

Dear Friends,

In July 2009, the 76th General Convention passed Resolutions A138 and A177, establishing two important Church-wide initiatives:

The Lay Employee Pension System (LPS)

The Denominational Health Plan (DHP)

The resolutions call for the Church Pension Fund to administer these programs, and for the Episcopal Church Medical Trust to serve as the sole provider of healthcare benefits for the Church.

Both plans are described in this document. They are being implemented over the next two years, and both may affect your congregation or organization.

The Spirit behind the Resolutions

These resolutions speak to social justice issues around adequate benefits for the Church's lay employees. While cost concerns around these initiatives are real, so is the need of lay employees to have adequate pension and healthcare benefits. The support and dedication of lay employees make many ministries possible, and providing them with adequate benefits is not only necessary, it's the right thing to do. Thanks to the actions of General Convention, the Church's eligible lay employees now will be assured of a pension benefit at retirement and the safety net of healthcare benefits.

LPS: Over the past 30 years, various General Convention resolutions called on employers to provide pension benefits to lay employees. Through Resolution A138 and its associated canon, the Church put substance into this sentiment by canonically requiring compliance with the Lay Employee Pension System by January 1, 2013.

DHP: Currently, some lay employees do not have access to healthcare benefits, and others have a higher cost share than clergy for the same benefits. Resolution A177 requires that a cost-sharing policy be established by each diocese, and that it be the same for eligible clergy and lay employees. The resolution requires compliance with the Denominational Health Plan by January 1, 2013.

Since 2009, the Episcopal Church Medical Trust has experienced material cost savings through economies-of-scale purchasing, and the optimization of provider and prescription drug discounts. These savings have been directly shared with the Church through lower annual premium increases in 2010 and 2011. We expect such savings to continue and grow as we move toward full implementation.

I encourage you to read this booklet, which provides important information about these programs, additional resources for learning more, and contact information.

Please feel free to contact us with any questions you may have. We are here to serve you.

Faithfully,
Jim Morrison
E.V.P., Chief Operating Officer for Benefit and Risk Bearing Businesses

The Lay Employee Pension System (LPS)

What is the Lay Employee Pension System?

A Church-wide pension system for lay employees, authorized by General Convention and administered by the Church Pension Fund (CPF).

What does Resolution A138 require of employers?

That all lay employees scheduled for at least 1,000 hours of compensated work annually for any domestic diocese, parish, mission, or other ecclesiastical organization or body subject to the authority of the Church be enrolled in a pension plan that is either administered or authorized by CPF.

What is the deadline for complying?

Employers are required to provide all eligible lay employees with a pension benefit no later than January 1, 2013.

What types of pension plans are offered by CPF under the LPS?

CPF offers a defined benefit plan and a defined contribution plan. Visit the Lay Pensions Resource Center at www.cpg.org/laypensions to learn more.

What are the required employer contributions?

If a defined contribution plan is selected, the employer will contribute at least 5% of the employee's compensation as defined by the plan. In addition, if an eligible employee contributes a portion of his/her compensation, the employer will match on a dollar-for-dollar basis the amount the employee contributes, up to 4% of the employee's compensation. If a defined benefit plan is selected, the employer assessment will be at least 9% of the employee's compensation.¹

What type of employer are you? This chart can help determine your next step in complying with Resolution A138.

<i>You have eligible lay employees and...</i>	<i>Your next step is to...</i>
You have an existing lay pension plan with CPF	Ensure all eligible employees are enrolled, and that you comply with the contribution levels
You have an existing defined benefit plan outside CPF	Certify annually that the plan complies with the resolution
You are a school with a TIAA-CREF plan	Certify annually that the plan complies with the resolution
You have an existing 401(a), 403(b), 401(k), or other defined contribution plan outside CPF	Adopt a CPF lay pension plan
You currently do not have a lay pension plan	Adopt a CPF lay pension plan

What is the roll-out schedule?

Implementation of the LPS will be done on a province-by-province basis beginning in the spring of 2011. It will continue through early summer 2012, according to the schedule below, and must be completed by January 1, 2013.

2nd Quarter 2011 — Province I and II; 3rd Quarter 2011 — Province VI and VII; 4th Quarter 2011 — Province III;
1st Quarter 2012 — Province IV; 2nd Quarter 2012 — Province V and VIII

During the provincial rollout, you will receive mailings, have the opportunity to attend scheduled webinars, and view on-demand tutorials through the Church Pension Group website (www.cpg.org/laypensions) to help you understand the resolution, evaluate the available lay pension plans, and access enrollment information, as well as talk directly with CPF representatives.

Can employers adopt a lay employee pension plan now?

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

We are here to help answer your questions.

For additional information, please visit the Lay Pensions Resource Center at www.cpg.org/laypensions or email us at layplans@cpg.org.

¹ The assessment rate for the Episcopal Church Lay Employees' Retirement Plan is set and periodically reviewed by the Church Pension Fund's Board of Trustees. The Church Pension Fund reserves the right to change the assessment rate for the Episcopal Church Lay Employees' Retirement Plan at any time and without prior notice.

The Denominational Health Plan (DHP)

What is the Denominational Health Plan?

A Church-wide program of healthcare benefit plans authorized by General Convention and administered by the Church Pension Fund (CPF), with benefits provided through the Episcopal Church Medical Trust (the Medical Trust), and requiring parity of plans and funding for eligible clergy and lay employees.

What does Resolution A177 require of employers?

Employers are required to provide all eligible clergy and lay employees with equal access to and parity of funding for healthcare benefits provided through the Medical Trust. Under the terms of this resolution, an eligible employee is someone who is scheduled for at least 1,500 hours of compensated work annually for any domestic diocese, parish, mission, or other ecclesiastical organization or body subject to the authority of the Church.

What is the deadline for complying?

Full implementation of the DHP must be completed no later than January 1, 2013.

What is the role of the diocese?

Each diocese is the primary partner in implementing the DHP, and

- Decides whether institutions under its authority (schools, social service agencies, etc) are required to participate
- Determines a cost-sharing policy that is the same for clergy and eligible lay employees
- Decides whether healthcare benefits must be provided to domestic partners
- Determines annually which Medical Trust health plan(s) will be offered in that diocese²

How is the DHP being implemented?

Implementation of the DHP is well underway. The Medical Trust has established a team of Regional Relationship Specialists who will partner and consult with groups to assist them in creating individualized implementation plans. Visit the DHP Resource Center at www.cpg.org/dhp to learn more.

What is the implementation schedule?

Individual dioceses are at different stages of implementation. Some are just forming committees and others are completing their decision-making. Since each diocese will require a customized plan, the Regional Relationship Specialists will be working with all dioceses over the next two years to complete implementation no later than January 1, 2013. For information about where your diocese is in the process, please contact your diocesan administrator.

Can dioceses enroll in the DHP now?

Yes. Any group can adopt a Medical Trust health plan prior to the DHP deadline, and may choose to comply with the parity and equal access regulations of Resolution A177 now or later — but in no case later than January 1, 2013.

Who is the Medical Trust?

The Medical Trust is the sponsor of health plans that have served the Episcopal Church for over 30 years. They are funded by a Voluntary Employees' Beneficiary Association (VEBA). The Medical Trust is very familiar with the unique needs of employees, churches, and institutions, and offers customized healthcare solutions to meet those needs. It exists solely to provide the Church with access to quality, affordable healthcare benefits and outstanding service in a fiscally responsible and sustainable manner.

We are here to help answer your questions.

For additional information, please visit the DHP Resource Center at www.cpg.org/dhp or contact us at (800) 480-9967, Monday – Friday, 8:30AM – 8:00PM ET (excluding holidays) or by email at dhpinfo@cp.org.

² The Medical Trust offers a variety of comprehensive health plans from five world-class provider networks. Not all plans are available in every location.