

Support for Clergy Retiree Health Benefits Modified for 2014

The current actuarial valuation projects that in 15 years the financial obligation to support our current arrangement will grow to \$137 million dollars. This equates to almost \$956 per average worship attendee. In 15 years, our reserve is projected to be approximately \$15 million. The Church cannot be expected to bear this future burden.

Another factor is the marketplace changes taking place in the Medicare insurance market for groups and individuals. In addition to the flexibility and benefits under the Affordable Healthcare Act in 2014 and beyond. The CBOPHB concluded they must consider alternatives to manage expected future cost.

Beginning July 1, 2014, clergy will have two options of retiree subsidies available to them upon their retirement date. The information below provides the administrative rules governing eligibility for retiree health benefit subsidies for both options.

Retiree Health Insurance Subsidy Grandfathered Plan

The Conference provides support to retired clergy to purchase the Florida Conference Medicare Supplement health insurance plan when these criteria are met:

- A clergyperson must have a minimum of 10 years of service in Florida and credits are limited to 40 years for awarding service credits. The formula is 2% of the premium cost of the health insurance for every year of service; up to a maximum of 80%.
- The individual must be serving in an appointment made by the Bishop of the Florida Conference and enrolled in the Conference health insurance program at the time of retirement. In addition, he/she must be continuously enrolled in the health insurance program for a minimum of five years immediately prior to retirement.
- For those who began service in the Florida Conference prior to January 1, 2003, all years of service in all conferences of The United Methodist Church will be credited.
- The Conference funding applies to the retired clergy's spouse (credits will only be extended to the clergy members spouse at the time of retirement) and will continue for the spouse even if the clergy precedes the spouse in death.
 - Note: If a clergy person's status is changed to discontinued or withdrawn due to an act where credentials are surrendered, that person and their dependents will be removed from benefit coverage and are no longer eligible for health coverage or the HRA.

New Retiree Health Benefit Subsidy Effective July 1, 2014:

The new benefit is a Health Reimbursement Account (HRA) arrangement. The HRA is an account-based plan that provides an annual subsidy for the purchase of health insurance in retirement based upon total years of service at the time of retirement in the Florida Conference. The following are specific details on plan eligibility and benefit provisions:

- As of 7-1-2014 those clergy age 64 or those age 55 or older with a minimum of 35 years of service and are serving in an appointment made by the Bishop of the Florida Conference and are enrolled in the Conference health insurance program on July 1, 2014 may elect the credit-based health insurance plan when they retire as outlined above for themselves and any eligible spouse. Or, they can elect the new HRA program. It is their choice at the time of retirement. This group is “grandfathered” with the credit-based plan remaining an option.
- Clergy who transferred their membership to the Florida Conference after 1/1/2003 will not receive credit for prior service in other Annual Conferences.
- HRA Plan Eligibility. All other clergy serving full time under Episcopal appointment and enrolled in the Conference health insurance program on July 1, 2014 will be eligible for the new HRA benefit upon retirement. Full time is defined as an appointment at or above minimum salary for each type of clergy category as defined in the Conference journal. Clergy must be enrolled in the Conference health insurance program at the time of retirement. In addition, they must be continuously enrolled in the health insurance program for four of the last five years immediately prior to retirement.
- Anyone not meeting the HRA Plan eligibility requirements as of 7-1-2014 (and is not grandfathered) is not eligible for a future HRA benefit or any subsidy from the Conference for the purchase of health insurance as a retiree.
- These changes do not affect existing retirees and are effective for retirements on or after July 1, 2014.
- As of July 1, 2014, service credits for clergy who are currently on leave or clergy who take a future personal, sabbatical, transitional, family leave of absence or any other non-paid leave are limited to 12 months. Non-paid leaves of more than 12 months will not be included as credited service for HRA eligibility.
- Clergy receiving a disability benefit from the Clergy Protection Plan (CPP) will be subject to the same eligibility rules for the grandfathered or HRA plan upon retirement. Service credits will be awarded to clergy while receiving CPP disability benefits.
- HRA Plan Benefit Provisions. Effective July 1, 2014 those eligible clergy who complete a minimum of 10 years of service and are at least age 60 will receive an annual HRA contribution upon retirement.
- The amount of the annual HRA contribution will vary with the retiree’s age and service at retirement. The schedule below illustrates the annual contributions based on age and service at retirement.
- Clergy couples will be provided individual HRA account contributions based on their own individual age and service at retirement.
- A retiree’s spouse at time of retirement (who is not receiving an individual HRA contribution under this plan and is at least age 60) will receive an annual HRA contribution equal to 75% of the retiree’s amount rounded to the nearest \$100 upon the death of the retiree. The surviving spouse will continue receiving the annual HRA contribution until their death or re-marriage.

Surviving spouses of actively working clergy:

Eligible for HRA: Surviving spouses of clergy who pass away while actively working and *are eligible for retirement* are extended Continuation coverage through the group health plan for 60 days. The Conference will pay the employer's premium and the individual is responsible for the employee's premium. The surviving spouse is eligible for the retiree health insurance HRA when she/he reaches age 60.

Not eligible for HRA: Surviving spouses of clergy who pass away while actively working and *are not eligible for retirement* are extended Continuation coverage through the group health plan for 60 days. The Conference will pay the employer's premium and the individual is responsible for the employee's premium. No further health insurance benefits are provided.

The CBOPHB will review the annual HRA contribution schedule at least every four years to determine future increases.

Years of Service Schedule Effective July 1, 2014

*Annual Health Reimbursement Account Contribution Schedule						Traditional Retirement (eligible for Medicare)
Years of Service Schedule	Age 60	Age 61	Age 62	Age 63	Age 64	Medicare Retiree Age 65+
10-14	\$1,000	\$1,100	\$1,200	\$1,300	\$1,400	\$1,500
15-19	\$1,600	\$1,700	\$1,800	\$1,900	\$2,000	\$2,100
20-24	\$2,000	\$2,200	\$2,300	\$2,400	\$2,600	\$2,700
25-29	\$2,500	\$2,700	\$2,800	\$3,000	\$3,100	\$3,300
30-34	\$2,900	\$3,100	\$3,300	\$3,500	\$3,700	\$3,900
35-39	\$3,400	\$3,600	\$3,800	\$4,100	\$4,300	\$4,500
40+	\$3,600	\$3,800	\$4,100	\$4,300	\$4,600	\$4,800

*Annual HRA contribution is reduced by 5% each year prior to age 65 for early retirement. Married retirees (that are not part of a clergy couple) share HRA contribution with spouse. Surviving spouse's benefit at retiree's death is equal to 75% of the retiree's amount while living - rounded to the nearest \$100. The clergyperson's age on the date of retirement determines the amount of the HRA contribution. Years of service is determined by the General Board of Pension & Health Benefits official Service Record.

The specifics of the funding policies for retiree health insurance shall be prepared and recommended by the Conference Board of Pension and Health Benefits, and adopted by the Annual Conference. Such funding policies shall be available through the office of the health insurance officer of the Annual Conference.