Important Information
For Congregations and Episcopal Schools

Make sure that you and your school are in compliance with the Mandatory Lay Employee Pension System (LPS). Information on the LPS is attached. This is a canonical requirement. (Title I, Canon 8: Of the Church Pension Fund, Section 1, Section 3 - Constitution & Canons of The Episcopal Church)

If you and your Episcopal School have over 50 full-time equivalent employees (FTE), make sure that you are in compliance with the Affordable Care Act Employer Mandate. Details attached.

Included:

Lay Pension System Resolutions
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Overview of Reporting Mandates..........................4-5
CPG Letter Detailing ACA Reporting Mandates............6-9

For additional resources, or if you have any questions, contact Kirk Mason at the Bishop Jones Center.

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Resolutions
Below are the resolutions passed by the 76th and 77th General Conventions establishing and confirming the Lay Employee Pension System.

2009 General Convention Resolution A138 Establishing a Mandatory Lay Employee Pension System

Resolved, the House of Deputies concurring, That this Church establish a mandatory lay employee pension system for employees who are scheduled to work a minimum of 1,000 hours annually for any domestic Diocese, Parish, Mission or other ecclesiastical organization or body subject to the authority of the Church, in accordance with the following principles:

1. The lay employee pension system shall provide benefits that shall, initially, include defined benefit plan(s) and defined contribution plan(s);
2. If a defined benefit plan is selected, the employer assessment and/or contribution shall be not less than nine (9) percent of the employee's compensation; if a defined contribution plan is selected, the employer shall contribute not less than five (5) percent of the employee's compensation and match at least four (4) percent of the employee's contributions. The Trustees of The Church Pension Fund shall have the authority to increase or decrease the assessment and/or contribution percentages required for the lay pension system;
3. Existing defined benefit plans will be permitted to continue as long as their plan design delivers pension benefits not less than the pension benefits required by this Resolution, as determined by the plan administrator. If the plan does not provide the pension benefits required by this Resolution, such plan shall be amended to provide for such pension benefits no later than January 1, 2012.
4. The lay employee pension system shall be designed and administered by the Trustees and officers of The Church Pension Fund; the investment managers of the system shall initially include, but not necessarily be limited to, The Church Pension Fund and, in the case of a defined contribution plan offered to school employees, TIAA-CREF;
5. The lay employee pension system will be operated on a financially sound basis, as determined by the Trustees of the Church Pension Fund;
6. Other societies, organizations, or bodies in the Church not mandated to participate may, under the regulations of The Church Pension Fund, elect to come into the lay employee pension system;
7. No right or obligation to have assessments paid on compensation paid prior to plan participation will be part of the mandatory lay employee pension system;
8. Service in the Episcopal Church prior to plan implementation shall be recognized for vesting purposes;
9. The implementation of the mandatory lay employee pension system shall be completed no sooner than January 1, 2011 and no later than January 1, 2012; and
10. Further study be undertaken by The Church Pension Fund on the feasibility of inclusion of overseas Episcopal dioceses in the lay employee pension system and report back to the 77th General Convention; and be it further
2012 General Convention Resolution C042

Resolved, The House of Deputies concurring, that the implementation of the mandatory lay employee pension system established in 2009 by the 76th General Convention, which further implemented the action of the 1991 General Convention, be amended as follows:

1. In the case of defined contribution plans of domestic schools subject to the authority of the Church, serving children of any age, all employees scheduled to work at least 1000 hours a year must be a part of either the Lay Employee Pension Plan of the Church Pension Fund or a TIAA-CREF plan.

2. The minimum contribution that such schools must make to a defined contribution pension plan for each qualified employee is identified by the following table:

<table>
<thead>
<tr>
<th>Effective Date</th>
<th>Contribution</th>
<th>Match</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1, 2013</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>January 1, 2014</td>
<td>1%</td>
<td>0%</td>
</tr>
<tr>
<td>January 1, 2015</td>
<td>2%</td>
<td>1%</td>
</tr>
<tr>
<td>January 1, 2016</td>
<td>3%</td>
<td>2%</td>
</tr>
<tr>
<td>January 1, 2017</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>January 1, 2018</td>
<td>5%</td>
<td>4%</td>
</tr>
</tbody>
</table>

3. If a school's contributions to employee pensions are already above the minimum required contribution or match percentage for any year, the school shall not lower the contribution or match in the defined contribution pension program.
ACA REPORTING MANDATES OVERVIEW

W-2 REPORTING

Form W-2 Reporting

Employers required to report value of health coverage on Forms W-2

➢ Effective January 2013 for secular, large employer Forms W-2
➢ Temporary exemption remains for:
  ▪ Employers in church plans exempt from COBRA
  ▪ Small employers (fewer than 250 Forms W-2)
➢ IRS may end the exemption upon 6 months’ notice
  ▪ Exemption applies for 2015

ACA REPORTING MANDATES

Reporting Requirements

The Affordable Care Act (ACA) imposes new reporting requirements on employers and plan sponsors

➢ The Employer Mandate – the requirement for large employers to offer health coverage to their full-time employees (Forms 1094-C/1095-C)
➢ The Individual Mandate – the requirement for individuals to obtain health coverage (Forms 1094-B/1095-B)

What is the Purpose?

To assist the Internal Revenue Service (IRS) in determining compliance with mandates

What is the Impact to Episcopal Employers?

<table>
<thead>
<tr>
<th>Mandate</th>
<th>Employer Size</th>
<th>Action Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Individual Mandate</td>
<td>Small Employers: Less than 50 full-time employees and full-time equivalent employees</td>
<td>The Medical Trust or fully insured plan will provide required reporting for medical plans on Forms 1094-B and 1095-B</td>
</tr>
<tr>
<td></td>
<td>Large Employers: 50 or more full-time and full-time equivalent employees</td>
<td>Employers who sponsor Health Reimbursement Arrangement (HRA) may also need to prepare separate Forms 1094-B and 1095-B</td>
</tr>
<tr>
<td></td>
<td>The Medical Trust or fully insured plan will provide required reporting for medical plans on Forms 1094-B and 1095-B</td>
<td></td>
</tr>
</tbody>
</table>