

BENEFITS CORPORATION

The most recent active pastor's health insurance has enrollment of 60 participants down from 94 participants in 2011, a 36% reduction. In contrast the 9th National Conference Stationing Report issued July 2011 has 139 full and part time assigned pastors whereas the 15th National Conference Stationing Report issued July 2017 has 132 full and part time pastors. The number of participants on the health insurance plan dropped by 34, while over the same time period assigned pastors decreased by 7. There are multiple reasons why 34 participants left the health insurance plan. Anecdotal evidence suggest the top three reasons are probably cost, attaining Medicare eligibility age and spousal coverage or a combination of the three and the multiyear trend toward more part time pastoral positions away from full time positions continues. During this six year period the full time pastor health insurance mandate was applicable and a decrease in participants was still recorded. There are no ill feelings toward any pastor that left the group health insurance plan. However, with the current rate of reduction in plan, participants cannot be sustained much longer without financial ramifications.

Health insurance companies will issue policies for a one member employer group plan however that comes with a cost. The more participants on the plan with a variety of ages and health conditions helps spread the claims risk over a larger participant pool leading to lower premium cost. A health insurance plan with lower enrollment increases the risk of higher healthcare claims cost due to the smaller number of lives in the plan. There is a minimum enrollment number that a health insurer will use as a floor before assessing higher premiums. Prior to the Affordable Care Act and before the current Congress started tweaking the ACA there was a number that most insurers used for a minimum enrollment. Currently, the minimum enrollment level has started to creep upward and an industry standard is no longer being followed. If our plan enrollment continues to decline we could experience higher rate increases due to a lower plan enrollment. The EC Benefits Trustees continue to monitor the employer based health insurance marketplace to supply a value driven health insurance plan to the EC pastors.

The health plan census (plan participants) decreased by 6 during 2017 to 60.

The premium for the Highmark Medicare Advantage PPO (Freedom Blue) increased \$8/mon to \$224/mon with no changes to benefit levels. This plan provides additional coverage beyond the basic Medicare coverage for retired pastors, spouses and widows. The anticipated enrollment decrease in the Freedom Blue plan is occurring due to the increase in cost sharing which is placing a larger financial burden on the retiree however that decrease is occurring at a quicker rate than anticipated. What was also noticed during 2017 was an increase in the number of pastors reaching Medicare eligibility age and not joining the Freedom Blue plan. I am glad that more pastors are investigating other Medicare Advantage options and choosing a plan that satisfies their health and financial requirements. There is no requirement that Medicare eligible pastors must join the denomination sponsored Freedom Blue plan. Please research multiple plans and choose a plan that best fits your needs. The number of participants in the Medicare Advantage plan decreased during 2017 by 22 to 66.

The 403(b) Defined Contribution pension plan had a positive investment return in 2017 of about \$2,246,000 or 14.2%. Contributions are up significantly from last year to \$560,000. The total number of active participants in the plan increased to 175. Of the total participants in the plan, five are taking advantage of the Roth 403(b) option. I would like to thank Jennifer Buehler, Wells Fargo Wealth Management, for her commitment and time spent working with our active and retired pastors. She is a tremendous asset for the EC Benefits Board.

The housing equity account had a positive investment return of 9.4% in 2017. The number of participants is lower than we would like, but we are glad that a few pastors are taking advantage of the program. We encourage pastors living in parsonages to consider opening a housing equity account, or if you have an account, consider making consistent small contributions.

The Manna Fund balance as of December 31, 2017 is over \$73,000, and there were three retirees that received assistance in 2017 totaling \$2,160. All three of these retirees received assistance due to the increased cost sharing from the Highmark Freedom Blue plan. The Manna Fund Received \$7,280 in contributions from individuals and churches. The income limits to qualify for a Manna Fund distribution have been set at 200% of the federal poverty level as defined by the US Department of Health and Human Services. The current limits are \$24,280 for individuals, and \$32,920 for two member households. Of the three retirees that received benefits from the Manna Fund, two are continuing into 2018. In addition, two additional retirees have been approved to receive distributions from the fund during 2018. The Manna Fund was established to assist our retired clergy and surviving spouses. We know that we have retired clergy and surviving spouses that do have financial needs but they will not complete a Manna Fund application. If you are aware of any of our retired clergy or surviving spouses that could benefit from a Manna Fund distribution, please encourage them to complete an application for assistance. Manna Fund applications are mailed to retired clergy and surviving spouses in April. An application can also be received from the Benefits Administrator at the EC Church Center.

The disability fund had a balance of \$510,000 at the end of the year, an increase of about \$66,000 from 2016. There were no disability claims paid during 2017.

The Benefits Corporation also administers the Defined Benefits Plan for the National Conference. This is an unfunded liability of National Conference. At the end of 2017 there were 32 pastors and surviving spouses receiving monthly pensions of approximately \$5,400.

A financial audit was completed by Hamilton and Musser, PC on the records of the Benefits Corporation. There were no significant discrepancies noted by the audit. Our appreciation and thanks to the church treasurers that responded to the audit confirmation requests.

An election will be held at the Annual Corporation meeting to re-elect Frank Schock as an incumbent trustee. The EC Benefits Board has five open lay trustee positions. If there is anyone interested in serving as a trustee please contact Frank Schock, President, EC Benefits Corporation. The EC Benefits Corporation trustees are dedicated, active and knowledgeable and vital to the operation of the EC Benefits Corporation. Their service is appreciated and they cannot be thanked enough for their service.

Employee benefits are going to be a continual challenge. Circumstances in the marketplace and regulatory changes are going to adversely affect our group. Please be sensible with your health and saving for retirement. The accumulation of small purposeful, positive and proactive steps will create large future gains. The current issues we are experiencing are not going to disappear nor become less important. By helping yourself you are helping your denomination.

Respectfully Submitted,

Frank Schock, President
EC Benefits Corporation

Kevin Henry, Executive Director