

Death Benefits

of the Presbyterian Church (U.S.A.)



THE BOARD OF PENSIONS
OF THE PRESBYTERIAN CHURCH (U.S.A.)



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This is not a full description of benefits and limitations of the plan. If there is any difference between the information presented here and the provisions of the Benefits Plan of the Presbyterian Church (U.S.A.), the plan terms will govern. Visit pensions.org or call the Board at 800-773-7752 (800-PRESPLAN) for a copy of the plan document.



Death benefits

OVERVIEW

The Death and Disability Plan of the Benefits Plan of the Presbyterian Church (U.S.A.) includes benefits payable upon a member's death that are designed to protect the member's eligible survivors against the unexpected loss of income. The death benefits for which a member's beneficiaries are eligible depends on the member's participation status at the time of death. These benefits can include the continuation of the member's salary for a certain period of time, a lump-sum payment, and an education benefit for the member's children. Eligible members also have the living needs benefit, which provides them the option of drawing on their death benefits in advance if their death is imminent. Members may also be eligible to apply for the supplemental death benefits coverage, which enables them to provide a greater level of financial security for their family in the event of the member's death.

Installed pastors must be enrolled in Pastor's Participation which includes participation in the Death and Disability Plan. Other employees may be enrolled in the plan at the employer's discretion (see Eligibility).

Death and disability coverage is always non-contributory. This means that the entire cost of the coverage is funded through dues paid by employers and investment earnings; employees do not contribute for their participation.

DEATH BENEFITS AT A GLANCE

Status	Salary continuation	Lump-sum	Living needs	Children's education	Supplemental death
Active	✓	✓	✓	✓	eligible to apply
Disabled (if enrolled in the Death and Disability Plan when disability is determined)	✓	✓	✓	✓	if participating when disability is determined
Transitional participation (if enrolled in the Death and Disability Plan under Pastor's Participation)	optional for limited duration	optional for limited duration	optional for limited duration	optional for limited duration	if elected to continue Death and Disability Plan
Retired (if enrolled in the Death and Disability Plan at retirement date)	limited	✗	limited	limited	until age 70 if participating at retirement
Terminated (if enrolled in the Death and Disability Plan at time of termination)	limited	✗	✗	✗	✗

Note: Eligibility is subject to the terms and limitations of the benefits as explained in this book and defined in the Benefits Plan document (available on pensions.org).

✓ = Yes

✗ = No

ELIGIBILITY AND ENROLLMENT

Ministers serving in installed positions must be enrolled in Pastor's Participation which includes death and disability coverage. Ministers not in installed positions and employees are eligible for death benefits coverage when

- their employer enrolls employees in their benefit group
- they are scheduled to work for 20 or more hours a week; and
- their dues for the coverage are current.

The employer pays dues for death coverage; it is non-contributory for members. Dues are based on the employers' decision to either offer these benefits with pension coverage or provide them on a stand-alone basis. Members under transitional participation coverage pay dues for coverage under the Death and Disability Plan. Covered members also have the option of applying for supplemental death benefits coverage.

Disabled members

The death benefits coverage in effect on the disability commencement date continues while members are on disabled status. No additional enrollment is required.

Any employer-established waiting periods must be met before coverage begins.

Transitional participation coverage members

Members under transitional participation coverage can elect to continue death benefits under the Death and Disability Plan for a limited duration.

Retired members

Members who are participating in the Death and Disability Plan when they initiate their retirement pension benefits are eligible for the retiree death benefits outlined in the Death Benefits section of this booklet.

Terminated members

The beneficiaries of vested members who were in the Death and Disability Plan when they terminated service and also met the Rule of 70 may receive the minimum salary continuation benefit in effect at the time of the member's death.

Requirements of the Rule of 70

- You must be age 55 or older when you terminate service.
- You must participate in the Death and Disability Plan of the Benefits Plan as an active member for at least five years.
- You must participate in the Death and Disability Plan of the Benefits Plan at the time of termination.
- The sum of your age at termination and the years you participated in the Benefits Plan must equal 70 or more.

Death benefit basis

The death benefit basis is the greater of the member's pension participation basis or the applicable median.

BENEFITS

Salary continuation benefit

If the member dies prior to retirement and while enrolled for death benefits under the Death and Disability Plan, the designated beneficiary(ies) receives a benefit equal to the death benefit basis.

If the member dies after retiring from active plan participation, the salary continuation benefit is intended to assist with funeral expenses.

The amount paid depends upon when the member dies:

- If the member dies within three years of retiring from active plan participation, the salary continuation benefit is based on the death benefit basis at retirement. The benefit is reduced by 1/12 every three months following the member's retirement from eligible service.
- If the member dies after the third year of retirement, the minimum benefit of \$9,000 will be paid to the designated beneficiaries.

The beneficiaries will receive a single payment of \$9,000 (the minimum benefit) if a terminated vested member met the Rule of 70 when he or she terminated the service under which he or she participated in the plan, or the member began receiving a retirement pension benefit on or before January 1, 2007.

The salary continuation benefit is paid to the member's designated beneficiary(ies) in equal monthly installments for 12 months after the member's death (unless the benefit amount is \$9,000, which will be paid as a one-time payment). If the member designates more than one beneficiary, the benefit is paid equally to those beneficiaries unless otherwise designated by the member in writing.

Members may name anyone as a beneficiary on Benefits Connect. If no beneficiary is designated, the Board will pay this benefit in equal shares to the first class of eligible survivors (as defined in the Benefits Plan) in the following order:

1. the member's surviving spouse, provided the marriage took place at least one year before the member's death or any retirement or disability benefits began
2. the member's unmarried dependent children under age 21 and unmarried permanently disabled children age 21 or older if they were dependent on the member for support during the 12 months immediately preceding and on the date of death
3. the member's children, regardless of dependency or age
4. the member's estate

SAMPLE WORKSHEET FOR CALCULATING SALARY CONTINUATION BENEFIT

Salary continuation benefit for active/disabled/transitional participation members

Member's pension participation basis:

\$ _____

Applicable median salary

\$ _____

The greater of these two amounts is \$ _____. This number is the member's death benefit basis.*

Salary continuation benefit for retirees

Date of retirement: Month _____ **Day** _____, **Year** _____
(Always the 1st)

**Member's salary at retirement
(capped at maximum salary limit):**

\$ _____

**Applicable median salary at the time
of the member's retirement:**

\$ _____

The greater of these two amounts is \$ _____. This number is the member's death benefit basis.*

If member dies within 3 months of retirement (months 1-3), the beneficiaries receive 100% of the member's death benefit basis.* This amount reduces by 1/12 (approximately 8.33% rounded to the nearest dollar) every 3 months after that or until it meets the Salary Continuation Benefit minimum (\$9,000).

Example:

Months 1-3	=	Death benefit basis	\$59,100	\$ _____
Months 4-6	=	11/12 Death benefit basis	\$54,175	\$ _____
Months 7-9	=	10/12 Death benefit basis	\$49,250	\$ _____
Months 10-12	=	9/12 Death benefit basis	\$44,325	\$ _____
Months 13-15	=	8/12 Death benefit basis	\$39,400	\$ _____
Months 16-18	=	7/12 Death benefit basis	\$34,475	\$ _____
Months 19 -21	=	6/12 Death benefit basis	\$29,550	\$ _____
Months 22-24	=	5/12 Death benefit basis	\$24,625	\$ _____
Months 25-27	=	4/12 Death benefit basis	\$19,700	\$ _____
Months 28-30	=	3/12 Death benefit basis	\$14,775	\$ _____
Months 31-33	=	2/12 Death benefit basis	\$9,850	\$ _____
Months 34-36	=	1/12 Death benefit basis	\$9,000	\$ _____

* death benefit basis = the greater of the member's pension participation basis or the applicable median salary. The pension participation basis is the greater of the member's effective salary or 25% of the applicable median, up to the IRS max.

Lump-sum death benefit for members with eligible dependents =

The benefit percentage corresponding with the member's age at death (see lump-sum death benefit table) multiplied by the lesser of

- 1.) the death benefit basis
or
- 2.) the maximum salary limit

Lump-sum death benefit for members with eligible dependents

If the member dies prior to retirement and while enrolled for death benefits, his or her eligible dependents receive a lump-sum death benefit. **This benefit is not available after the member retires.** The lump-sum death benefit is equal to the lesser of the member's death benefit basis or the maximum salary limit, multiplied by the percentage corresponding with the member's age.

Age at death	Benefit %
Under age 31	400
31 but under 32	380
32 but under 33	360
33 but under 34	340
34 but under 35	320
35 but under 36	300
36 but under 37	280
37 but under 38	260
38 but under 39	240
39 but under 40	220
40 but under 41	200
41 but under 42	190
42 but under 43	180
43 but under 44	170
44 but under 45	160
45 but under 46	150
46 but under 47	140
47 but under 48	130
48 but under 49	120
49 but under 50	110
50 and older	100

The lump-sum death benefit is paid to the member's eligible dependents in the following order:

1. the member's surviving spouse, provided the marriage took place at least one year before the member's death or any disability benefits began
2. the member's unmarried dependent children under age 21, and unmarried permanently disabled children age 21 or older if they were dependent on the member for support during the 12 months immediately preceding and on the date of death
3. the member's dependent parents
4. the member's unmarried dependent sisters or brothers under age 21, and unmarried permanently disabled sisters or brothers age 21 or older if they were dependent on the member for support for 12 months before and on the date of the member's death

Members with no eligible dependents

If, at the time of death, a member is enrolled for death benefits and does not have eligible dependents, the lump-sum death benefit is payable to the member's estate. The lump-sum death benefit payable to the estate is equal to the lesser of the member's death benefit basis or the maximum salary limit.

Children's education benefit

If the member dies prior to retirement while enrolled for death benefits or after retirement having retired from active service, and has covered dependent children under the age of 25, each child may receive an annual allowance for the first four years of full-time study beyond high school after the member's death; this benefit does not pay retroactively for post-secondary study that began prior to the member's death. The maximum aggregate benefit for any one eligible child is four years. Although this benefit is not intended to cover graduate studies, the Board grants the education benefit for one year of graduate study if a child completes post-secondary study in three years.

If a terminated vested member in Pastor's Participation does not enroll in transitional participation and dies within 90 days of the date of termination of death benefits coverage, the covered dependent children under the age of 25 are eligible for the children's education benefit.

Children who are eligible for the children's education benefit should contact the Board when they are planning for higher education. The Board tries to identify and notify all eligible dependents when they reach age 17 that this benefit is available.

Note: The school's registrar must verify full-time student status in writing when the child first applies for the benefit and then from time to time for the child to continue to qualify for this benefit.

Living needs benefit

The living needs benefit provides financial support to terminally ill members when they may need it the most. Members enrolled in the Death and Disability Plan who are certified by their physicians as terminally ill with a life expectancy of 24 months or less may request prepayment of a portion of their death benefits. The benefit is paid only to the member; it cannot be paid to another person or entity.

The living needs benefit for members prior to retirement is equal to

- the actuarial present value of up to 100 percent of the member's salary continuation benefit; and/or
- 75 percent of the lump-sum death benefit, which is based on 100 percent of the greater of the member's annual effective salary, subject to the maximum salary, or the applicable median salary (prorated for part-time employment).

Lump-sum death benefit for members with no eligible dependents = the lesser of

- 1.) the death benefit basis
or
- 2.) the maximum salary limit

Example 1: Your child enrolls for full-time post-secondary study after your death.

He or she is eligible for the education benefit for four years (or the maximum aggregate benefit) as long as he or she completes the study before age 25.

Example 2: Your child was enrolled full time in four-year post-secondary study and has completed two years at the time of your death.

He or she is eligible for the education benefit for two years as long as he or she completes the study before age 25.

The actuarial equivalent of the lump-sum death benefit is calculated based on various assumptions, such as age and life expectancy, as recommended by the Benefits Plan actuary.

The living needs benefit for covered retired members is equal to the actuarial present value of the \$9,000 minimum salary continuation benefit.

To determine the value of a payment to be made in the future in present dollars, or actuarial present value, mortality and interest factors are applied to the face value of the member's coverage when he or she requests the benefit. The plan's mortality and interest assumptions determine the cost of the plan.

The living needs benefit is not available if

- the member's illness or injury was caused by an intentional self-inflicted injury;
- the member's death and disability benefits coverage has been in effect for less than two years;
- by law, the member must use his or her death benefits to meet creditors' claims, whether in bankruptcy or otherwise; or
- the member is required to use the benefit to apply for, obtain, or retain a government benefit or entitlement by a government agency.

The member must request the living needs benefit in writing. The Board will mail the member a packet with the necessary forms and information with the estimated amounts for which he or she is eligible. Although the physician must supply information, the Board of Pensions may also require a second medical opinion (at its expense).

If the Board approves the living needs benefit application, the member can elect prepayment of the salary continuation benefit or the lump-sum death benefit, or both.

Any living needs benefit paid during the member's lifetime will be deducted from the death benefits payable to the member's beneficiary(ies) or eligible dependents at the member's death.

DUES

The Death and Disability Plan is a non-contributory plan, which means for active Benefits Plan members the employer pays the entire cost of basic death benefits through dues. The employer contributes dues for each participant equal to a percentage, as established by the Board of Directors of the Board of Pensions, of the member's pension participation basis. This basis is the greater of the member's effective salary or the minimum pension participation basis (25 percent of the congregational ministers' median but no more than the current maximum under federal law). No additional dues are required after the member retires.

If the member is on disability, the death benefits coverage in effect at the time of disability continues while the member is on disability without further dues payment by the member or employer.



Supplemental death benefits

OVERVIEW

Supplemental death benefits coverage offers members the opportunity to provide their eligible survivors with death benefits at the time of their death beyond those provided under the Death and Disability Plan. Members can also apply for supplemental death benefits for spouses and dependent children; a member does not have to be enrolled for supplemental death benefits coverage to apply for coverage for a spouse or eligible children.

When deciding supplemental death benefits coverage, members should consider short- and long-term needs, as well as any additional sources of income that may be available.

Expenses members may need to consider include

- the family's need for income to replace that of the member and spouse;
- additional expenses that will result from the death, e.g., child care;
- future expenses, such as college tuition and retirement; and
- unplanned expenses, such as funeral costs, a move, or the expense of searching for a job to earn replacement income.

Possible sources of income may include

- other life insurance and death benefits the member and spouse have;
- the member's survivor's pension benefits through the Benefits Plan (if applicable);
- Social Security benefits;
- veterans' insurance benefits; and
- other assets, such as savings, investments, real estate, and personal property.

Examining these and other considerations will help members determine the appropriate coverage.

Any employer-established waiting periods must be met before coverage begins.

Coverage is delayed when a member or spouse is not able to perform his or her regular work or daily responsibilities due to health-related reasons on the date coverage would otherwise commence.

ELIGIBILITY AND ENROLLMENT

Members applying for supplemental death benefits coverage must be enrolled for death benefits through the Death and Disability Plan or for group term life coverage. As long as the member maintains active, disabled, or transitional participation coverage status (Pastor's Participation only), he or she does not need to reapply during annual enrollment each year unless making changes to coverage. The plan is available to members, their spouses and eligible dependent children until the member dies. (Coverage for children includes all eligible dependent children.)

Active members

Coverage is effective the same date as Benefits Plan participation if an individual applies for coverage when first enrolling in the Benefits Plan (pending approval). Members who want to begin coverage at the start of a new service must apply within 60 days of starting the new service. When members apply during annual enrollment, coverage is effective January 1 of the subsequent year.

Active plan members retain their and their family's coverage as long as they remain active. This coverage will continue uninterrupted when members terminate eligible service at one location and immediately begin at another. If there is a service gap and the service location changes during the

90 days following termination (Pastor's Participation only), members must pay the supplemental death benefits dues during the gap to retain coverage during the gap and to continue coverage into the new service.

Disabled members

The supplemental death benefits coverage in effect for members, spouses, and eligible children at the time the member's disabled status began continues at no charge to the member while he or she is receiving disability benefits under the Death and Disability Plan. No additional enrollment is required.

Transitional participation coverage members

Members in Pastor's Participation can continue their existing supplemental death benefits coverage if they continue Death and Disability Plan benefits while under transitional participation coverage.

Member couples

Members cannot be enrolled in the plan as the member and the spouse when both are actively working and enrolled in the Benefits Plan. However, they can transition to spouse coverage (subject to the spouse limit) without medical underwriting if terminating active employment but eligible as the spouse.

Active and transitional participation members can apply for supplemental death benefits coverage for themselves, their spouse, and/or their eligible dependent children

- within 60 days of first enrolling in the Benefits Plan;
- within 60 days of a new service with an employer;
- upon the death of a spouse or child;
- when a change in residence or work location affects benefits eligibility for the member or covered dependents;
- upon loss of coverage, including terminations;
- during the Board's annual enrollment period;
- upon marriage; and
- upon the birth or adoption of a child.

Medical underwriting may be required for members and spouses.

Members do not have to participate to apply for coverage for spouses or eligible dependent children.

Members can apply for supplemental death benefits and designate beneficiaries through Benefits Connect, the Board's secure benefits website.

Members retired from active service

Members who have coverage for themselves, their spouses, and/or their children at retirement may continue all coverage at the same or lesser amounts until they reach age 70. Spouses can continue their coverage until attaining age 70. Dependent children who are not married can continue their coverage until age 26. Dues are deducted directly from the member's pension check.

Former spouses

Coverage terminates upon the date of the divorce or dissolution of marriage.

COVERAGE LEVELS AND COSTS

There are different coverage levels available to members, spouses, and eligible dependent children.

MEMBERS

\$25,000	\$50,000	\$75,000	\$100,000
\$150,000	\$200,000	\$250,000	\$300,000

SPOUSES

\$25,000	\$50,000	\$75,000	\$100,000
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CHILDREN (covers all eligible dependent children)

\$5,000	\$10,000
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The cost of the coverage is determined by tobacco product usage (including but not limited to cigarettes, e-cigarettes, cigars, and chewing tobacco), coverage level, and age. In the first year of participation, the cost is based on the participant's age on the date coverage begins. In subsequent years, the cost is based on the participant's age as of January 1 of that year. Visit pensions.org for current rates.

Group term life coverage

Group term life coverage under menu options offers employers a way to provide term life coverage for employees working at least 20 hours per week who do not have coverage through the Death and Disability Plan.

This coverage may be provided in one of six coverage amounts: \$5,000, \$10,000, \$15,000, \$20,000, \$25,000, or \$50,000. The cost of coverage, if provided, is fully paid by the employer.

Changes in tobacco use: Members are responsible for notifying the Board if their or their spouse's tobacco usage changes. If they begin using tobacco products, they must notify the Board so rates are adjusted appropriately. If they quit using tobacco products, they should notify the Board after remaining tobacco-free for 12 months to qualify for the lower rates. Changes in tobacco usage should be reported by submitting the Tobacco Use Declaration form.

Tobacco Cessation Support

The Board provides the Tobacco Cessation Program through Ignite Your Life to help active members and spouses to become tobacco-free.

For information or to enroll, go to calltohealth.org and click Ignite Your Life, or call 855-451-6754, Monday through Friday, 7 a.m. to 10 p.m. ET.

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Designating beneficiaries

Members should designate beneficiaries on Benefits Connect when first enrolling for death benefits coverage, or when enrolled by their employer in group term life coverage. It is important to regularly review and update beneficiary designations when appropriate to ensure that death benefits are paid as intended. Any person, institution, or trust can be named as a primary or secondary beneficiary. Secondary beneficiaries receive the benefit only when all primary beneficiaries are deceased or an institution (if designated) is no longer in existence.

Members may specify the proportions for dividing the benefits among beneficiaries. The percentages must total 100 percent for primary and 100 percent for secondary. If percentages are not specified, the beneficiaries receive equal portions.

If one or more primary beneficiaries predecease the member, the benefit is divided proportionately among the surviving primary beneficiaries unless the member specifically designated otherwise. If all of the primary beneficiaries predecease the member, the benefit is paid to the secondary beneficiaries. If all of the primary beneficiaries predecease the member and one or more of the secondary beneficiaries predeceases the member, the benefit is divided proportionately among the surviving secondary beneficiaries.

For supplemental death benefits for spouses and children, the beneficiaries will be the participating member as primary and the estate as the secondary beneficiary.

Beneficiary designations can be different for death benefits provided under the Death and Disability Plan and those under supplemental death benefits coverage. Beneficiary designations for each plan must be completed online through Benefits Connect, the Board's secure benefits website.

If no beneficiaries are designated, the Board will pay the benefits in equal shares to eligible survivors in the following order:

- the spouse (provided the marriage took place at least 12 months before the member's death)
- the member's dependent children under age 21 who are not married, and permanently disabled children age 21 or older who are not married and were dependent on the member for support during the 12 months immediately preceding and on the date of death
- the estate.



Benefit claims

APPLYING FOR BENEFITS

When the Board of Pensions learns of a member's death, a Death Benefits Claim form is sent to the appropriate beneficiary, dependent, or personal representative of the estate. The beneficiary or executor may also request this claim form, as well as assistance with completing the form, from the Board by calling 800-773-7752 (800-PRESPLAN) and asking to speak to a service representative. The Board of Pensions requires a copy of the death certificate before benefits can be paid. After it receives the required documentation, the Board can begin payment of the death benefits.

DENIED CLAIMS

If all or part of the claim for death benefits is not processed, the beneficiary receives a written notice from the Board of Pensions. This notice can include

- the reason that the death benefit is not payable, including specific plan provision(s) that prevent payment of a benefit (if applicable);
- a request for additional information, if needed for the claim to be reconsidered;
- an explanation of the appeals procedures.

If a beneficiary disagrees with the decision, he or she may appeal. For more information about the appeals process, please call 800-773-7752 (800-PRESPLAN) and ask for a copy of the appeals process guidelines.



Plan amendment and termination

The right to amend the Benefits Plan is reserved solely for the Board of Pensions. The Board notifies the General Assembly, plan members, employers, and presbyteries of changes to the Death and Disability Plan in a manner that is reasonable and appropriate depending on the nature of the changes.

Although members' employers and the Board of Pensions expect and intend to continue the Death and Disability Plan indefinitely, they reserve the right to modify, terminate, or suspend this plan and its provisions at any time by action of the Board of Directors.



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