Some employers may have different dues-sharing policies. For a member who serves two employers equally, for example, one employer may decide to pay all of the 1.5 percent allowable dues share based on the salary at that

employer, and the second employer may choose to ask the member to pay 50 percent of the allowable dues share amount based on the salary for that employer.

Members with split services must maintain the same coverage levels at all employers. For example, a member who chooses Member + Family coverage with one employer must choose Member + Family coverage with all employers.

Members with Transitional Participation Coverage

Members will pay dues of 24.5 percent of the medical minimum participation basis (23 percent for Member-only coverage). There will be no change in how eligibility and the length of transitional coverage are determined.

Disabled Members

The Board will continue to pay the full amount of dues for disabled members, regardless of whether they have Member-only or Member + Family coverage.

Q What additional resources on the change to the medical dues model will the Board make available to help me understand costs, decisions I need to make, and timing?

A The timeline in *Your Guide to Medical Dues Considerations* lists the education materials and communication resources the Board will provide to facilitate the transition to the new medical dues model. You will have access to a dues calculator and modeler, e-learning modules, and additional online and/or print communications, including a customized member listing that provides employers with helpful planning information. This member listing, which will indicate the expected dues per member for 2015, will be provided to each employer in February/March 2014.

If you have questions, call the Board of Pensions at 800-773-7752 (800-PRESPLAN) to speak with a member service representative or send an email to memberservices@pensions.org. Mid council leaders are encouraged to contact your regional representatives.