

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, 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. 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 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)

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, 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 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, access the new personalized CPS employer portal 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 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 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. The rehired retiree will again be considered an "active" worker, and the employer must 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 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 new personalized CPS employer portal, accessible through 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; 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 CDSP is \$275,000 for 2018, 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. However, if the ACR is received 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, log on to the new personalized CPS employer portal, accessible through ConcordiaPlans.org.

4.325:

Enrolling Workers

To enroll in any of the Concordia Plans, enrollment must be completed by the worker and an official representative of the employer. Beginning January 1, 2019, employers can also enroll workers on the new personalized CPS employer portal, accessible through ConcordiaPlans.org. 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 enrollment materials. Also, if the employer has opted to participate in the CDSP or if the worker elects enrollment in the AIP (see 4.415), beneficiary designation must be completed by the worker. Enrollment should be completed 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 enrollment is completed **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 of enrollment.

- **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, which authorizes the participating employer to withhold designated CRSP contributions, should be provided to eligible workers. A copy of the Salary Deferral Agreement can be found at ConcordiaPlans.org under Resources. 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: Beginning January 1, 2019, changes in a worker's status can be reported on the CPS member/employer portal, accessible through ConcordiaPlans.org. 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 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 can be accessed through CPS member/employer portal, accessible through ConcordiaPlans.org.

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.

HIPAA authorization information is available through the Resources section of the new personalized CPS member/employer portal, accessible through 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 in the Resources section of the new personalized CPS member/employer portal, accessible through ConcordiaPlans.org.

Examples of such available materials are:

- Official Plan Documents
- Enrollment materials
- Beneficiary designation information
- Benefit claim forms
- Administrative guides
- Summaries of Benefits and Coverage

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 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.

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:

Voluntary 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 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.
 - Healthy Pregnancy, Healthy Baby Program — to help improve the quality of maternity care and reduce pre-term deliveries
- **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.
- **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.
- **Grand Rounds** — top doctors in the U.S. are available to provide expert second opinions, and Grand Rounds can help find the best doctors for a host of procedures.

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 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 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, 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 Plan and the Concordia Retirement Savings Plan by a retired

minister of the Gospel are designated as “housing allowance.” 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 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; 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.

