



CHURCH PENSION GROUP
Serving the Episcopal Church and Its People

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MEMO

To: Diocesan Bishops, Deployment Officers, and Retired Clergy
From: The Rev. Canon Patricia M. Colfer
Subject: Work After Retirement compensation limit for 2009

As you know, the current rules of the Church Pension Fund stipulate that a retired cleric, in any 12 month period, may not receive remuneration from church sources in an amount greater than 50% of the average median compensation for all clergy. **For 2009, the cap on earnings for retired clergy will increase to \$32,000.** Please remember that the retired cleric need not complete an application in order to serve and receive compensation below the stated amount. However, if a cleric is asked to serve:

- 1) in a congregation or institution from which he or she retired, or
- 2) in a position in which she or he will receive remuneration in excess of \$32,000

the ecclesiastical authority in the diocese in which the cleric will serve **must complete an Application for an Exception to the Rules for Work After Retirement, and must send that, along with a letter** explaining why the ministry of that particular cleric is important to the missionary or pastoral strategy of the congregation or diocese, and why he or she must receive the pension benefit in addition to the remuneration above the limit. The Application and letter should be send to the Committee on Ecclesiastical Offices Held By Beneficiaries of the Fund, c/o the Rev. Canon Patricia M. Colfer. The Application may be downloaded from our website at www.cpg.org.

Please note that the above mentioned application is now on a new form. All applications must be received on the new form, a copy of which is enclosed with this mailing.

If the cleric has not been granted an exception, and is in violation of the above mentioned rules, the Church Pension Fund will consider that the cleric has returned to full time active service. His or her pension benefit payments will cease, and the congregation or institution will be assessed 18% of the cleric's compensation.

The following guidelines may be helpful to you as you consider whether or not a cleric qualifies for the Exception to the Rules for Work After Retirement:

- An exception to the rules may be granted for up to one year only
- Any exception which permits a retired clergy person to engage in compensated work should not replace the calling of an active clergy person to the same position
- Exceptions to the Rules for Work After Retirement are only necessary for those who are under 72 years of age

Thank you for your assistance as we try to steward the Pension Fund and its benefits in an equitable way for all clergy.

Please feel welcome to contact me if you have questions about this procedure.

WORK AFTER RETIREMENT PROCEDURE

In accordance with the official Rules of the Church Pension Fund, 3.11 **Restoration of Retired Participant to Active Ministry:**

Generally, participants [under 72 years of age] are considered to have "returned to active Ministry" if they are receiving pay at least equal, to the threshold percentage of median compensation. An exception to this rule may be granted if requested and approved by the Trustee Committee on Ecclesiastical Offices Held by Beneficiaries.

Additionally, participants [under 72 years of age] who return to work with the same church unit with whom they last worked are also considered to have returned to active ministry. An exception to this rule may be granted if requested and approved by the Trustee Committee on Ecclesiastical Offices Held by Beneficiaries

The filing of requests for Work after Retirement will reside in the Pastoral Care and Education department. Before accepting a position, the cleric must do the following:

- Obtain the approval of the ecclesiastical authority of the diocese in which the work will occur prior to commencing work
- For those under 72 years of age, if the proposed work is in a church or institution other than the one from which the individual retired, the individual must receive no more than 50% of the median compensation of all active US clergy
- For those under 72 years of age, if the proposed work is in a church or institution from which one is retiring, a Work After Retirement application must be approved by the procedures outlined here regardless of the cleric's compensation package
- CPF may grant exceptions to the above, based on an application made on the cleric's behalf by the ecclesiastical authority of the diocese where the work will occur

PROCEDURE:

1. Work after Retirement applications are provided by the Fund through the Pastoral Care department or on the CPG website
2. the ecclesiastical authority of the diocese in which the work will take place presents the application to the Fund through the Pastoral Care Department along with a rationale for an exception to the Rules
3. the application and accompanying documentation is compiled, reviewed for completeness by staff and forwarded to the Committee members for approval or rejection
4. applications should be made two months in advance of the possible starting date to insure all pertinent information is shared with the ecclesiastical authority and the cleric, especially medical coverage possibilities or issues
5. timeliness of response from the committee is important and will be tracked by the Pastoral Care department for completion and decision
6. applications, approvals and rejections will be logged in Pastoral Care
7. three months prior to anniversary of starting date a letter will be sent to the cleric and the ecclesiastical authority to review status of the cleric and earnings
8. a cumulative report will be available upon request
9. prior to the beginning of each new calendar year, Diocesan Bishops, Deployment officers and Retired Clergy will receive information on the latest compensation limits

ATTACHMENTS:

- Work after Retirement compensation limit for 2007 memorandum
- Work after Retirement application
- Eligibility for health plans for Medicare-Enrolled Retirees

ELIGIBILITY FOR HEALTH PLANS FOR MEDICARE- ENROLLED RETIREES

MEDICARE SECONDARY PAYER (MSP) LAW

The Medical Trust follows the government's Medicare Secondary Payer (MSP) law which outlines when Medicare is not responsible for paying first for health claims. The government designed Medicare to provide health coverage for retired individuals, not active individuals. Medicare requires employers' active plans to be the primary payer of health claims for individuals who are actively working. If an active age 65+ employee is eligible for employer subsidized health benefits, as defined by the employer's policy, then Medicare will not be the primary payer for health claims.

Each employer (parish, diocese, etc.) must determine its own policy outlining which employees are eligible for employer-subsidized health benefits. The Medical Trust cannot determine this policy. The policy should comply with the Age Discrimination in Employment Act (ADEA), which requires employers to offer their age 65+ employees and spouses the same coverage that is offered to employees and spouses under age 65, regardless of their Medicare eligibility. In addition, this equal benefit rule applies to coverage offered to full-time and part-time employees. Those active employees over age 65 who are qualified for employer-subsidized health benefits and meet the Medical Trust's basic eligibility rules described in the medical trust plan must be offered an active plan.

Medicare beneficiaries are free to reject employer plan coverage and retain Medicare as their primary coverage. However, when Medicare is the primary payer, employers cannot offer such employees or their spouses' secondary coverage for items and services covered by Medicare. Medicare states that an employer cannot sponsor or contribute to individual Medigap or Medicare supplement plans for Medicare beneficiaries who are actively employed. Therefore, the Medical Trust does not offer Medicare supplement plans or Medicare HMOs to active employees and their spouses over age 65. An active employee can keep Medicare coverage but it will only pay benefits on a secondary basis. This is the government's way of ensuring that Medicare funds are spent on health claims only for those individuals who have retired.

For more information, please review the Medicare Secondary Payer (MSP) Manual at http://www.cms.hhs.gov/manuals/105_msp/msp105c02.pdf

WORK AFTER RETIREMENT – APPLICATION

General Information

Request by the Ecclesiastical Authority _____

for the Diocese of _____

Name of retired clergy member _____

Date of Birth ___/___/___ Years of Active Service _____

Retirement Type: Normal (65+) _____

Early (60-64) _____

30/55 _____

Information About the Position:

Name and location of the institution where the proposed work will take place:

Status of Institution: Parish _____ Mission _____ Other _____

Type of position: Interim _____ Priest-in-Charge _____ Other (specify) _____

Scope of Responsibilities Full Time _____ Part Time _____

Work Expected to Begin ___/___/___ Work Expected to End ___/___/___

Type of Exception:

Cleric remaining at same place as prior to retirement _____

Cleric is earning more than 50% of the national median for full-time clergy _____

Monthly Compensation at the
Congregation/institution where
the exemption is being sought

Pension _____

Salary _____

Housing Allowance _____

SS Reimbursement _____

Other _____

Total _____

Housing Furnished Yes _____ No _____

**If remaining in the same position/
Congregation/institution, add
Monthly Compensation prior
to retirement**

Yes _____ No _____

Diocesan Support and Authority

Is the institution fulfilling its financial obligations to the Diocese? Y / N / NA
(If not, explain whether in your view the institution is capable of sustaining itself financially on a long-term basis if it were to employ in this position a cleric on whose behalf pension assessments were paid in full)

Will you, as the Ecclesiastical Authority, have authority to remove this person at any time, and will the congregation understand this in advance? Y / N / NA

Rationale for Exception

Statement of the Rules and Procedures for Work after Retirement

I understand that any exception can be granted for no longer than one year

I recognize that if an extension of the exception is requested, it must be submitted at least (two months) in advance of the expiration date

I attest that full consideration was given, and all reasonable efforts were made, to have this position filled by a non-retired cleric _____

I understand that if a cleric has not been granted an Exception, and is in violation of any of the above rules, the Church Pension Fund will consider that the cleric has returned to full time active service. His or her pension benefit payments will cease, and the congregation or institution will be assessed 18% of the cleric's compensation.

Date of Application _____ (Must be at least two months prior to inception of exception)

Signature of Ecclesiastical Authority _____

Note to Ecclesiastical authority: The Medicare Secondary Payer law requires employers' active health plans to be the primary payer of health claims for individuals who are actively working. Employers must offer to their age 65+ employees and spouses the same coverage that is offered to employees and spouses under age 65, regardless of their Medicare eligibility. Therefore, any "retired" employee who is fulfilling a position which would offer health care benefits to a non-retired employee must be covered under the employer's active health care plan, and Medicare becomes the secondary insurer. See attached document from the Medical Trust.