

**EVANGELICAL CONGREGATIONAL CHURCH  
FLEXIBLE BENEFIT PLAN  
HEALTH CARE FLEXIBLE SPENDING ACCOUNT (FSA)**

The Evangelical Congregational Church has established a Flexible Benefit Plan within the meaning of Section 125 of the Internal Revenue Code of 1986. The Flexible Benefit Plan has been established to offer a choice among benefits with the intent that participants will not have to include as taxable income the amount of compensation they have foregone to pay for contributions to eligible benefits offered by your employer. This Summary Plan Description (SPD) describes the benefits, terms, and conditions of the Plan as it applies to the eligible participants as described in the Evangelical Congregational Church Benefits Corporation By-Laws Article IX, Section C. The Health Insurance Plan on or after their effective date for participation.

This is a summary of the Flexible Benefit Plan and is not meant to interpret, extend or change the Flexible Benefit Plan in any way. We suggest you read the summary carefully so that you may understand the Flexible Benefit Plan's operation and its benefit to you..

**Plan Name: Evangelical Congregational Church Flexible Benefit Plan**

**Plan Effective Date: Jan. 1, 20 \_\_\_\_ to December 31, 20\_\_\_\_\_**

**Plan Year: January 1 - December 31**

**Plan Administrator:**           **Rev. Kenneth Wiest**  
  **EC Church Benefits Corporation**  
  **100 West Park Avenue**  
  **Myerstown, PA 17067**  
  **(717) 866-7581**

**Maximum Contribution: \$4000 (combined pastor and church contribution)**

**Name of Pastor (Plan Participant):**

**Name of Church (employer) :**

**Address:**

**Phone:**

**Employer's Federal Identification Number (EIN):**

**Church Agent for Service for Review of Claims: Name:**

**Address:**

**Phone:**

**Date Approved:**

**Effective Date:**

**Signed: \_\_\_\_\_ (Plan Participant)**

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**(provide name and church office) \_\_\_\_\_ (Church Representative)**

*Please retain this information for future reference.*

**This summary plan description describes a cafeteria plan under Section 125 of the Internal Revenue Code of 1986 which includes one or more flexible spending account(s) as benefits eligible for selection by participants.**

**Please send a copy of this form to: Rev. Ken Wiest at the address above, along with the other Pastor's Compensation Forms as soon as the salary package has been set and no later than Jan. 15.**

**EVANGELICAL CONGREGATIONAL CHURCH  
FLEXIBLE BENEFIT PLAN  
SUMMARY PLAN DESCRIPTION**

**Who can participate in the Flexible Benefit Plan?** The Evangelical Congregational Church permits all active, full-time pastors; licensed ministers of the denomination serving in an ancillary capacity; term or career missionaries; full-time employees of Evangelical Theological Seminary; personnel employed at minimum of 25 hours per week and endorsed by the Stationing Committee; and employees of National Conference are eligible to participate on the first of the month of the month that their employment with the Evangelical Congregational Church commences. (See -- EC Church Benefits Corporation By-Laws Article IX, Section C)

**What happens when I elect to contribute to the Pre-Tax Premium portion of the Flexible Benefit Plan?** As a participant in the Flexible Benefit Plan, you can make your optional insurance premium co-pay contributions on a pre-tax basis, instead of after-tax. To do this, your regular insurance co-pay contribution is deducted from your gross income for each payroll period, and your employer pays your insurance premiums. Your new gross income is your income less the pre-tax contributions to the insurance plans.

**What happens when I elect to contribute to Flexible Spending Account (FSA) portion of the Flexible Benefit Plan?** Your employer will establish a Flexible Spending Account on your behalf. The amount that you elect to contribute will be pro-rated and deducted on a pre-tax basis from each paycheck for the upcoming Plan year. These deductions will appear as a credit to your Flexible Spending Account. As you incur eligible expenses, you will submit a claim in order to be reimbursed from your account.

**How much can the church ( employer) contribute to the Flexible Spending Account (FSA)?** The National Conference of the Evangelical Congregational Church as part of the Compensation report has approved that each church or employing body is to contribute \$500 to each pastor's FSA.

**Are there any ways that my election can be modified by my employer in the middle of a plan year if there is a nondiscrimination problem?** The Flexible Benefit Plan is required to meet certain nondiscrimination provisions as outlined by the Internal Revenue Code. Your employer reserves the right to modify the amount of any benefit elections of any highly compensated employee by the amount necessary to allow the Plan to satisfy these nondiscrimination requirements.

**What happens if I terminate employment?** If you terminate employment, you will no longer be eligible to participate in the Flexible Benefit Plan. Typically, your pre-tax contributions would continue through your last regular payroll period. Termination of participation in the Flexible Benefit Plan will not affect any rights you may have to continue participation in certain health plans (example: COBRA).

**Can I change my decision to participate?** The decision to participate will be binding for the full Plan year. You may change this election only under the following circumstances:

- a. You may change your participation election prior to the beginning of each new Plan Year. The election you make will be binding for the new Plan year.
- b. You may make a new election **only** if you had a "change in status" **and** the requested election change is consistent with that change in status. The events that constitute a change in status include the following:
  1. Events that change your legal marital status, including marriage, death of spouse, divorce, legal separation, and annulment.
  2. Events that change your number of dependents, including birth, death, adoption, and placement for adoption. (Note: Gaining or losing a dependent who is not a tax dependent—such

as a parent, domestic partner, or child of a domestic partner—will not be considered an allowable event for an election change).

3. Events that change your employment status or the employment status of your spouse or dependents that affect your eligibility for benefits including a termination or commencement of employment, a commencement of or return from an unpaid leave of absence or a change in worksite.

4. Events that cause your dependent to satisfy or cease to satisfy eligibility requirements for coverage on account of attainment of age, student status, or any similar circumstances.

5. A change in your place of residence, the place of residence of your spouse or dependent that effect eligibility for benefits under the plan.

*Please note, it is possible to experience a “change in status” event, but not have the change affect your eligibility to participate in benefits. In this case you cannot make a change in your election.*

**Are there any other events that allow me to change my decision to participate in the cafeteria plan that do not fit the events listed above?** IRS regulations allow participants to make a mid-year election change to Health Care FSA's or Pretax Premiums for certain “Special Events” that are not specifically addressed in the Changes in Status categories. These events are:

**1. Exception for COBRA Qualifying Events.** If you, your spouse or dependent gain or lose coverage due to a COBRA qualifying event, you may change your election to pay for the continuation of coverage on a pre-tax basis or to reduce your election for the corresponding loss of coverage.

**2. Judgment, Decree or Order.** If there is a judgment, decree or order resulting from a divorce, legal separation, annulment or change in legal custody that requires a change in accident or health coverage for your child or foster child, you may make an election change to add or drop coverage as ordered.

**3. Entitlement to Medicare or Medicaid.** If you, your spouse or dependent becomes entitled to Medicare or Medicaid, you may make a prospective election change to cancel or reduce health coverage under the employer's plan. If you, your spouse or dependent loses coverage to Medicare or Medicaid, you may make a prospective election to commence or increase coverage under the employer's plan.

**4. HIPAA Special Enrollment Rights.** If you gain the right to enroll in the employer's group health plan or to add coverage for a family member under the special enrollment rights of HIPAA, the participant may revoke an election for coverage during a period of coverage and make a new election.

**Are there any rules that apply if the cost or coverage of my benefits change?** If there are changes in the benefit plan ( Referred to as The Health Insurance Plan as administered by the Evangelical Congregational Church Benefits Corporation), you will be allowed to make a new election .

**Can I make a new election if I terminate employment and I am rehired in the same plan year?** If you terminate employment and rehired in less than 30 days, you will re-enter the plan with the same election you had before you left. The employer must allow the full target amount. In this case, you do not have to pay the missed premiums, but expenses incurred during the time off are not eligible. If you are rehired after 30 days, you may make a new election

**When do changes in election become effective?** If you make a change in election, your new election amount will be effective on the first of the month following the date on which written notice is received of the change.

**Are there special rules that affect participants in the flexible benefit plan who take a leave under FMLA?** Under the Family and Medical Leave Act (FMLA), you are entitled to continue health coverage during the period of the leave if this benefit was in effect prior to the date on which the leave began. If this is the case and you participate in the Flexible Benefit Plan, you are required to make any applicable contributions to the Flexible Benefit Plan for coverage extended during the leave. If the leave is paid, salary deduction contributions will continue during the length of the leave. If the leave is unpaid, there are several options available for you to continue contributions to the Flexible Benefit Plan during your leave or you have the right to terminate coverage during the leave and reinstate it when you return from leave.

**What happens if I do not incur enough eligible expenses during the plan year to claim reimbursement of all the money I have contributed to the Flexible Benefit Plan?** IRS rules do not permit a refund of any

unused funds that remain in your Flexible Spending Account at the end of a Plan year. Also, you cannot transfer money designated for the Flexible Spending Account to any other account or fund. As per IRS Code Section 125, any remaining funds in the account at the end of the year, are to be remitted to the Plan Administrator, EC Church Benefits Corporation. For this reason, it is important that you be conservative when setting your targeted contributions.

**How much time do I have to submit a claim?** If you remain a participant in the Health Care Flexible Spending Account for the full plan year, you will have **90 Days (by March 31st)** after the end of the Plan year to submit a claim for expenses incurred the previous year.

If you terminate participation in the Health Care Flexible Spending Account, you will have 90 days after your employee termination date to submit a claim for expenses incurred during your period of coverage.

**Are there other ways that my participation in the Flexible Benefit Plan can be terminated?** If you no longer meet the employee eligibility provisions of the Flexible Benefit Plan or your employer terminates the plan, your participation will be terminated.

**Are the benefit contributions to the Flexible Benefit Plan reported as income on my Form W-2?** The amounts that are contributed to the Flexible Benefit Plan, both by the employer and employee, are not considered taxable wages by the IRS and most States.

**How do Flexible Benefit Plan contributions affect my Social Security benefit?** For clergy, participation in the Flexible Benefit Plan will reduce your gross taxable income for computation of your Self-Employment Social Security Tax. Participation in the Flexible Benefit Plan does reduce your gross taxable income and may affect your Social Security benefit by reducing the total taxable income used to calculate your Social Security benefit. In most instances, the current tax savings under the Flexible Benefit Plan will outweigh the slight impact on future Social Security benefits.

**Can my employer terminate or amend the Flexible Benefit Plan?** The Flexible Benefit Plan can be amended or terminated, in whole or in part at any time, by action of the National Conference of the Evangelical Congregational in the same manner as the plan was adopted. Consent of any participant, employee or any other person referenced in the Plan is not required to terminate the Plan except to the extent of their right as a voting member of National Conference of the Evangelical Congregational Church.

**How can I appeal a claim decision made under the Flexible Benefit Plan?** If you, as a Participant in the Flexible Benefit Plan, or your beneficiary believe you are entitled to a benefit under the Flexible Benefit Plan that is different from the amount that has been paid, you may file an appeal with the Plan Administrator. You will also be given an opportunity to review any Flexible Benefit Plan documents involved. This appeal must be made in writing within 180 days of the initial determination of the amount that has been paid to you and must contain the following information: the reason(s) for making the appeal, the facts supporting the appeal, the amount claimed, and the name and address of the person filing the appeal (claimant)

The Plan Administrator will generally make a decision within 60 days after receiving the appeal and must mail a copy of the decision to the claimant promptly. The decision will give specific reasons and references to the Flexible Benefit Plan provisions which support the Plan Administrator's decision. This decision will be binding on both the participant and the church.

## **Pre-Tax Premiums**

**What happens to my Pre-Tax Premium election if I drop my insurance during the middle of the Plan Year?** The decision to elect to pay your insurance premiums co-pay pre-tax through the Flexible Benefit Plan is binding for the full Plan Year, unless you are eligible for a change allowed by the IRS.

**Can my employer modify my Pre-Tax Premium election under the Flexible Benefit Plan?** If the amount of your optional premium co-pay contribution increases or decreases as a result of a rate adjustment, your employer may increase or decrease the amount of your Pre-Tax Premium co-pay election.

**Can I change my Pre-Tax Premium election under the Flexible Benefit Plan?** You may change your pre-tax premium election only under the following circumstances: (a.) in coordination with each new plan year; (b.) if you experience a change in status (as previously described); (c.) If you experience a special event (as previously described); (d.) if you experience a cost or coverage change (as previously described).

## **HEALTH CARE FLEXIBLE SPENDING ACCOUNT**

**Maximum Plan Year Contribution: \$4000 [Combined Church (employer) and Pastor (employee) contributions]**

**How do I qualify to use the Health Care Flexible Spending Account?** If you incur eligible medical expenses during a plan year (such as out-of-pocket deductibles and co-payments) that are not payable from other sources, you can use the Health Care FSA to reimburse you for these expenses with tax-free contributions.

**What are examples of eligible medical expenses that qualify for reimbursement from the Health Care FSA?** Eligible expenses must be allowed as a medical deduction under Internal Revenue Service Code Section 213. Sample health care expenses may include deductibles, co-payments, amounts over the maximum your plan pays for hospital rooms, reasonable and customary allowances, and psychiatric care. Other health care charges that may be covered include routine physicals, vision care, hearing care, dental and orthodontic care as well as certain over-the-counter medications.

**Can I use the Health Care FSA for my family's health care expenses?** Eligible health care expenses incurred by you, your spouse, or any individual who is defined as a dependent for federal income tax purposes are allowable for reimbursement.

**What are some examples of expenses not eligible for reimbursement?** Examples of expenses specifically disallowed from this program include: Cosmetic surgery that does not meaningfully promote the proper function of the body or prevent or treat an illness or disease; membership fees or costs of weight loss programs done for your general health; and premiums paid for insurance coverage, such as COBRA; long term care insurance premiums; and dietary supplements (e.g., vitamins) that are merely beneficial to the general health of the employee, employee's spouse or dependents.

**What do I submit to get reimbursed for qualifying medical expenses?** To be reimbursed for eligible expenses, you need to submit supporting documentation to the agent who reviews your claim. Upon receipt, review, and approval of the claim, you will be reimbursed from your spending account. Reimbursement for qualifying health care expenses will be made up to the total amount of your plan year contribution, less any previous reimbursements. For reimbursement of expenses partially covered under your health care plan submit copies of Explanation of Benefits forms indicating the amount of unpaid expense. For reimbursement of expenses not covered under the health care plan, submit itemized bills for the eligible medical expenses.

**How do I claim reimbursement for orthodontia expenses?** If you pay for the ongoing care of orthodontia, your expenses will be reimbursable if payment for current years services is made by you during the current plan year, even if full treatment will not be performed until a future date within that current plan year.

**If I contribute to a Health Care FSA, does it affect my ability to take advantage of the IRS Medical Expense Tax Deduction on my personal income tax filing?** Expenses that are reimbursed through the Health Care FSA cannot also be used as deductible expenses when filing your personal income taxes. However, the Health Care FSA allows you to save taxes on health related expenses, even if the expenses do not exceed the 7.5% of your gross income required to claim them as a deduction on your personal income tax return.

**Are there any special rules regarding the Health Care FSA if I terminate employment?** If you terminate employment, your participation in the Health Care FSA will automatically terminate. You can receive reimbursement for eligible health care expenses incurred prior to termination. However, if coverage would otherwise end due to a qualifying event as outlined in the COBRA laws, you and your covered spouse and dependents may be able to continue coverage under the Plan on an after tax-basis, depending on the nature of the event. Contact the Plan Administrator.

### **Statement of Rights**

As a participant in the Health Care FSA, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974. ERISA provides that all Plan participants shall be entitled to examine, without charge, at the Plan Administrator's office and at other specified locations (such as work sites and union halls), all Plan documents, including insurance contracts, collective bargaining agreements and copies of all documents filed by the Plan with the U.S. Department of Labor (such as detailed annual reports and Plan descriptions); obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. The Administrator may make a reasonable charge for the copies. You are also entitled to receive a summary of the Plan's financial report, if applicable. The Plan Administrator is required by law to furnish each participant with a copy of the summary annual report, with certain exceptions.

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Health Care Flexible Spending Account. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer or any other person may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA. If your claim for a welfare benefit is denied in whole or in part you must receive a written explanation of the reason for denial. You have the right to have the Plan Administrator review and reconsider your claim.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in state or federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay the costs and fees, for example, if it finds your claim frivolous.

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue NW., Washington, DC 20210.