

BENEFITS CORPORATION

The most recent active pastor's health insurance has enrollment of 54 participants down from 60 participants in May 2018 and there were 94 participants in 2011. There are multiple reasons why 40 participants left the health insurance plan since 2011. 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. There are no ill feelings toward any pastor that left the group health insurance plan. The EC Benefits Trustees review multiple insurance plans from different insurance carriers each year as well as different plan designs, e.g. self funded, and review plans offered by different insurance brokers. As of the writing of this report in 2019 Kevin Henry and David King have investigated three additional sources of health insurance; Church Benefits Association Consortium, Guidestone Financial and Missio Benefits. Each of these providers has strengths and weaknesses with anticipated costs not far off from our current premium cost. The health insurance plan selection process involves not only the monthly cost analysis but also a review of the provider network, co-pay, deductible and co-insurance rates and the pharmacy benefit. It has been said before and worth repeating, lower cost health insurance is possible however lower cost health plans will have less benefits.

The health plan census (plan participants) decreased by 6 during 2018 to 54.

The premium for the Highmark Medicare Advantage PPO (Freedom Blue) increased \$10/month to \$234/month 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. There is no requirement that Medicare eligible pastors must join the denomination sponsored Freedom Blue plan. The trustees have determined the best option for assisting retirees is to provide contact information of experts in Medicare supplemental plans that can guide retirees to the best plan. The number of participants in the Medicare Advantage plan decreased during 2018 by 9 to 57.

The 403(b) Defined Contribution pension plan had a negative investment return in 2018 of about \$942,000 or 5.9%, although as of the writing of this report those losses were recovered during the first few months of 2019. Contributions are slightly up from last year to \$596,000. The total number of active participants in the plan decreased to 168, down 13 from last year. Of the total participants in the plan, six 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 negative investment return of 2.4% in 2018. 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, 2018 is over \$76,000, and there were five retirees that received assistance in 2018 totaling \$13,800. All five of these retirees received assistance due to the increased cost sharing from the Highmark Freedom Blue plan. The Manna Fund Received \$7,380 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 five retirees that received benefits from the Manna Fund, all are continuing into 2019. 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 \$484,000 at the end of the year, a decrease of about \$26,000 from 2018. There were no disability claims paid during 2018.

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 2018 there were 29 pastors and surviving spouses receiving monthly pensions of approximately \$5,000.

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 elect two new lay trustees David Boose and William Worley, please see their applications in the report packet. Our deep appreciation and many thanks to Martin Brown, Andrew Carr, Tom Cislo and Gary Kuehner for their many years of dedicated service to the EC Benefits Corporation as they are stepping down from their trustee positions. The EC Benefits Board has four open lay trustee positions and two open pastor 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