

Chapter 4: Concordia Plans

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4.100: Introduction to Benefit Programs Administered by Concordia Plan Services

The New Testament Christians viewed all they had as a trust from God. They shared what they had with one another, and those who had more would sell their possessions and give the proceeds to those needing assistance (Acts 2:44–45). A form of that early Christian church principle of caring for each other continues today through the Concordia Plans, administered by Concordia Plan Services.

More than 50 years ago, fellow LCMS members made a promise to each other — to enhance the health and financial security of our church workers. Today, your Concordia Plan Services Community fulfills that promise.

Your participation in the Concordia Plans not only delivers high-value benefits solutions to your organization, but allows the promise to be kept to the teacher at your school, the child with a rare illness, the widow who would otherwise stand to lose spousal healthcare coverage, and the retired pastor who requires the financial security worthy of his service. Your CPS Community is your neighboring congregations, schools, care centers, universities, and seminaries all motivated by Christ's love to care for young and old, healthy and sick. Walking together to take care of one another.

That desire to care is strengthened by a commitment to conscience. Your CPS Community is devoted to keeping our Christ-centered beliefs at the heart of benefit plan decision-making.

Each one of the 60,000-strong CPS Community plays a valuable role in its strength. CPS harnesses the collective resources of each ministry to deliver benefits programs that reflect a unique definition of value, caring for past, present, and future servants in the LCMS, first and foremost because God first cared for us.

4.200: Benefit Plans

- **CONCORDIA RETIREMENT PLAN (CRP)**
Retirement Income
Traditional Option
Account Option
- **CONCORDIA RETIREMENT SAVINGS PLAN (CRSP)**
403(b) Tax-favored savings plan
- **CONCORDIA DISABILITY AND SURVIVOR PLAN (CDSP)**
Income replacement
Pre-retirement lump-sum death benefits (worker and dependents)
- **CONCORDIA HEALTH PLAN (CHP)**
Medical Benefits
Health and wellness programs
Dental Benefits

Prescription Drug Benefits
Mental Health and Substance Abuse Benefits
Employee Assistance Program
Vision Care Benefits
Hearing Care Discount Program

4.205: Employee Assistance Program (EAP)

The Concordia Health Plan (CHP) includes a nationwide employee assistance program that provides a broad range of confidential resources to help workers and their families. Confidential counseling is available for work/life issues such as marital and family relationship difficulties, parenting challenges, alcohol and substance abuse, stress, anxiety, child and eldercare issues, identity theft, and legal and financial issues, as well as referrals to professional resources. The EAP also includes the Pastoral Support Network, which is a program specifically designed for pastors and those who live in a pastor's home.

The EAP is administered by Cigna Behavioral Health, using its network of professionally licensed counselors. Legal and financial services are provided through attorneys or financial planners. All services are confidential. Members, dependents or employer representatives may call Cigna at 866-726-5267.

4.300: Administration

4.305: Employer Eligibility

The Concordia Plans are employer-sponsored benefit programs established by the Synod and administered by Concordia Plan Services (CPS). Participation is available to the Synod, each of its controlled organizations, member congregations and affiliated agencies. The following benefit programs are available for employers:

- Concordia Retirement Plan (CRP) – Traditional Option (TO) and Account Option (AO)
- Concordia Disability and Survivor Plan (CDSP)
- Concordia Health Plan (CHP)
- Concordia Retirement Savings Plan (CRSP)

The CRP and CDSP are included in the base package and must be offered together. Employers may add either the CHP or the CRSP or both to the base package. For the CHP, employers must meet the minimum participation requirements of the CHP and cannot offer another health plan alongside the CHP. Enrollment in the CHP is also subject to group underwriting standards established by CPS and an employer's enrollment can be denied or be subject to a rate surcharge.

CPS also offers the Accident Insurance Program (AIP) and any employer participating in any of the above plans may also offer the Accident Insurance Program to eligible workers.

Before offering any of the Concordia Plans, the governing body of the employer must authorize the adop-

tion of the plan(s). Employer participation is effective the first day of the calendar month following receipt by CPS of all required documentation.

An employer that has previously withdrawn from one or more of the Concordia Plans that wishes to participate again in the plan(s) will be subject to reoption requirements and any waiting period that may be applicable due to the prior withdrawal.

4.306: Health Plan Options

Each year employers are provided the opportunity to choose a plan design that best meets the needs of its eligible employees from a variety of health plan options. The options have varying deductibles, copays, coinsurance amounts and contribution rates. The option selected will apply to that employer's enrolled workers for the coming calendar year. The following year, employers may continue with that option or change to another option. Qualifying employers can select up to three CHP options to offer workers for the coming year. Each worker will then be able to elect the option that he/she prefers. For details, check the CPS website at ConcordiaPlans.org.

4.310: Worker Eligibility

An eligible worker cannot be denied enrollment because of age, occupation, gender or religion. This includes eligible workers in day care centers, pre-schools and lunch programs that are under the control of a participating LCMS organization.

If an employer has a probationary period policy on file with CPS for newly hired employees, enrollment of such employees in the Concordia Plans can be delayed until the completion of the probationary period. (Note: Probationary periods cannot exceed 60 days, and may not apply to ordained or commissioned ministers of the Synod. A copy of the Probationary Period Certification can be found at ConcordiaPlans.org.)

■ Concordia Retirement Plan (CRP) and Concordia Disability and Survivor Plan (CDSP)

If an employer is participating in the CRP and CDSP, all full-time* workers must be enrolled effective the first day of the month following such employment. Enrollment of full-time workers is mandatory; the worker cannot opt out. *A "full-time worker" is any worker who is expected to work on average more than 20 hours per week and more than five consecutive months.

■ Concordia Retirement Savings Plan (CRSP)

If an employer is participating in CRSP, workers are eligible for this Plan. The worker then makes the decision whether or not to participate in the 403(b) tax-favored savings plan.

■ Concordia Health Plan (CHP)

If an employer is participating in the CHP, all full-

time* workers must be given the opportunity to enroll effective the first day of the month following employment. Enrollment is optional; the worker makes the decision whether or not to join. *A "full-time worker" is any worker hired to work on average

- more than 20 hours per week,
- more than 25 hours per week,
- more than 30 hours per week, or
- 30 or more hours per week.

and more than five consecutive months. The employer designates which of the four minimum hours options listed above will be applicable to its workers, and can change this designation annually, if desired. Please note that Applicable Large Employers (as defined in the Affordable Care Act) are also subject to the employer mandates of the Act.

4.311: Hiring of Retired LCMS Workers

A retiree under age 65 who is receiving early retirement benefit payments from the Concordia Retirement Plan and/or Pension Plan for Pastors and Teachers can be hired on a part-time (20 hours or less per week) or on a temporary basis (expected to work for five consecutive months or less) and continue to receive retirement benefit payments. When employment exceeds these limits, the ongoing payment of such retiree's primary retirement benefit annuity, if any, must cease and the retiree must again be considered an "active" worker and participate in the Plans as any other active worker does (i.e., the employer pays the contributions for that worker's participation). However, the ongoing payment of any supplemental retirement account, retiree medical supplement, retirement cash account or CRSP rollover annuities will continue during the time of such retiree's full-time work. The rehired retiree is eligible for CRSP participation in accordance with the eligibility rules applicable to that employer, which may allow participation while employed part-time.

Rehired retirees age 65 or older may elect to receive their primary retirement benefit annuity from the Concordia Retirement Plan even if employed full-time. However, they must again be considered an "active" worker, and the employer must again pay contributions to the Plans on their behalf. Refer to 4.545 concerning "in-service" retirement benefits and their ineligibility for housing allowance exclusion.

Employers may also pay the cost of a Retired Member's Terminated Worker's or Medicare Member's individual extension of applicable Concordia Health Plan coverage by requesting that the CHP billing for that individual appear on their monthly Plans' invoice. Employer-paid medical insurance is not taxable income for a retiree, whether actively employed or not. However, if this otherwise tax-free benefit is found to be provided in lieu

of paying a reasonable compensation for the worker's services, it could become taxable. For example, if you would typically pay another similarly qualified worker the reasonable compensation of \$15,000, you could not negotiate with and pay another one \$10,000 plus his/her cost of health care coverage without the reduction amount being considered taxable income. Outside of a cafeteria plan, an employee's right to receive cash instead of a qualified non-taxable fringe benefit causes the value of the fringe benefit to be taxable.

Employers should keep in mind the Social Security earnings limit for retirees under normal retirement age who are drawing Social Security benefits.

4.315:

Cost

The employer is responsible for the full cost of the Concordia Retirement Plan and Concordia Disability and Survivor Plan. The employer is also required to pay at least fifty percent (50%) of the cost for worker-only coverage in the Concordia Health Plan. The employer may pay for more than fifty percent (50%) of the cost of the worker-only coverage or pay for all or a portion of the cost for dependent coverage, but the employer must make such payments on a uniform and nondiscriminatory basis for all eligible workers.

4.320:

Contributions/Billing

Contributions are billed monthly in advance and are due by the first day of the following month (e.g., a March invoice is due by April 1). Prompt payment is required for the Plans' office to confirm coverage to health-care providers and pay benefits for enrolled workers. Unpaid billing invoices more than 30 days late are assessed a (1%) finance charge, compounded monthly.

CPS offers an Online Payment System. Monthly invoices may be paid online through the "Pay a Bill" tab on the CPS website, ConcordiaPlans.org.

■ Concordia Retirement Plan (CRP)

The contribution rates for the CRP is a percentage of the worker's total annual compensation, as in effect January 1 of that year. The current rates are:

Traditional Option: 8.7% for the Regular Basis; 11.7% for the Full Basis.

Account Option: 0% during the Eligibility Waiting Period; 5.7% for non-vested worker; 8.7% for vested worker.

■ Concordia Retirement Savings Plan (CRSP)

The CRSP employer contribution is voluntary.

■ Concordia Disability and Survivor Plan (CDSP)

The contribution rate for the CDSP is a percentage of the worker's total annual compensation, as in effect January 1 of that year. The current rates are:

Worker without dependents: 1.20% of compensation

Worker with dependents: 2.25% of compensation

Total annual compensation includes:

- Basic annual cash salary
- Cash housing and/or utility allowance paid to the worker
- If a primary residence is provided, 25% of the basic cash salary

Basic annual cash salary includes any amount the worker designates withheld for a tax-deferred savings plan as well as amounts withheld under a cafeteria plan (or Section 125 plan). Car allowances or bonuses are not considered part of total annual compensation. The maximum compensation for the CRP and CDSP is \$270,000 for 2017, and this figure is adjusted annually.

Salary information is collected each year from employers through the completion and return of an Annual Compensation of Participating Workers Report (ACR). The report is normally mailed to employers in October, and requests salary information to be effective January 1 of the coming year. Employers who do not adopt their annual budgets until late December or January can report the new salary information any time during the calendar year, and any necessary billing adjustments will be made retroactively by Concordia Plan Services (CPS). However, if the ACR is received by CPS after March 1, lost income fees of ½% may be charged on those adjustments.

If a worker receives a regularly scheduled salary adjustment during the year, the adjustment is not used for billing purposes until the following January 1 when salary information is again requested, unless the worker has a mid-year change in duties, hours, or employment classification with a corresponding salary change .

■ Concordia Health Plan (CHP)

Required contributions for active workers enrolled in the CHP are flat dollar amounts that vary based on the plan option selected, class of participation (e.g., self-only or family), and the ZIP code of the employer.

To learn about the different CHP options or to request your applicable rate, go to the CPS website, ConcordiaPlans.org, select the "Health" tab, click on Concordia Health Plan," select "Health Plan Options," then select "See Plan Options & Request Rates." Finally, you will enter your Employer ID and ZIP code.

4.325:

Enrolling Workers

To enroll in any of the Concordia Plans, an enrollment form must be completed by the worker and an official representative of the employer. If the employer has elected to participate in the CHP, the applicable Summary of Benefits and Coverage must be distributed to the worker, along with the enrollment form. Also, if the employer has opted to participate in the CDSP or if the worker elects enrollment in the AIP (see 4.415), a beneficiary designation form must be completed by the

worker. These forms should be submitted within 60 days of the date that the worker is eligible to be enrolled. New workers are normally enrolled the first day of the month following full-time employment, but there are exceptions for workers transferring to another LCMS employer, or workers that have been assigned to an employer by the LCMS Board of Assignments and Placements.

If the enrollment form is received by Concordia Plan Services **more than 60 days** after the worker's date of initial eligibility, the worker will be eligible to enroll in the:

- **Concordia Health Plan**, only during annual open enrollment effective the following January 1 unless the reason for the late application falls under special enrollment rules as defined by the Health Insurance Portability and Accountability Act (HIPAA).
- **Concordia Disability and Survivor Plan**, effective the first day of the month following the receipt by CPS of the enrollment form.
- **Concordia Retirement Plan**, retroactive to the first day of the month following the date of the worker's full-time employment. A lost-income adjustment fee of ½% per month, simple interest (i.e., not compounded) will be assessed to cover lost investment earnings.

4.326: Participation in Concordia Retirement Savings Plan (CRSP)

Participation in the CRSP begins for eligible workers on the first day of any prospective month. Eligibility typically starts the first day of the month after a worker's full-time date of hire at a participating employer. A Salary Reduction Agreement form, which authorizes the participating employer to withhold designated CRSP contributions, should be provided to eligible workers with instructions to return completed forms to the employer. A copy of the form ("Salary Deferral Agreement") can be found at ConcordiaPlans.org under Ministry Resources/Forms. Employers can obtain information from Concordia Plan Services about how to remit worker contributions.

4.330: Reporting Terminations, Retirements, Transfers and Changes

Employment changes must be reported on the Worker Change Report form. Prompt reporting is important to facilitate the timely handling of billing adjustments for the employer and communications to the worker as to the status of his/her coverage.

Terminations: In general, employer-paid contributions for all Concordia Plans stop at the end of the month in which employment with a participating LCMS employer terminates. Contributions are due by the employer through the date coverage terminates.

Retirements: When a worker is planning to retire, the worker or employer should contact Retirement Services at 888-927-7526 to request an Application for Retirement Benefits at least three months prior to retirement. Contributions for all the Plans are due from the employer through the date coverage terminates.

Transfers: When a worker transfers to another participating LCMS employer, the employer that worker has left is responsible for paying contributions through the end of the month in which employment ended.

The new employer begins paying contributions the first month coinciding with or next following the worker's employment date. If there is a gap period, the worker will be responsible for paying the contributions for the CHP in order to maintain continuous health coverage; however, either employer can pay the contribution for the gap period, if desired. Coverage under the CRP and CDSP for any period between payment of contributions by the employers is provided at no cost as long as the gap period is less than three calendar months.

Status Changes: Changes in a worker's dependent status can be reported either by the worker or the employer. Such changes include marriage, divorce, new baby, dependent ceasing to be a student, death of a spouse or child, etc. It is important that changes to terminate coverage be reported within 30 days, and changes to enroll in coverage be reported within 60 days so that the necessary adjustments in coverage and contribution rates can be made. Most changes can be reported on the Request for Membership Change form.

Late Reporting: If notice of a termination, loss of eligibility, or retirement is not reported within 30 days of the event, the employer will be required to pay CHP contributions through the end of the month in which notification is received by CPS. In the case of a transfer, failure to report within 30 days will result in the employer being billed for CHP contributions for any interim period (*the employment gap between employers*) of three months or less. If the interim transfer period is more than three months, the employer will be billed through the end of the month in which the transfer was reported, or until the new participating LCMS employer is responsible for payment of CHP contributions.

In most cases, if notice of a new dependent is not received by CPS within 60 days of the event (i.e., birth, adoption, marriage, etc.), enrollment of that dependent will be subject to late enrollment restrictions, which may include having to wait for an open enrollment period or satisfying special enrollment requirements.

4.331: Employer Support in Crisis

Death or disability of a worker or dependent is a traumatic event for the family and impacts the employer as well. Often workers are separated from family by distance and do not have that source of comfort and support available. While reporting such events is a worker obligation, employers should plan to provide crisis support for the family.

Employer representatives are encouraged to provide support to the worker or family by assisting in filing disability or death claims or at least to assist in making telephone contacts. To initiate the claim the employer's representative may call Concordia Plan Services at 888-927-7526. It is suggested that in preparing for the call the representative have the following information available: name of worker, name of dependent (if applicable) and the Social Security number of the worker. As many other facts pertaining to the death or disability as possible should also be available.

4.335: Filing for Benefits

Following is a summary of how to file for benefits. Claims for healthcare benefits must be made within one year after the date the charge was incurred. Disabilities must be reported within 90 days from the date the disability commenced.

Medical claims: If the worker uses the health plan option network doctors and hospitals, no claim forms need to be filed by the worker (*the provider will handle the filing of claims*). If the worker does not use network providers, a claim form must be completed by the worker and a copy of the itemized bill(s) attached. The bill must show complete data—including name of patient; name, address, and taxpayer identification number of the provider (*i.e., doctor, hospital, etc.*); the date of service; the diagnosis or reason for treatment; the type of service; and the charge for such service. Medical claim forms can be found at ConcordiaPlans.org.

Dental claims: If a dentist in the Cigna network is used, no claim forms need to be filed by the worker (*the provider will handle the filing of claims*). If the dentist is not in the network, a claim form must be completed and filed with Cigna. Dental claim forms can be found at ConcordiaPlans.org.

Prescription drug claims: If prescription drugs are purchased at a pharmacy which is a member of the Express Scripts network, no claim forms need to be filed. The member simply pays his/her share of the prescription cost, and the pharmacist handles all paperwork. If prescription drugs are purchased at a non-network pharmacy, an Express Scripts short-term claim form must be completed in order to request reimbursement. For long-term prescription drugs (*more than 30-day supply*) purchased through the Express Scripts mail order service, an Express Scripts mail order form must be completed and mailed to Express Scripts with the appropriate payment. Express Scripts claim forms can be found at ConcordiaPlans.org. For members in the HMO options, the prescription drug benefit is administered by Cigna Healthcare.

Vision claims: If providers in the Vision Service Plan (VSP) network are used, there are no claim forms and the worker simply pays his/her share at the time of service. If the worker does not use network providers, a claim form must be completed and filed with a copy of the itemized bill(s). The non-network claim form can be

found at VSP's website: vsp.com

Hearing discounts: Hearing exams or purchase of hearing aids must be secured through HearUSA. The member pays his/her share at the time care is received, and the audiologist's office handles all paperwork.

Mental health and substance abuse claims: If the worker uses network providers, no claim forms need to be filed by the worker (*the provider will handle the filing of claims*). If the worker does not use network providers, a claim form must be completed by the worker and a copy of the itemized bill(s) attached. Non-network claim forms can be found at ConcordiaPlans.org.

Disability benefits: A worker may be eligible for disability benefits if, because of illness or injury, he or she is (1) absent from work due to a disability for a period beyond 14 consecutive days; (2) unable to perform the essential duties of his or her occupation, or unable to earn at least 80 percent of the compensation being earned prior to the injury or onset of illness; and (3) under the regular care of a licensed physician. To apply for disability benefits, the employer or worker should call Concordia Plan Services as soon as it appears the absence from work will go beyond two weeks. Liberty Mutual, a disability benefit administrator, is used by Concordia Plan Services to determine initial and ongoing eligibility for benefits, as well as to assist disabled workers with rehabilitation and return to work.

Retirement benefits: An employer representative must complete a Worker Change Report for Termination and an application for retirement benefits must be completed by the worker. All documentation should be submitted to Concordia Plan Services approximately three months before the anticipated date of retirement.

Death benefits: A certified copy of the death certificate, along with the forms of the administrator of survivor benefits, Minnesota Life, must be submitted to Concordia Plan Services.

4.336: Appeals Process

If a member or employer disagrees with a decision received regarding the administration of the Plans' benefits, and the member or employer has exhausted all other levels of appeal with the appropriate benefit administrator or Concordia Plan Services staff, the member or employer can submit an appeal to the Concordia Plan Services Appeals Review Committee for further consideration (except for matters outlined below). This appeal should include all information necessary to allow for a thorough review, including the reason for the dispute and any supporting documentation or relevant comments.

Appeals should be sent to:
Appeals Review Committee
Concordia Plan Services
P.O. Box 229007
St. Louis, MO 63122-9007

A dispute resolution procedure (i.e., JAMS or U.S. Arbitration and Mediation) beyond the Appeals Review Committee is offered to plan members and employers under the CDSP, CRP, and CRSP, for disputes falling outside of the Synodical Dispute Resolution section of the Handbook of the Synod.

For the CHP Grandfathered Plan Coverage Options, the determination by the Appeals Review Committee shall be final and conclusive subject to the Synodical Dispute Resolution section of the Handbook of the Synod.

For the CHP Non-Grandfathered Plan Coverage Options, if a member is dissatisfied with a determination of the appropriate benefits administrator, has exhausted the benefit administrator's internal appeals process, and the determination involves medical judgment or a rescission of coverage, the member may request an external independent review process. For reviews related to medical judgment or a rescission of coverage, the Appeals Review Committee is not available for CHP Non-Grandfathered Plan Coverage Options.

4.337: HIPAA Compliance

Concordia Plan Services is required to comply with a federal law known as the Health Insurance Portability and Accountability Act or HIPAA. HIPAA requires Concordia Plan Services to maintain the confidentiality of information we receive from your workers who are enrolled in the Concordia Health Plan. To be HIPAA compliant, some information, especially specific health information or medical claim details, cannot be released to employers without first obtaining a signed and dated HIPAA Authorization Form from the worker. Generally, an authorization form is not necessary to discuss enrollment information, changes in enrollment, or contribution/billing issues.

To obtain a HIPAA Authorization form, visit the Plans' website at ConcordiaPlans.org or call the Concordia Plan Services office. You must fax or mail the completed form to Concordia Plan Services so that it can be reviewed prior to any conversation regarding health information.

If you have any questions regarding HIPAA, please contact Privacy Officer Julie Bruening at 888-927-7526, Ext. 6704.

4.340: Materials Available

Materials are available by writing (including e-mail at info@ConcordiaPlans.org) or calling Concordia Plan Services toll free at 888-927-7526. Commonly used forms and publications are also available at ConcordiaPlans.org. Examples of such available materials are:

- Official Plan Documents
- Enrollment forms
- Beneficiary designation forms
- Medical and dental claim forms
- Prescription drug claim forms

- Application for retirement benefits
- Worker change report form
- Administrative Guide for Treasurers and Business Managers
- Contribution Rates
- CRSP Administrative Guide
- Summaries of Benefit and Coverage

4.341: Tutorials and Videos

Concordia Plan Services provides a variety of video tutorials to assist employers with their responsibilities in administering the Concordia Plans. Videos may be accessed at ConcordiaPlans.org/tutorials.

4.345: Benefit Meetings

Representatives within the Employer Resources Team are available to conduct meetings or conference sectionals in order to help members and employer representatives gain a better understanding of their benefits. To have someone speak at your meeting, please contact the Concordia Plan Services Education Team, by calling toll-free 888-927-7526.

4.400: Other Programs

4.415: Accident Insurance Program

In the event of death, dismemberment, or paralysis as a result of an accident, this program provides a lump-sum benefit based on the member's selected insurance amount. This program is a voluntary program for employees and available to members of the Concordia Plans as well as members of the boards and commissions of the Synod.

The cost of the program is the worker's responsibility unless the employer decides to pay for it. Since the premiums will be included in the invoice to the employer, the worker's share should be collected by the employer through payroll deduction.

4.420: Travel Accident Insurance Program

This program provides a lump-sum benefit in the event of death or dismemberment as a result of an accident while traveling. Coverage is an employer-paid, optional coverage available to designated members of boards, commissions, committees and controlled organizations of the Synod; designated staff personnel; and missionaries. The premiums are paid by the appropriate board, commission, etc.

4.435:

Supplemental Life Insurance

Workers enrolled in the Concordia Disability and Survivor Plan (CDSP) have the opportunity to purchase supplemental life insurance for themselves and their dependents through Minnesota Life, the administrator of the CDSP death benefits. Varying levels of term insurance are available. The worker enrolls with and pays the premium directly to Minnesota Life.

4.440:

Health and Wellness Programs

Workers and their dependents who are enrolled in the Concordia Health Plan have access to the Be Well ... Serve Well health and wellness resources which are designed to help workers lead healthier lives. Some of the resources include:

- **Vitality**—an online platform and mobile app to improve the well-being of workers. Vitality allows members to become more engaged with their health as they work towards improving their real time wellness age. Vitality includes:
 - Vitality Health Review: an online health assessment to help identify specific health risks.
 - Incentives for tracking physical activity, healthier eating, preventive exams, online learning, and more.
 - A yearly rebate for gym membership.
- **Concordia Total Health Team**—personal nurses, dietitians, behavioral specialists, and clinicians who help workers learn how to lower their blood pressure, start a fitness routine, eat healthier, and much, much more.
- **Disease Management**—personal health coaches as part of the Concordia Total Health Team, assist workers with chronic conditions such as diabetes, asthma, coronary artery disease, low back pain, and other chronic conditions.
- **Cancer Support Program**—resources are available for families impacted by cancer.
- **24-Hour NurseLine**—RNs provide answers to health questions.
- **BeWellServeWell.com**—new each month are health articles, exercise videos, recipes and a comprehensive health library to assist workers wanting to be well.
- **Doctor on Demand or MDLive**—live doctors, via the website or app, are available to diagnose acute illnesses and even prescribe medications.
- **Omada Prevent Program**—a 16-week digital health program for members at risk for type 2 diabetes and / or heart disease.
- **Employee Assistance Program**—Counselors are available in person or by phone to help members with a wide variety of life events.
- **Healthy Pregnancy, Healthy Baby Program**—to help improve the quality of maternity care and reduce pre-term deliveries.

4.500:

Tax Aspects

4.505:

Exemption

All Concordia Plans must be administered in accordance with IRS regulations in order to maintain their tax-exempt status.

4.510:

Contributions to Plans

Contributions made by an employer to any of the Concordia Plans for the benefit of its employees are not considered taxable income to the employee at the time the contributions are made, except as noted in 4.515. Also, such contributions are not considered “wages” for purposes of Social Security.

If a worker shares in the cost of the Concordia Health Plan by paying all or part of the cost for CHP coverage, a “cafeteria plan” can be established to allow the worker to reduce his/her salary for tax purposes and have that reduction used for his/ her share of the Concordia Health Plan cost. The result is that the worker pays less taxes. For further details, contact Concordia Plan Services.

Any employer which maintains a benefit plan other than one administered by Concordia Plan Services should consult its own advisors regarding the need to file an annual report (Form 5500) with the Internal Revenue Service with respect to such other plan

4.515:

Group Term Life Insurance Reports

The Concordia Disability and Survivor Plan (CDSP) pays cash death benefits upon the death of an enrolled worker or enrolled dependent. Cash death benefits *potentially payable* have been ruled by the Internal Revenue Service (IRS) to be equivalent to group-term life insurance. As a result, under IRS Code Section 72(m) and Section 79, the COST (“Imputed Income”) of these potential benefits, as outlined below, must be included by the employer as part of the gross income of the worker for the current taxable year. The cost is also subject to Social Security tax (FICA or SECA).

The COST or Imputed Income of the potential death benefits is calculated as follows:

■ Worker death benefit

Any amount of the worker death benefit that exceeds \$50,000 is multiplied by the IRS Table I Rate applicable for that worker’s age. *For example*, a worker is age 57 and his/her death benefit is \$150,000. The amount over \$50,000 (which in this example is \$100,000) is multiplied by \$0.43 per \$1,000 of benefit. The resulting \$43.00 is the monthly taxable income amount reportable for that worker.

■ Dependent death benefit(s)

The total amount of the potential dependent death benefit(s), if any, is multiplied by the IRS Table I rate applicable for the worker's age. *For example*, a worker age 57 has a spouse and two children enrolled as dependents. The total potential dependent death benefits are \$30,000 (\$10,000 for each dependent), and this amount is multiplied by \$0.43 per \$1,000 of benefit. The resulting \$12.90 is the monthly taxable income amount reportable for that worker.

The taxable income amount applicable for the worker death benefit and the dependent death benefit(s), if any, are added together to come up with the amount reported on the Group-Term Life Report prepared by Concordia Plan Services for each employer. This amount must be added to the employer's Form 941 and worker's Form W-2. Also, the report describes the additional FICA or SECA taxes to be paid.

The Group-Term Life Reports are produced quarterly. The first report of the year includes all workers enrolled through each employer. The reports in subsequent quarters include only those workers enrolled later in the year who are also liable for these potential benefits.

Detailed instructions are included with the report. It is very important that the employer keep this report on file until it is time to fill out Form W-2s for that taxable year. As indicated in the instructions, the treasurer should notify the affected workers of the payroll implications of the report.

Although all enrolled workers are included on the reports, *not all workers will have an amount to be reported*—in those cases, there will be zeroes in the appropriate columns.

If you have misplaced your copy of the Group Term Life Report or have questions, contact Concordia Plan Services toll-free at 1-888-927-7526.

4.520:

Health Claim Benefits

Benefits received from the Concordia Health Plan for medical or dental expenses are not reportable for federal income tax purposes or considered "wages" for Social Security purposes. However, when two group health plans (the Concordia Health Plan and another group plan) reimburse more than the actual amount of the medical or dental expense, the excess is reportable as income by the employee and is taxable.

4.525:

Disability Benefits

Federal tax laws pertaining to disability payments (or "sick pay") are complicated and quite different from those applicable to regular wage payments. Therefore, it's important that the employer spends extra time becoming familiar with these rules if it has an employee out on disability.

Sick pay is subject to federal income tax. However, Concordia Plan Services, as a third-party payer of such benefits, is neither required to nor does it withhold federal income tax from the worker's disability payments unless the worker has provided a Form W-4S, Request for Federal Income Tax Withholding from Sick Pay. IRS provides completion instructions with the form.

Sick pay is only subject to Social Security and Medicare taxes during the first six months following the last month in which the employee worked. Any sickness or disability payment to the employee beyond the expiration of this period is exempt from Social Security and Medicare taxes. Example: A worker who becomes disabled in November is liable for Social Security and Medicare taxes on any disability benefit paid through May 30.

With respect to workers whose wages are subject to FICA withholding, the **Plans must withhold the employee's share of Social Security and Medicare taxes (FICA)** from each disability payment made during the six-month period described above. The Plans then deposit this tax with the IRS, sending what's left to the employee. This mandatory withholding rule imposed on the payer of these benefits prevents the Plans from accommodating any employer's request to handle the taxes themselves.

The disability benefit administrator appointed by Concordia Plan Services, Liberty Mutual, issues the benefit checks and handles the tax withholding/reporting for most disabled workers. On behalf of Concordia Disability and Survivor Plan, Liberty Mutual pays the employer portion of Social Security and Medicare taxes for those workers not considered self-employed and who are receiving benefits from the Plan. Liberty Mutual also reports disability benefits to the IRS on its own Form 941 and applicable year-end Form W-2 with respect to all disabled workers. Disabled ministers of religion will receive a separate statement reporting the amount of gross disability benefits paid during the calendar year and designated as an eligible housing allowance.

4.530:

Death Benefits

Recipients of death benefits will be advised of the tax treatment of amounts received.

4.535:

Retirement Benefits—Concordia Retirement Plan and Concordia Retirement Savings Plan

Retirement benefits received from the Concordia Retirement Plan and Concordia Retirement Savings Plan (other than Roth amounts) are reportable as taxable income. Each January, a Form 1099-R is mailed to all recipients of such benefits to inform them of the total amount distributed (and taxes withheld) during the prior year.

4.545: Retirement Benefits—Housing Allowance Designation

In accordance with the Internal Revenue Code and IRS rulings, one hundred percent (100%) of the retirement benefits received from the Concordia Retirement Savings Plan, Concordia Retirement Plan and/or Pension Plan for Pastors and Teachers by a retired minister of the Gospel designated as eligible for “housing allowance.” This means that a minister can exclude from taxable income up to one hundred percent (100%) of retirement benefits received from these Plans, to the extent that it is actually used to rent or provide a home (and assuming the amount does not exceed the annual fair rental value of the home, furnished, plus utilities). Qualified expenses include rent (if housing is rented) or principal and interest payments and real estate taxes (if a home is owned), as well as expenses for utilities, routine repair and maintenance, capital improvements, furnishings and garage rent. (See 2.322 for details.) A copy of the IRS approval letter can be found in 4.800.

Special note: This housing allowance designation does NOT apply to rollovers to an IRA or other qualified plan from these plans, or lump-sum payouts or in-service monthly retirement benefits from the Concordia Retirement Plan.

4.546: Disability Benefits—Housing Allowance Designation

In accordance with the Internal Revenue Code and IRS rulings, disability benefits paid by the Concordia Disability and Survivor Plan to a minister of the Gospel are designated as “housing allowance.” This means that a disabled minister can exclude from taxable income up to one hundred percent (100%) of disability benefits received, to the extent that it is used to rent or provide a home (and assuming the amount does not exceed the annual fair rental value of the home, furnished, plus utilities). Qualified expenses are the same as those listed in 4.545 above.

4.555: Personal Spending Accounts

Employers that participate in the Concordia Health Plan may set up personal spending accounts that integrate with the health plan option they have selected for their employees.

“Personal spending accounts” include the following:

■ Flexible Spending Account (FSA)

A tax-advantaged account that can be set up through a cafeteria plan of an employer. Employees may contribute pre-tax dollars to fund the account and the funds can be used by the employee to pay for out-of-pocket healthcare expenses or qualified dependent care expenses. An employer may also contribute to the account. Money in an FSA is generally subject to

the “use it or lose it” rule, with any funds left in an FSA at the end of the year forfeited to the employer. A medical FSA works with all options offered by the Concordia Health Plan; see Section 7.230 for more details.

■ Health Savings Account (HSA)

A tax-advantaged savings account that can be established and funded by either the employer or employee. The account is owned by the employee and is portable. An HSA must be paired with a high deductible health plan (Option HDHP, Choice 1500, Choice 2000, Choice 3000, Whole Health 2000, and Health Wise Plus 3000); see Section 5.700 for more details about HSAs.

■ Health Reimbursement Arrangement (HRA)

An account established by an employer to help cover employees’ out-of-pocket healthcare expenses. It has a notional (unfunded) account balance. The account is funded/reimbursed by the employer as claims are incurred. An HRA works with all CHP options, except the HMO options.

Contact Concordia Plan Services at 888-927-7526, or check the CPS website at ConcordiaPlans.org for more details about Personal Spending Accounts.

4.600: Data Match Project (Centers for Medicare and Medicaid Services)

If your congregation receives a mailing titled “Group Health Plan Report for the IRS/SSA/CMS Data Match” from the Centers for Medicare and Medicaid Services, you will need to complete the online questionnaire. If you are unable to access the questionnaire, contact the Benefits Coordination and Recovery Center (BCRC) at 1-855-798-2627. The purpose of the questionnaire is to help Medicare identify situations where another health plan should have paid medical claims as the primary payer for a worker or worker’s spouse who is enrolled in Medicare.

Follow the instructions in the mailing to register online. Two business days later you can then log back in and complete the questionnaire. You must complete the questionnaire within 30 days, otherwise penalties may be applicable.

If your congregation participates in the Concordia Health Plan for its full-time workers, call Concordia Plan Services toll-free at 888-927-7526, to receive assistance in completing the questionnaire. Because incorrect information could result in a possible denial or incorrect payment of Medicare benefits for the affected worker, it is important that the questionnaire be completed correctly.

4.700:

Health Care Reform

Since March 2010, when the Patient Protection and Affordable Care Act (the Affordable Care Act) was signed into law, Concordia Plan Services (CPS) has devoted significant time and effort to understanding how health care reform will affect LCMS ministries and their workers, as well as the Concordia Health Plan (CHP). As the Affordable Care Act and related regulations continue to change, the primary focus of CPS is to provide valuable, affordable, and competitive benefit programs that meet the needs of LCMS ministries and their workers—and to do so in a manner consistent with the Lutheran faith.

Information about the Affordable Care Act and the specifics of health care reform can be found on the CPS website at ConcordiaPlans.org. Employers are encouraged to stay informed by visiting the CPS website to learn more about health care reform in general and employer responsibilities with regard to this law.

**4.800:
IRS Ruling**

**4.805:
Retirement Benefits—Housing Allowance Designation**

AUG 18 1981

Internal Revenue Service

Department of the Treasury

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0107.01-00

Washington, DC 20224

Board of Managers of Worker
Benefit Plans
Lutheran Church—Missouri Synod
500 North Broadway
St. Louis, MO 63102

Person to Contact:
Ms. Nancy H. Schuhmann
Telephone Number:
(202) 566-3292

Refer Reply to:
T:I:EGWEA:2:2

EIN: 43-0658188

Date:

AUG 17 1981

Attn: Mr. Herbert Mueller
Secretary

Dear Sir or Madam:

This is in reply to your letter of May 14, 1981, in which you, in effect, request a modification of our letter ruling to you dated May 7, 1974, which concerned your authority to designate a portion of certain retired ministers' pensions as "rental allowances" within the meaning of section 107 of the Internal Revenue Code.

On the basis that the circumstances which were the subject of our previous letter ruling have not changed, we conclude that you may designate the entire amount of a retired minister's pension as a "rental allowance."

Please note, however, that we must qualify our ruling to the extent that an amount that you designate as a "rental allowance" will not be excludable from a retired ordained minister's gross income under section 107 to the extent that such amount is either greater than the amount actually used to rent or provide a home or to the extent that such amount exceeds the fair rental value of the home (including furnishings and appurtenances) plus the cost of utilities.

This ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Internal Revenue Code provides that it may not be used or cited as precedent.

Sincerely yours,



Richard L. Crain
Chief, Estate, Gift, Wage,
Excise and Administrative
Provisions Branch