

ELIGIBILITY FOR BENEFITS

Board of Pensions Administrative Rules – Rule 105

Purpose

The Benefits Plan enrollment rules for participating churches and employing organizations are intended to promote compliance with the Internal Revenue Code (“the Code”) non-discrimination, coverage and participation rules for employer group health plan benefits. The Code’s requirements vary for pension, retirement savings, and medical plan coverage. Some, but not all of the Code requirements, apply to church plans. It is the responsibility of each employing organization to ensure that its personnel policies comply with applicable legal requirements.

Scope of Enrollment Provisions

The Benefits Plan’s enrollment rules apply to all employers participating in either the Traditional Program or Affiliated Benefits Program. Each program has different requirements. The Benefits Plan enrollment rules require each church or employing organization must offer all employees in the same employment classification the same type of coverage.

Traditional Coverage

The PCUSA Book of Order mandates that each church must enroll all teaching elders in called and installed pastoral relationships with congregations for participation in the Benefits Plan, including both pension and medical coverage. (G-2.0804). Lay employees and non-mandated teaching elders may be enrolled for either full or limited coverage as described in Sections 5.2 and 5.3 of the Plan. See also Administrative Rule 301 for participation levels available under the Benefits Plan. Effective January 1, 2015, employers may require a contribution towards the Traditional Program Medical Plan dues for Eligible Family members as long as all employees in the same classification are subject to the same requirement. See Administrative Rule 206 for further details.

Limited Participation Rules

After three years of Plan participation with an employing organization, the employee enrolled for limited Traditional Plan coverage must be enrolled for full participation. If an employing organization fails to timely enroll a member for limited participation, the time worked for that employer prior to the late enrollment, excluding probationary periods, must be counted as part of the period of limited participation. An employing organization may not penalize members by using the actual effective date of enrollment in the Benefits Plan to start the clock for the limited participation window when the enrollment date should have been earlier.

Because employees enrolled for limited participation are enrolled as of their own eligibility dates, their three-year anniversary dates will vary. Therefore, an employer will have different anniversary dates for employees enrolled for limited participation. As long as the eligibility date determination is applied consistently by the employer, this is not considered a discriminatory enrollment practice under the Benefits Plan.

An employing organization may have an enrollment policy that upgrades members from limited to full participation after a period of less than three years. The policy must be consistent regarding the time period used to upgrade coverage from limited to full coverage. For example, if one employee is enrolled for full coverage after two years of limited participation, all employees in the same classification must be enrolled for full coverage after two years of limited participation.

Affiliated Benefits Program

Employing organizations participating in the Affiliated Benefits Program must be consistent in offering benefits to employees by employment classification and complying with Internal Revenue Service non-discrimination rules.

Non-qualified church controlled organizations (Non-QCCOs) participating in the Retirement Savings Plan are also subject to the non-discrimination testing requirements under Section 403(b) of the Internal Revenue Code.

See Administrative Rule 121 for more information about the Affiliated Benefits Program.

Probationary Periods

An employing organization may require a probationary period of no more than 90 days from the date of eligibility before lay employees are enrolled in the Plan but must be consistent in applying the same probationary periods and offering the same benefits to employees within any one classification. Employing organizations cannot select different probationary periods for individual employees within an employment classification.

Employment Classifications and Definitions

For Plan purposes, the employment classifications are:

- Ordained - full-time
- Ordained - part-time
- Exempt lay - full-time
- Exempt lay - part-time
- Non-exempt lay - full-time
- Non-exempt lay - part-time

Ordained: applies only to Teaching Elders ordained by or received into the PCUSA and to Non – ordained employees who have graduated from seminary, have their first call and have their ordination date scheduled.

Exempt lay: applies to lay employees whose duties are primarily administrative and to Commissioned Ruling Elders. See “Exempt and Non-exempt Classifications” and “Ministers of Other Denominations” below.

Non-exempt lay: applies to lay employees whose duties are primarily non-administrative.

Ministers of Other Denominations

When a minister of another denomination serving the PCUSA elects to participate in the Benefits Plan, that minister is classified as exempt lay, except for ministers of denominations covered under the Formula of Agreement (See Administrative Rule 109). Because of the uniform coverage requirement, any other exempt lay employees at the employing organization have to be enrolled when such a minister is enrolled in the PCUSA Plan as exempt lay. Eligibility of lay employees at the organization will not be affected, however, when the minister of another denomination elects participation in his/her own denominational plan.

Responsibility for Employment Classification Determination

It is the employing organization’s responsibility to correctly identify each member’s employment classification, scheduled hours to work per week, and total annual effective salary information, and to provide timely notice to the Board of Pensions of any change in that classification or the related information.

The correct determination of an employee’s classification, hours per week, and annual effective salary ensures that the member’s benefits are determined accurately and that the Plan’s enrollment rules are met.

Exempt and Non-exempt Classifications

The Board of Pensions uses the Department of Labor Fair Labor Standards Act (FLSA) standards for determining when a position should be classified as exempt or non-exempt.

For additional information, visit the U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division website at <http://www.dol.gov> or call 1-866-487-9243 and request Fact Sheet #17A, Fair Pay Fact Sheet by Exemption Under the Fair Labor Standards Act (FLSA).

Full-time, Part-time and Temporary Employees

Employees are classified as full-time for purposes of this rule when they are scheduled to work at least 35 hours per week. Employees who work fewer than 35 hours per week but between 20-34 hours per week are considered part-time under

the Benefits Plan. Non-mandated employees must work at least 20 hours per week to be considered eligible for participation in the Benefits Plan. Refer to Administrative Rule 121 for special rules that apply to ABP employers. Individuals classified as temporary employees may be excluded from Plan participation without impacting other employees at the organization. The Board of Pensions will allow an employing organization to classify as a temporary employee, an individual employed for a specified period of time (not to exceed two years), whose term of service automatically expires at the end of that period unless terminated earlier because of resignation, retirement or termination by either the employer or employee. The policy of classifying employees as temporary must be consistently applied by the employing organization.

Individuals may not be enrolled in the Benefits Plan using an employment classification of "Temporary Employee." This classification may only be used for employees who are not eligible for Plan enrollment.

Approved by COM on October 12, 2016