I. Purpose and Scope
The Diocese of Southwest Florida hereby establishes this benefit for its retired stipendiary members of the clergy. The Diocese, acting through the Diocesan Council, reserves the right to amend its provisions in any respect and at any time, and to terminate this program entirely at any time, effective as to any or all persons, whether or not already retired at the date of amendment or termination. This should not be viewed as a guarantee of a post-retirement health benefit assistance program in perpetuity.

II. Overview
The Diocese of Southwest Florida has historically provided a benefit to canonically-resident retired clergy with 10 years of credited service in the diocese. With the ongoing evolution of the healthcare marketplace, this benefit is currently most effective as a cash benefit to be utilized towards medical expenses as determined by each individual.

III. Eligibility
a. To participate in the retirement benefit, an individual (whether clergy or spouse) must be at least the age of Medicare Eligibility (65).

b. The cleric must be retired from full time work within The Episcopal Church. A cleric may continue to receive the benefit only if:
   ▪ The cleric obtains the bishop’s approval in the diocese where he/she will be working prior to commencing work, and
   ▪ The cleric works in a church other than the one from which he or she retired, and
   ▪ The cleric receives no more than the “work after retirement” compensation ceiling as defined by the Church Pension Group.

   | CPG “Work After Retirement” Ceiling | 2011 | $34,000 |
c. The cleric must have earned at least 10 years of credited service as a canonically-resident stipendiary clergy within the Diocese of Southwest Florida. The cleric must have retired from the Diocese of Southwest Florida.

d. For the cleric to be eligible to receive such a benefit for and on behalf of a spouse, the cleric must have earned at least three years of credited service during the marriage and must have been married to the spouse on the date of the cleric’s retirement.

e. In the event that a cleric has been receiving a benefit on behalf of a spouse, then, upon the death of said cleric, the benefit shall transfer to the person who has become a widow/widower of the deceased clergy, provided they meet the requirements of section III d.

IV. Benefit Definition

a. The Diocesan Council will designate a Total Retiree Benefit Amount for each year as a part of their annual budgeting process. This amount is based on the income released from endowment funds restricted for the benefit of the elderly. It may also include funds from the current year diocesan operating fund, but this is not required nor expected.

b. The Total Retiree Benefit Amount will be divided by the budgeted number of eligible retirees for the particular year.

c. The Individual Benefit Amounts will be distributed in one check in January of each year. This will be the only distribution for the year.

d. As new retirees become eligible throughout the year, they will receive a pro-rated share of the Individual Benefit Amount. For example, a clergy who retires in July will receive 6/12 or 50% of the Individual Benefit Amount.

V. Effective Date

a. The eligibility definitions are effective upon adoption of this policy by Diocesan Council (January 2011).

b. The benefits for all eligible retirees will be calculated according to this document starting January 2012.
VI. Special Appeal and Support
   a. In order to support the transition to the new policy from the prior year policy, there will be a budgeted special assistance fund. The amounts available are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Special Assistance Fund Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$20,000</td>
</tr>
<tr>
<td>2013</td>
<td>$15,000</td>
</tr>
<tr>
<td>2014</td>
<td>$10,000</td>
</tr>
</tbody>
</table>

   b. Requests for additional assistance (limited to the difference between the old policy and the new policy) can be made in writing to the Office of the Bishop with the assistance of the diocesan Canon Pastors. The Finance Committee will receive the requests and recommend action to Diocesan Council.
Overview

Why is the diocese making a change in policy?
Over time, the rising costs of healthcare have necessitated changes in healthcare benefit plans, policies and budgeted expenses. In addition, the nuances of expense sharing among government programs, employer benefit organizations and individuals have been structured to give individuals greater involvement in their healthcare insurance decisions. Most dioceses have completely eliminated their retirement benefits due to the strain of high costs on their operating budgets. The Diocese of Southwest Florida has several permanently restricted endowments which support the care of the elderly. Therefore, we are fortunate to be able to continue a benefit. But we must amend our policy to be more relevant and sustainable in the evolving healthcare environment.

Eligibility

What if I retire before I reach the “full retirement age”?
The Office of the Bishop tracks the eligibility listing based on the various criteria including your birth date. When a cleric or spouse reaches the full retirement age, the diocesan office will initiate the benefit payment. Your first payment might be a pro-rated share of the annual Individual Benefit Amount.

Does my spouse have to be 65 to receive the benefit if I am 65?
Yes. Once your spouse reaches the age of 65, they will receive the benefit based on the eligibility of the cleric.

Is my spouse eligible for the benefit if we get a divorce?
No. Once the marriage is ended, the individual is no longer a spouse and therefore will not receive spousal benefits as defined by the policy.

What if I remarry? Will my new spouse receive a benefit?
Possibly. To be eligible for the spousal benefit, the cleric must have earned at least three years of credited service during the marriage and must have been married to the spouse on the date of the cleric’s retirement.
Benefit

Will the new benefit amount be lower than the current benefit?
Yes. We estimate it will be about one third of the current payment ($1,020/person).

Why is the benefit amount lower than in past years?
In 2011, the cost of this benefit to the Diocese of Southwest Florida is $150,000. Approximately $50,000 of this expense is offset by endowment income. Therefore, the remaining $100,000 of expense is paid for out of the diocesan operating income. This is an expense that many dioceses are unable to keep in an environment of decreasing congregation income. We are no different. Our plan is to pay the endowment income each year divided evenly among the number of eligible retirees. As this is income on permanent endowments, we look forward to being able to continue the benefit payments for many years into the future.

How will I know the amount of the benefit each year?
The Total Retiree Benefit Amount will be determined as a part of the diocesan budget process and approved at the diocesan convention in October. The Individual Benefit Amounts will be announced in December.

When do I receive the benefit check?
A single payment for the entire annual amount will be distributed via check in January.

Am I obligated to enroll in the CPG Medical Trust Medicare Supplement Plan?
No. Currently CPG covers the full cost of the ‘Comprehensive’ Medicare Supplement Plan. Retirees are able to pay an additional premium to enroll in the ‘Plus’ or ‘Premium’ level Medicare Supplement Plan. This arrangement is conducted directly between the retiree and CPG. Information and support regarding the various levels of Medicare Supplement Plans can be obtained by calling the CPG Medical Trust Client Engagement Call Center at (866) 273-4545 or email mtcustserv@cpg.org.

Can I spend the money on whatever healthcare expenses I’d like?
Yes. This benefit is intended to support the overall healthcare expenses of retirees and can be used towards whatever healthcare expenses they deem appropriate.

Can you please review the changes in how this benefit has been administered through the past 3 years?
In the years through 2009, the diocese has paid the premiums for the ‘Plus’ level of the CPG Medicare Supplement Plan directly to the Church Pension Group. In 2010, CPG began billing the retirees directly for the ‘Plus Plan’ coverage if they chose to maintain the coverage. At the same time in 2010, the diocese started paying the amount of the ‘Plus Plan’ premium directly to the retiree as a quarterly cash reimbursement. The quarterly cash reimbursement process will continue in 2011. In 2012, the cash reimbursement will be annually paid in January.

Will I receive a 1099 tax form from the Diocese?
Yes. Starting in the tax year 2010, retirees will receive a 1099-R from the Diocese of Southwest Florida reporting the amount of the cash benefit paid during the year. A retirement benefit that is paid out in cash is reportable under federal income tax laws similar to the pension retirement
benefits that retirees receive from the Church Pension Group. The cash benefit from the diocese is reported as a ‘normal distribution’ on the 1099-R and should be reported on line 16a. *(Total pensions and annuities)* on the Form 1040 tax return.

Prior to 2010, the retirement benefit was a direct payment towards the Church Pension Group Medicare Supplement ‘Plus plan’ premium and therefore was not reportable on a 1099 form. The year 2010 will be the first year any retiree will receive a 1099 form, and there will be a 1099 form related to the cash benefit in each year going forward. Please consult with your tax advisor about planning for the impact of this benefit on your future tax returns.

**How has the cost of the ‘Plus Plan’ coverage changed through the recent years?**

The ‘Plus Plan’ premium was $55 Per Person Per Month for several years. In 2009, the premium increased from $55 to $75 Per Person Per Month. In 2010, the premium increased to $85 Per Person Per Month. In 2011, the premium increased to $100 Per Person Per Month. In general, these increases are related to the increasing costs of healthcare. Each retiree can decide themselves if they would like to continue paying for the ‘Plus level’ coverage, or maintain the ‘Comprehensive’ level coverage which is fully subsidized by CPG for eligible retirees. More detailed questions about the ‘Plus Plan’ coverage or its premium cost can be directed to the CPG Medical Trust Client Engagement Call Center at (866) 273-4545 or email mtcustserv@cpg.org.

**Effective Date**

**When do things change?**

Your 2011 benefit amount has already been approved by the 2010 Diocesan Convention. Therefore you will receive $85/month, paid quarterly, through December 2011. The 2012 benefit will be announced in December 2011 and paid in full in January 2012. The eligibility definitions are effective January 2011.

**Who can I call to inquire about this benefit?**

This is a benefit funded by the Diocese of Southwest Florida. You can contact the Benefits Administrator at the diocesan office with any questions that you might have regarding payment. The Canon Pastors are also available to support your questions about the policy.

**What if I am having trouble?**

A Special Assistance Fund has been established to support the transition to the new policy. You can speak with the diocesan Canon Pastors to receive advice. Requests for additional assistance starting in 2012 can be made in writing to the Office of the Bishop.