



Seventh-day Adventist Regional Conference Retirement Eligibility Plan

Regional Conference Retirement Plan
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RETIREMENT

**Is a sweet word
to Adventist
Employees IF
they have
prepared
well . . .**



Remember you Regional Conference
Retirement Plan (c) May
2015

Where to Find Information

- **Information about the Seventh-day Adventist Regional Conference Retirement Plan including our history, Participants Guide, Benefit Application forms, Newsletter, articles, etc., are available on our website at www.regionalretirement.org**



RETIREMENT

- **Begin planning for retirement the very first day you are hired**
- **Do not think that the SDA Regional Conference Retirement Plan provides enough to take care of all of your needs in your sunset years**
- **Remember, “procrastination is the thief of time.”**

FIRST ACTS

Enroll in the Retirement Plan

- The very first day you are hired
- Name a beneficiary
- Thoroughly and Carefully read and be sure to understand all the rules for beneficiaries
- If you are married give special attention to the Spouse's Waiver section

FIRST ACTS

Acknowledgement and Release Form

- Applies to those who had Service Credit in the NAD Defined Benefits Plan (Frozen Plan) and were a fulltime employee in a Regional Conference January 1, 2000
- May also apply to those with Mixed Service Credit who return to employment in a Regional Conference after January 1, 2000

Definition of Terms

Defined Benefits Plan (DB)

- ❖ The employer funds the retirement of the employee and promises specific benefits to the retiree for life. The employer owns the investments and is responsible for insuring the viability of the fund.
- ❖ The employee does not make contributions to this plan.

Definition of Terms Continued

Defined Contribution Plan (DC)

- ❖ Both the employer and the employee contribute a percentage of salary to the retirement fund of the employee.
- ❖ The Contribution percentages are defined for both employer and employee. The employee owns the investments and is responsible alone for his/her own retirement.
- ❖ On this plan you could outlive your benefits.

Definition of Terms Continued

Vested

- ❖ Means that you are irrevocably eligible for benefits from a retirement plan and they cannot be taken away once you are vested
- ❖ Customarily the plan requires that you work a certain number of years to be vested.

Definition of Terms Continued

- **Actuary**
 - a statistician who calculates insurance premiums, risks, dividends, and annuity rates

- **Actuarial Study**
 - relating to the statistical calculation of risk or life expectancy for insurance purposes

In The Beginning

On the Way to Retirement

Life Happens

- **Childhood/Elementary and High School/College/Graduate School/Seminary/Marriage/Children/Their Educations/Grand Children**
- **Mix in 30 years plus of Denominational Service and before you know it . . .**

Retirement!

In The Beginning

Regional Conference Retirement Plan

Creation Rationale

Beginning in the middle 1990's the North American Division (NAD) of the SDA Church decided to change from a Defined Benefits (DB) Plan to a Defined Contribution (DC) Plan for all denominational employees in the United States.

That historic decision was made because the NAD believed that the UNFUNDED LIABILITIES of the Retirement Fund totaling more than \$1.4 Billion at that time was too great to overcome.



In The Beginning

Accordingly the NAD announced their intention to “Freeze” the benefits of the DB Plan as of December 31, 1999 and began taking steps that would lead to the creation of the NAD DC Plan January 1, 2000

In The Beginning

- ✓ **Historically, Regional Conference Leaders believed that the retirement percentages were unfairly high for their conferences**
- ✓ **They had only been organized in the mid 1940's**
- ✓ **They had few workers eligible for full benefits and would not have very many eligible employees for the next 40 years**

In The Beginning

- ✓ **Regional Conference Presidents of the 1990's had heard those opinions expressed by their leaders since their entry into the ministry**
- ✓ **The climate was ripe for serious discussion of a plan to do something different from the recommendations and plans of the NAD**

In The Beginning

Initial Acts:

- ✓ **In 1995 the Regional Conference Presidential leadership decided to explore the possibility of creating and sustaining a Defined Benefits Plan for their employees**
- ✓ **During that year they pursued a legal review and an opinion to ascertain their rights and standing should they not follow the proposed NAD plan**

In The Beginning

- ✓ **In February 1996 the legal study revealed that the Regional Conferences had the legal right to form their own Defined Benefits Plan and that if tested in the courts they almost certainly could not lose**
- ✓ **The next three years were spent building Presidential Leadership consensus for moving forward**

In The Beginning

- ✓ **In December 1999 eight of the nine Regional Conferences agreed to withhold the normal Retirement Tithe Percentage (10.75%) until a decision could be made by the NAD on our goal of forming our own DB Retirement Plan.**



In The Beginning

✓ In December 2000 eight of the nine Regional Conferences, with the voted approval of their Executive Committees, signed the agreement that created the Seventh-day Adventist Regional Conference Retirement Plan



In The Beginning

That act, frequently described as a Christian Gentlemen's Agreement, between the eight consenting Regional Conferences of the North American Division of the SDA Church, was the defining move that created the organization to sustain a Defined Benefits Retirement Plan for Regional Conference employees



In The Beginning

Reality

On December 19, 2000 the first deposit for The Plan was made with Mutual of America Insurance Company by the South Central Conference.

The other seven consenting Regional Conferences followed in rapid succession sending the percentages they had withheld from the NAD since January 1, 2000

In The Beginning

Governance - 1

- The SDA Regional Conference Retirement Plan is governed by the Regional Conference Retirement Plan Board composed of the 28 persons. The 27 officers of the nine Regional Conferences plus the Executive Director of the Plan.**

In The Beginning

Governance - 2

- It is an IRS Certified Plan that must be recertified every five years and is governed by the approved policies of the Board that are applicable to Church Sponsored Pension Plans in the United States of America.**



In The Beginning

Governance - 3

While the Plan is sponsored by the Participating Employing SDA Regional Conferences, it is not strictly governed by denominational policies or guidelines. However the Board makes every effort to reflect SDA values and practices that are consistent with its Plan Document.



In The Beginning

Base of Operations

We began operations in the Office for Regional Conference Ministry in Huntsville, Alabama, with the understanding that The Plan would have an effective date for commencement of operations retroactive to January 1, 2000.

Current Number Receiving Benefits

- ❖ **Approximately 1800 active employees, Terminate Vested employees, retirees and beneficiaries are eligible to receive benefits**
- ❖ **The current value of our investment portfolio is approximately 65% of the assets needed for full-funding**
- ❖ **551 retirees and beneficiaries are currently receiving benefits monthly**

Things To Consider

Your Current Service Record

- ✓ Review your Service Record annually and carefully with your Conference Secretary to ensure accuracy.
- ✓ Any errors or discrepancies could affect your benefits. If you think your service record is inaccurate please call your Conference Secretary immediately.

Things to Consider

Employee Service Record Con't

- **Complete the Title Sheet Entirely**
- **L E's are Included in the SDARCRP Plan**
(sales, commissions, and hours worked)
- **18-Year Break-in-service Rule**
- **Mixed Service Credit (Regional and NAD)**
- **Inter-Division Service Credit**

Things to Consider

- **All local church employees are conference employees but all of them may not be eligible for Regional Conference Retirement Plan Benefits**
- **It is possible for some employees to get healthcare and other benefits but not retirement benefits**

Things To Consider Continued

What is a Benefits Estimate?

◆ A Benefits Estimate gives you an idea of the benefit you may receive at normal retirement age. *You may request a **Benefits Estimate** through Secretariat in your Conference. However, remember it is only an estimate. Actual benefit amounts will be determined at the time of your retirement.*

Things To Consider Continued

◆ *Social Security: Understanding the Benefits*

For information please visit the Social Security Administration Website at www.ssa.gov or call 800-772-1213

Things To Consider Continued

◆ *Pension Benefits and the Parsonage Exclusion Allowance*

Some benefits from the Regional Conference Retirement Plan may be claimed as a Parsonage Exclusion Allowance on Federal Income Taxes.

This only applies to those who were eligible for this allowance during their working years

Things To Consider Continued

- ❖ Clergy pay no Federal Income Taxes or self-employment compensation (SECA) taxes on income claimed as a Parsonage Exclusion. However you will pay Social Security/SECA taxes on your total income.
- ❖ Each year, the Retirement Plan Office will send all retirees Form 1099R showing all income received from the Plan.

Things To Consider Continued

❖ *When Is It Time to Retire?*

In consultation with your spouse this is a question that should be asked answered and planned for in your early years of employment

❖ *Remember* that as good as the benefits of our Plan are they will not address all of your retirement needs

❖ Additional questions concerning your benefits and that of your spouse should be asked and answered when considering retirement.

❖ Remember at the time of retirement your highest earning years are probably behind you.

Medicare Supplemental Healthcare Plan

The Retirement Plan

- ❖ Has a Medicare Supplemental Healthcare benefit. You must have Medicare Part A and B to be eligible for this benefit.
- ❖ The Retirement Plan subsidizes a percentage of this expense for the retiree with “Earned Healthcare Credit” beginning at 15 years of service.



Break In Service

- **Under normal circumstances there is no break-in-service penalty in the RCRP**
- **However, persons not employed with a Regional Conference on January 1, 2000 and not vested in the NAD Plan before January 1, 2000, can receive valid service credit if**

Break In Service

- **they are employed in a Regional Conference after January 1, 2000 and accumulate a total of 18 years of service credit (including those unvested years in the old NAD Plan)."**
- **Vested Years in the NAD Plan prior to January 1, 2000 are ineligible for this benefit in the SDARCRP.**

Independent Transfers

Independent Transfers are employees who gain employment in a NAD employing organization/Regional Conference after arriving in the United States without an official call.

Service Credit earned in a Division other than NAD is ineligible for benefits on this Plan EXCEPT in some cases of an Official Call prior to January 1, 2000. This includes Canada and Bermuda even though they are in the NAD.

Qualification and Benefits

- 1. Vesting Period – Five Years**
- 2. Number of Years for Full Benefits – 30**
- 3. Percent of Salary to Expect – 67.5% of average of highest three years in a career calculated on the North American Division Base Remuneration Rate**

Qualification and Benefits Continued

- 4. Early Retirement – Eligible upon reaching 30 years Service Credit and 55 years of age (There is an approximate 40% reduction in the monthly benefit amount at age 55).**
- 5. Early Retirement - full benefits without a reduction – age 62. (However you are ineligible for Medicare until age 65 or your official retirement age).**

Qualification and Benefits Continued

5a. In some cases Pre-65s may be eligible for Healthcare benefits under the Affordable Care Act (ACA), sometimes known as “Obamacare.”

❖ Important information on Pre-65 healthcare coverage for retirees may be available at HealthCare.gov

Qualifications and Benefits Continued – Choices

6. Choices to Make

A. Non Refund Life Annuity

- **Benefits for life of the participant.**
- **There are no beneficiaries when choosing this option.**
- **All benefits cease upon retiree's death.**

Qualifications and Benefits Continued – Choices

B. Full Cash Refund

- **Monthly payments for life of the retiree.**
- **If retiree expires before benefit payments equal the total present value of your benefit at retirement,**
- **your beneficiary will receive the balance of that value in a single sum. There are no other benefits to the beneficiary**

Qualifications and Benefits Continued – Choices

C. Period Certain and Continuous

- Retiree receives monthly payments for life.
- You may choose a 36, 60, 100, 120, or 180 month guarantee.
- If you expire before receiving payments for the entire number of months selected,
- the same monthly benefit will continue to your beneficiary until the months selected have been reached.

Qualifications and Benefits Continued – Choices

D. Joint and Survivor Benefit

- **Monthly payments for life of retiree and joint annuitant.**
- **You may choose a survivorship percentage of 50, 66, 75, 100%. At your demise joint annuitant will receive payments at the % selected.**
- **Payments cease upon the death of the last survivor.**

Qualifications and Benefits Continued - Choices

E. Joint and Survivor Benefit with Period Certain and Continuous

- **Monthly payments for your life.**
- **You may choose a survivorship percentage of – 50%, 66-2/3%, 75%, 100%.**
- **After your demise if your joint annuitant is still alive, your joint annuitant will receive monthly payments for life equal to your elected percentage.**

Qualifications and Benefits Continued - Choices

E. Con't

- **If both expire before the period certain elected,**
- **your beneficiary will receive monthly payments in the amount of that paid the last annuitant until the period certain ends.**
- **You may choose a 36, 60, 120, 180 month period certain.**

INFORMATION FOR EDUCATORS

Your benefits are calculated differently if:

- **You are a 10-month salaried teacher or**
- **A 12-month salaried principal**

If you are a 10-month salaried teacher your benefits are calculated at 90% of the remuneration rate

If you are a salaried 12-month principal you are paid at the full remuneration rate

INFORMATION FOR EDUCATORS

Things to remember

- ❖ **Ten-month teachers are contract employees**
- ❖ **Contracts renew every year**
- ❖ **If your retirement date becomes effective after the end of your contract, your salary may be discontinued, or continued at your current salary, or at the approx-**

INFORMATION FOR EDUCATORS

- ❖ Estimate amount of your retirement benefits! The decision is left to the discretion of the hiring conference.
- ❖ File for your retirement benefits on time! The process must begin at least 6 months before your effective retirement date.

Information for Literature Evangelists

Now included in the SDARCRP

- **Counts qualifying years only**
- **Vesting requirement is the same**
- **Service Credit calculated by the pre-2000 NAD Literature Evangelist formula**

Information for Literature Evangelists

- **Benefits calculated on the 10 highest qualifying years in your career**
- **Post-2000 qualification requires 1680 hours and \$36,000 in sales**
- **Included in the SDARCRP only if qualified for the year 2000**

THE RETIREMENT ALLOWANCE

This benefit is an appreciation gift for faithful service in your career. It is calculated on 25% of the average of one month's salary for each year of service credit up to 20 years for 30-year employees.

- ❖ Employees who have fewer than 30 years have their benefits calculated at 12.5% of one month's salary for each year of service credit earned up to 29 but less than 30.**

THE RETIREMENT ALLOWANCE CONTINUED

- a. **The benefit is paid by the employing organization from which you retire.**

- b. **The retiree must go directly from active service into retirement. It is forfeited if applied for at a time later than the time you leave active service or after 3 years except in special circumstances and appeal.**

- c. **The benefit is sent to the Retirement Office by the organization from which you retire and is subject to a mandatory 20% withholding tax by the IRS unless put directly into a certified tax deferred instrument.**

In Case of Disability

- ❖ **Physician certified disability is handled by your employing conference**
- ❖ **Benefit is usually 66 2/3s % of your salary**
- ❖ **When approved you remain on disability until reaching retirement age**
- ❖ **Apply for your retirement benefits no fewer than 6 months before eligibility**
- ❖ **Service Credit continues during disability period**

IN CASE OF PREMATURE DEATH

In the case of premature death the surviving spouse is given an amount equal to 66.2/3% per month of the benefits earned by the employee at the time of his death.

- There is an age/early retirement reduction factor if younger than 55.**

IN CASE OF PREMATURE DEATH

- **The benefit is paid immediately to the surviving spouse/beneficiary for the remainder of his/her life**
- **If there is no surviving spouse an “Order of Progression” is invoked beginning with the parents of the participant.**

IN CASE OF PREMATURE DEATH

Things to do

- Review the Premature Death Check List available in the Retirement Office
- Inform the family of the things they should do:
 - ❖ Send Original Death Certificate to Conference Secretary within 21 days

IN CASE OF PREMATURE DEATH

- **Conference Secretary completes all paperwork (Original Death Certificate, Termination Salary Sheet, Service Record)**
- **Send all to Retirement Plan Office**

In Case of Divorce

The Courts Decide

- ❖ The Regional Conference Retirement Plan does not make decisions affecting benefits in cases of divorce.
- ❖ The parties must obtain a Qualified Domestic Relations Order (QDRO) from the courts in order to exercise their rights or claims.
- ❖ Legal counsel is advisable

In Case of Divorce

- ❖ Whatever the Courts order consistent with the Plan Document, we will do.**
- ❖ Each party becomes a separate participant on the Retirement Plan after all rights are clear and consistent with the Plan Document.**

FIRST THINGS FIRST

A SIX MONTH PERIOD IS REQUIRED TO PROCESS YOUR REQUEST

The Twelve Steps Process

- 1. Employee informs their Conference Secretary of their intent to retire six months BEFORE the effective date of your desired retirement.**
- ❖ Review your Service Record with Secretariat at that time to insure that it is correct (The Executive Committee of the Conference MUST approve the request BEFORE the processing of the application can begin).**

FIRST THINGS FIRST

2. Conference Secretariat has the employee complete Part 1 of the retirement application paperwork

❖ **NOTE: Parts 1 and 2 can be completed electronically on the website (www.regionalretirement.org)**

3. The Conference Secretary takes the retirement request to the Conference Executive Committee of the Conference for approval

FIRST THINGS FIRST

4. Conference Secretariat sends Part 1 of the application to the Retirement Office.

(Please double check all paperwork before sending to ensure that all documents have been properly filled out, signed and dated. Send all paperwork via overnight or traceable provider).

FIRST THINGS FIRST

- 5. RCRP office receives the paperwork and the staff reviews all documents for accuracy.**
- 6. RCRP sends PART 1 to the Application Review Committee (ARC) for review. This committee is sometimes known as the “Screening Committee.”**

FIRST THINGS FIRST

- 7. RCRP schedules Conference Call Meeting with the Application Review Committee (ARC) for review and pre-approval recommendation to the Board.**
- 8. ARC approves application and RCRP office sends Part 1 to our vendor, Mutual of America (MOA), for processing. This step takes approximately 30 days.**

FIRST THINGS FIRST

- 9. Upon completion MOA mails the RETIREMENT BENEFITS LETTER to the retiree with email copies to Conference Secretariat, and RCRP Office. Receipt of this letter by the retiree gives the retiree the privilege of making informed decisions . . .**

FIRST THINGS FIRST

9. Continued

about how benefits will come to him/her and the amount of the monthly benefit.

Such decisions will include spousal and beneficiary considerations and percentages.

FIRST THINGS FIRST

10. The Conference Secretary has the employee complete Part 2 of the retirement application paperwork and sends it to the RCRP Office.

(Note: This cannot be done before the Benefits Letter has been received from MOA by the employee)

FIRST THINGS FIRST

11. The application is presented with recommendation for approval to the Retirement Plan Board at its next regularly scheduled meeting or to the Executive Committee of the Board via telephone conference call.

FIRST THINGS FIRST

12. After final review for accuracy the RCRP Office sends paperwork to MOA for benefits commencement and processing of the first check.

(MOA should process and issue to the retiree the first check usually within thirty (30) days after receipt of the final completed paperwork).

Final Acts

- a. Complete Retirement Allowance Forms**
 - b. Enroll in the Supplemental Healthcare Program (RESHARP) immediately after retirement check**
- Assistance receiving your first**



How may this success impact our future?

- 1. Changing demographics in the SDA church may create unexpected challenges between the “haves” and the “have not's.”**



How may success impact our future?

2. Changing demographics within the Black American SDA community of churches is currently beginning to create some challenges. We must not allow the *1712 “Willie Lynch” doctrine and prophecy* of controlling slaves to negatively impact our mission to Black America. *Authenticity Questioned



How may success impact our future?

3. Reaching Full-Funding for our Plan and continuing to work together by pooling those same funds, will undeniably number us among the haves.



How may success impact our future?

4. We will then be favorably positioned to INVEST in the success of those ministries and institutions that enhance our mission to Black people in the USA and the overall mission of the Seventh-day Adventist World Church.



How may this success impact our future?

5. Current realities signal that certain accommodations enjoyed by Regional Conferences in the past (Special Assistance, Regional Capital Reversion, Regional Scholarship Fund) will come under increasing attack.



How may this success impact our future?

6. Those attacks or changes may see a reduction or the eradication of these mission strengthening programs.

7. Changing demographics and economics in our Church may even result in reduced GC appropriations to the “have nots.”



How may this success impact our future?

8. Since we are biologically tied to the “have not’s” and economically tied to the “haves,” we may be called upon to shoulder a larger load in World Church finance to sustain the work in the lands of our brothers. We must get ready and remain ready for this possibility.



What shall we say to these things?

1. A “Christian Gentleman's Agreement,” under God, has power and authority.

2. Black people in the United States can work together for their common good.



What shall we say to these things?

3. Black people (Regional Conferences) in the American Seventh-day Adventist Church can work unselfishly with each other, with other levels and organizations of the Church and still do what is best for the mission in our communities.



What shall we say to these things?

“Not by might nor by power but by my spirit saith the Lord of hosts.” Zech 4:6

“Let us hear the conclusion of the whole matter. Fear God and keep His commandments: for this is the whole duty of man.” Eccl. 12:13



Regional Conference Retirement Plan

The End