

Chapter 4: Concordia Plans

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4.100: Introduction to Benefit Programs Administered by Concordia Plan Services

All over the world, workers of The Lutheran Church—Missouri Synod share the gospel. For nearly 60 years, Concordia Plans has offered plans to protect those workers by providing them and their families with excellent comprehensive benefits including health, retirement, disability and survivor, all aligned with our shared Christian faith. We stand as an ally for LCMS organizations and church workers — we listen to your needs, and we strive to care for the total wellness of your ministry so that you can focus on your mission. As your LCMS workforce solutions partner, we take our responsibility to serve you to heart — with heart.

Through the collective power of thousands of ministries coming together, we're all providing workers access to resources typically only available to the largest companies. Our strength in numbers provides our workers access to the highest-quality resources available and supports them throughout their ministry and into retirement.

Our partnership helps workers be well to serve well, creating positive outcomes that ultimately enhance their ability to serve in ministry and care for their families. We are proud to support those who are helping more people know the eternal promise of our Savior.

We don't exist to generate profits, and we're committed to being good stewards of the funds entrusted to us by your ministry and others. We know these dollars come directly from congregation members, school parents and others who care for your ministry. Honoring their commitment to keep your ministry strong and support your workers is important to us to act in your best interests.

Ministries like yours rely on and trust Concordia Plans to provide physical, emotional and financial wellness solutions for your workers — as well as business solutions for your ministry, including HR services and payroll. Aligned in faith and passion to serve, we're here to support you.

4.200: Benefit Plans

■ CONCORDIA RETIREMENT PLAN PENSION (CRP)

- Retirement Income
 - Traditional Option
 - Account Option

■ CONCORDIA RETIREMENT SAVINGS PLAN (CRSP)

- 403(b) Tax-Advantaged savings plan
 - Pre-tax contributions
 - After-tax Roth contributions

■ CONCORDIA DISABILITY AND SURVIVOR PLAN (CDSP)

- Income replacement
- Pre-retirement lump-sum death benefits (worker and dependents)

■ CONCORDIA HEALTH PLAN (CHP)

- Health and wellness programs
- Dental
- Medical/Mental Health and Substance Abuse Benefits
- Prescription Drug Benefits
- Employee Assistance Program
- Vision Care Benefits
- Hearing Care Discount Program
- Personal Spending Accounts (PSAs)

■ OPTIONAL VOLUNTARY INSURANCE PROTECTION

- Supplemental Life Insurance
- Accidental Death and Dismemberment (AD&D)
- Accidental Injury Insurance
- Critical Illness Insurance

4.205:

Employee Assistance Program (EAP)

Concordia Plans provides LCMS workers access to a nationwide employee assistance program through Cigna that provides a broad range of confidential resources to help workers and their families. Confidential support 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, legal and financial issues, as well as referrals to professional resources. Legal and financial services are provided through attorneys or financial planners. All services are confidential. Estate planning and legal document templates are also available. 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.

4:300: Administration

4.305:

Employer Eligibility

The Concordia Plans (CRP, CRSP, CDSP and CHP) 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.

CPS also offers Accident Death and Dismemberment (AD&D) Insurance and other optional programs an employer may make available through payroll deduction.

Before offering any of the Concordia Plans, contact Concordia Plan Services to learn more about the plan adoption process.

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 year. The following year, employers may continue with that option or change to another option. Qualifying employers can select up to two 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, visit 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)

If an employer is participating in the CRP, all full-time* workers age 21 and older must be enrolled effective the first day of the month coinciding with or next following such employment. Enrollment of full-time workers age 21 and older is mandatory; the worker cannot opt out. Beginning July 1, 2022, any worker under age 21 will not be enrolled in the CRP until he or she turns 21.

* A "full-time worker" is any worker whose customary employment is more than 20 hours per week and more than five consecutive months."

■ Concordia Disability and Survivor Plan (CDSP)

If an employer is participating in the CDSP, all full-time* workers must be enrolled effective the first day of the month coinciding with or next following such employment. Enrollment of full-time workers is mandatory; the worker cannot opt out.

* A "full-time worker" is any worker whose customary employment is more than 20 hours per week and more than five consecutive months."

■ Concordia Retirement Savings Plan (CRSP)

If an employer is participating in the CRSP, all full-time workers eligible for the CRP are eligible to participate in CRSP. An employer may also elect to allow part-time workers to participate in the CRSP. The worker, if eligible, then decides whether to make CRSP contributions.

■ 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 coinciding with or next 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

Effective January 1, 2019, if retiree over age 62 who is receiving early retirement benefit payments from the Concordia Retirement Plan is rehired on a part-time (20 hours or less per week) or on a temporary basis (expected to work for five months or less) by an LCMS organization participating in the CRP, he or she may continue to receive retirement benefit payments. If employment exceeds these limits, the ongoing payment of such retiree's primary retirement benefit annuity, if any, will cease and the retiree is considered an "active" worker and eligible to 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.

Retirees age 65 or older rehired on a full-time basis may elect to receive an in-service benefit annuity from the Concordia Retirement Plan. This is available to members who had a least five years of service as of June 30, 2014. The rehired retiree will again be considered an "active" worker, and the employer must pay contributions to the Plans on their behalf. The in-service benefit is ineligible for housing allowance exclusion referred to in 4.545.

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 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 and are due at the end of the month. Prompt payment is required to confirm coverage to healthcare providers and pay benefits for enrolled workers. Unpaid billing invoices more than 30 days late are assessed a 1% finance charge, compounded monthly.

Monthly invoices may be paid online through the new personalized CPS employer portal, accessible through concordiaplans.org. You must be registered as a portal administrator to access the portal.

■ Concordia Retirement Plan (CRP)

The contribution rate for the CRP is a percentage of the worker's total annual compensation, as currently reported by the employer. 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; 3% for workers with less than 5 years of credited service; 6% for workers with 5 or more years of credited service.

■ Concordia Retirement Savings Plan (CRSP)

The CRSP employer contribution is voluntary. CRSP contributions are remitted by employers to Fidelity, the CRSP recordkeeper.

■ 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 CRSP is \$330,000 for 2023, and this figure is adjusted annually.

Salary information is collected each year from employers through the completion of an Annual Compensation of Participating Workers Report (ACR). The report 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. Late reporting may result in your organization being charged Lost Income Adjustment Fees.

■ Concordia Health Plan (CHP)

The required minimum contribution by an employee for active workers enrolled in the CHP are flat dollar amounts that vary based on the plan option selected. Employers can choose to cover a higher percentage of the self-only rate and the costs of other enrollment categories (e.g. self and spouse or family.)

To learn about the different CHP options or to request your applicable rate, please contact your account manager or call CPS at 888-927-7526.

4.325:

Enrolling Workers

To enroll in any of the Concordia Plans, enrollment must be initiated by an official representative of the employer. Employers can enroll workers by contacting CPS, submitting a completed Enrollment Form or entering them in the Employer Portal.

If the employer has elected to participate in the CHP, the documents listed below must be distributed to the worker, along with enrollment materials. These documents are accessible through concordiaplans.org/plans.

■ Children's Health Insurance Program (CHIP) Model

Notice: This notice should be printed and provided to all current workers and new workers when they begin employment, regardless of their CHP eligibility.

- Other required notices: The remaining documents listed below should be printed and provided to all workers who are eligible for the CHP prior to their enrollment.

This includes current workers, new workers when they begin employment and workers who increase their hours and become eligible for coverage under the CHP.

- Summary(ies) of Benefits and Coverage (SBC) for the health plan option(s) offered.
- Dental/Vision At-a-Glance document(s) for the dental and vision plan(s) offered.
- Legal Notices Summary.
- Women's Health and Cancer Rights Act Notice.
- HIPAA Notice of Privacy Practices.

If the employer participates in the CDSP or if the worker elects enrollment in AD&D (see 4.415) or other optional programs, a beneficiary designation must be completed by the worker.

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

If enrollment is completed **more than 60 days** after the worker's date of initial eligibility, enrollment must be completed using the Enrollment form and 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 coinciding with or next following of enrollment.

4.326: Participation in Concordia Retirement Savings Plan (CRSP)

Eligibility in the CRSP typically starts on the first day of the calendar month coinciding with or next following (as determined by the employer) the date of employment. To begin contributing, a worker can either complete the easy online deferral process at concordiaplans.org/save or complete the Salary Deferral Agreement which can be found at concordiaplans.org in the Resources section of the Members Tab. Employers can obtain more information by contacting Concordia Plan Services about how to remit CRSP contributions.

4.330: Reporting Terminations, Retirements, Transfers and Changes

Prompt reporting of employment changes 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 from 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 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 status can be reported by contacting CPS, submitting a Request for Membership Change form or entering them in the Employer Portal. Such changes include marriage, divorce, new baby, dependent ceasing to be a student, etc. It is important that changes to coverage be reported timely so that the necessary adjustments in coverage and contribution rates can be made.

Late Reporting: If notice of a termination, loss of eligibility or retirement is not reported timely, 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, late reporting 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 as possible pertaining to the death or disability should also be available.

4.335:

Filing 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. Claim forms and detailed information on how to file a claim can be found at concordiaplans.org, or you can contact CPS at 888-927-7526.

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 privacy and security of information we receive from your workers who are enrolled in the Concordia Health Plan. To be HIPAA compliant, specific health information or medical claim details cannot be released to employers unless authorized by the individual. Generally, authorization is not necessary to discuss enrollment information, changes in enrollment, or contribution/billing issues.

A HIPAA authorization form is available at concordiaplans.org.

If you have any questions regarding HIPAA, please contact Privacy Officer Sandy Greenfield at 888-927-7526, Ext. 6739.

4.340:

Materials Available

Benefit plan documents, reference materials and publications are available through concordiaplans.org.

Examples of such available materials are:

- Plan booklets
- Enrollment materials
- Beneficiary designation information
- Benefit claim forms
- Administrative guides
- Summaries of Benefits and Coverage
- Legal notices
- Qualified Domestic Relations Order sample, forms, and instructions

4.345:

Benefit Meetings

Representatives within the Ministry Engagement Team are available to conduct meetings in order to help members and employer representatives gain a better understanding of their benefits. To have someone speak at your meeting, please contact your account manager or call CPS at 888-927-7526.

4.400: Other Programs

4.415:

Accidental Death and Dismemberment Insurance

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 is available to members of the Concordia Plans.

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.

Accidental Injury and Critical Illness Insurance

In the event of a critical illness or an injury resulting from an accident this insurance provides a benefit based upon the member's selected insurance amount. This insurance is a voluntary benefit for members, if you as the employer offer it, and the cost of the benefit is the worker's responsibility. Because the premiums will be included in the invoice to the employer, the member'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. TAIP is an optional employer-paid 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 employer, board, commission, or organization.

4.435:

Supplemental Life Insurance

Workers enrolled in the Concordia Plans have the opportunity to purchase voluntary group-term life insurance for themselves and their dependents through Minnesota Life, a Securian company. Varying levels of term insurance are available. Premiums for voluntary life insurance coverage will be paid through payroll deduction by the worker's employer.

4.440:

Health and Wellness Programs

Workers and their dependents enrolled in the Concordia Health Plan have access to health and wellness resources offered to help workers Be Well so they can continue to Serve Well on God's mission. Some of the resources include:

- **Quantum Health** — Quantum Health offers one-stop healthcare navigation for members and dependents

enrolled in the Blue Cross Blue Shield, Cigna (Healthy Me members) and UMR plan options. Quantum Health provides a team of Care Coordinators consisting of nurses, benefit experts and claims specialists to support healthcare needs.

Care Coordinators will:

- provide access to ID cards and explanation of benefits as well as verify health coverage;
- assist with claims questions, prior authorization and prescription drug inquiries;
- help identify quality network providers at a fair price; and
- guide members and dependents to different point solutions that encourage wellness, including assistance with diabetes, weight management and telehealth services.

Clinical staff will assist members experiencing a healthcare journey by providing health education resources, contacting providers to discuss treatment, advocating for care and creating health improvement plans.

There is one phone number for all of these services with one stop support. Go to ConcordiaPlans.org to learn more.

- **Vitality** — Vitality inspires people to do better every day by making the healthy choice the easy choice. A wellness program brought to you through the Concordia Health Plan, Vitality helps elevate your wellness journey so you can be well to serve well. Vitality includes:
 - Health risk assessment
 - Earn points for healthy activities like exercise, education and prevention care
 - Points turn into Vitality Bucks that can be used to purchase rewards
 - Other perks include a fitness device subsidy, gym membership rebate and the Apple Watch program
- **Quality Care Finder** — Healthcare Bluebook provides access to high-quality care at a fair price. Their red, yellow, and green color-coded digital solution makes it easy to identify quality (green) providers for medical procedures and services.

If after searching for a reward-eligible procedure you seek services from a green provider within 12 months, you will be rewarded with a debit card. Amounts vary based on procedure.
- **Diabetes Prevention and Management**
 - Wondr Health - a common-sense, skill-building approach to lasting weight loss/ weight management.
 - Omada - a diabetes and heart disease prevention program aimed to reduce risk for developing those conditions.
 - Teladoc Health Diabetes Management Plus (formerly known as Livongo) - goes beyond traditional diabetes management approaches by providing comprehensive services that not only make living with diabetes easier, but also offer enhanced support to address

the commonly related conditions of hypertension and obesity — enabling workers to cultivate healthier lifestyle habits. Free digitally-connected devices and testing supplies.

- Virta - a medically-supervised treatment to reverse type 2 diabetes; reduce blood sugar and HgH1c without surgery, while potentially removing diabetes medications.

■ **Sword VirtualPhysical Therapy** — Help for back, joint and muscle pain, for recovering after surgery and in preventing injury.

■ **Mental Health**

- Employee Assistance Program (EAP) - available through Cigna to all Concordia Health Plan Members. 24/7 counselor support via phone; six in person (or virtual) sessions with an EAP provider per issue, per calendar year
- Pastoral Support Network - support for pastors and their family members available through CIGNA
- LCMS Resources - Lean on your benefits and the church for mental health resources and concordiaplans.org/mentalhealth

■ **Maternity Wellness** — Assistance for high-risk maternity care is available through Quantum Health for members enrolled in Blue Cross Blue Shield, UMR and Cigna (Healthy Me members) plan options. Kaiser members can participate in the Maternity Wellness program through Kaiser. Cigna HMO members can participate in the Healthy Pregnancy, Healthy Baby program through Cigna.

■ **Telehealth** — For Blue Cross Blue Shield, UMR and Cigna Healthy Me members, Teladoc Health offers convenient access to licensed, high quality, low-cost care. Teladoc Health is available 24/7, when and where members most need it and in all 50 states. Teladoc Health provides a broad array of healthcare services including general medical, dermatology, mental health and nutrition by web, phone, and app eliminating long wait times and delayed care. May be subject to copays or deductible.

Kaiser and Cigna HMO members will have telehealth services directly through Kaiser and Cigna respectively.

All programs are available at no cost to members unless otherwise noted. For more details on any program, visit concordiaplans.org/members/my-wellnessbenefits.

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 that 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 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 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.

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 questions about the Group Term Life Report, 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, if two group health plans (the Concordia Health Plan and another group plan) were to reimburse more than the actual amount of the medical or dental expense, the excess would be 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, Lincoln Financial, issues the benefit checks and handles the tax withholding/reporting for most disabled workers. On behalf of the Concordia Disability and Survivor Plan, Lincoln Financial 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. Lincoln Financial 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 Plan and the Concordia Retirement Savings Plan by a retired minister of religion is designated as "housing allowance." (In-service benefit payments do not qualify for housing allowance treatment). This means that a minister can exclude from taxable income up to one hundred percent (100%) of retirement benefits received from the retirement plans, 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 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.

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 religion are designated as “housing allowance.” This means that a disabled minister of religion 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 health-care 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; 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.

4.900: IRS Ruling

4.905:

Retirement Benefits—Housing Allowance Designation

Internal Revenue Service

Department of the Treasury

AUG 18 1981

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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
Date:

EIN: 43-0658188

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

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

