



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

Guide to Your Disability Benefits

THE BENEFITS PLAN
OF THE PRESBYTERIAN CHURCH (U.S.A.)



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.

IF YOU ARE VESTED AND BECOME DISABLED AFTER 62 BUT BEFORE 65

If you are vested in the Defined Benefit Pension Plan, the Board encourages you to elect to begin receiving your retirement pension when you reach the plan's normal retirement age of 65. At normal retirement age, pension credit accrual ends, and your disability benefits are reduced by the full amount of your retirement pension benefits (including experience apportionments for which you may become eligible).

IF YOU ARE NOT VESTED

If you do not have vested pension credits, you will receive your last monthly disability benefit on or about the first day of the month when you turn 65. No benefits will be paid to you from the Benefits Plan after that date.

IF YOU ARE VESTED AND BECOME DISABLED AFTER 65

If you are vested in the Defined Benefit Pension Plan, the Board encourages you to elect to begin receiving your retirement pension on the effective date of your disability, as certified by the Board, because you are not eligible to accrue pension credits during disability and disability benefits are reduced by the full amount of your pension benefits (including experience apportionments for which you may become eligible).

IMPORTANT

If you opt to delay the initiation of your retirement pension benefits, the disability benefit is still reduced by the estimated amount of your pension benefit, and pension credit accrual ends (actuarial credit for a delayed retirement is provided until age 70).

SUSPENSION OR TERMINATION OF BENEFITS

If you fail to meet the requirements of receiving a disability benefit, the Board reserves the right to suspend your disability benefit if you do not

- apply for SSDI or all SSDI appeals when requested to do so;
- remain under appropriate available treatment as defined in the Benefits Plan;
- follow the reasonable medical advice of physicians;
- participate in recommended vocational rehabilitation;
- notify the Board immediately of any return to work;
- repay an overpayment or set up an acceptable repayment agreement; or
- provide documentation requested by the Board or its vendor partners that is reasonably required to administer the Death and Disability Plan.

The Board also reserves the right to suspend or end benefits if you are or become incarcerated upon conviction of a felony.

The Board reserves the right to end your disability benefit (including medical, death, supplemental death, and pension) because you are no longer disabled, return to work, do not comply with the provisions of the plan, retire, reach normal retirement age, receive benefits for the maximum length of time allowed by the plan, or die (survivors may keep the disability benefit payable for the month of the your death).

Benefits coverage that continues during disability

A valuable feature of your disability benefits coverage is that medical, death, and supplemental death benefits coverage through the Board may continue during your disability, if coverage was in effect when you became disabled.

- If medical coverage was in effect when you become disabled, coverage for yourself continues until your disabled status ends or you turn 65, whichever occurs earlier. Coverage for any eligible family members enrolled at the time continues for three years or until you turn 65, whichever occurs earlier.
- You may also continue to accrue credits in the Defined Benefit Pension Plan if you are participating immediately before you become disabled; credit accrual continues until your disabled status ends or you reach age 65, whichever happens first.
- If you are enrolled in the Board's dental or vision eyewear coverage before you become disabled, you may continue participating, but must pay the cost of coverage.
- Medicare covers some people younger than age 65 with disabilities. Medicare Part A benefits are provided at no cost, but Medicare Part B benefits have a monthly premium cost that is deducted directly from a monthly Social Security benefit. If you apply for disability benefits and are approved, and if your medical coverage is provided by the Board, in most cases you will need to enroll for Medicare Part B benefits, with the Board reimbursing the cost of coverage from your monthly disability benefit unless you are part of a member couple or have primary medical coverage through your spouse. To verify enrollment and set up reimbursement, the Board must receive a copy of your Medicare card.

COST OF CONTINUED BENEFITS DURING DISABILITY

During disability, you continue to pay the contribution required by your most recent employer toward medical coverage offered through the Board.

If enrolled for dental and vision eyewear coverage when disability begins, you can maintain that coverage by continuing to pay the cost.

There is no contribution needed for supplemental death benefits or supplemental disability benefits in effect when disability begins.

Benefits offered through the Board that may continue while you receive disability benefits are described more fully in the Benefits Plan document available on pensions.org. Disability benefits are not paid if dues are in arrears.

If you have contributed to the Retirement Savings Plan before becoming disabled, withdrawing those funds without incurring an early withdrawal penalty may be possible.

How benefits are paid

The Board encourages you to have your monthly disability benefit electronically deposited into your bank accounts to avoid any interruption of mailed payments that might be caused by a natural disaster. Your Lincoln Financial case manager can provide the Authorization for Direct Deposit to complete.

TAXES

Disability benefits are taxable under federal income tax laws and some state tax laws. As noted in the Tax Guide for Ministers, on Benefits Connect, Ministers of the Word and Sacrament are not eligible to have taxes withheld. However, if you are not a minister, when you apply for disability benefits, you will be asked to complete a tax withholding election form indicating the amount of federal tax you want withheld from your benefits, even if you do not want federal tax withheld. When your disability is approved, your Lincoln Financial case manager will share with you the appropriate forms to complete. If you do not complete tax withholding forms provided, Lincoln Financial will withhold at the default rate for a single filer with zero dependents.

HOUSING ALLOWANCE DESIGNATION

Under the federal tax code, disabled ministers of the Word and Sacrament may exclude all or a portion of their disability benefit from the gross income they report on their federal income tax return as a housing allowance to the extent that it is used for housing-related expenses (housing, utilities, maintenance, and repairs). The allowance may not exceed the fair rental value of the home (furnished and including utilities).

If you are a minister, you must maintain financial records that document and support the income excluded for a housing allowance. You will receive a W-2 form from Lincoln Financial at the end of each calendar year.

OVERPAYMENTS

Occasionally you may receive a payment greater than allowed by the plan provisions, e.g., from Social Security initiation, workers' compensation, or a partial return to work. When you receive an overpayment, you must refund the amount to Lincoln Financial. If you are unable to repay the full amount as a lump sum, you may sign a repayment agreement to repay over a limited time that is determined by the Lincoln Financial. This monthly amount would be withheld from your monthly disability benefit.

If you do not repay the amount due or submit an acceptable repayment agreement, your disability benefits will be suspended until you pay the entire overpayment amount. If you have a question about an overpayment, contact the Board's Disability team immediately. Any remaining balance due to the Board when you die will be deducted from your death benefits.

Employment during disability

The Benefits Plan allows for limited employment during disability; you may earn up to 40 percent of your former effective salary while continuing to receive your full disability benefit (time limits may apply). If your salary and other compensation exceed this 40 percent limit, your disability benefit is reduced by the amount of salary and compensation that exceeds the 40 percent.

These employment arrangements are designed to help you return to work. With approval by a treatment provider and then the Board, you may engage in a trial work period and/or rehabilitative employment.

ALLOWABLE EMPLOYMENT

There are two types of employment you may engage in while on disability. A trial work period is a short-term arrangement that makes return to work easier when you are no longer disabled. Disability benefits end when you return to regular employment.

If efforts to return to work are not successful because you are unable to regain the capacity to return to your former level of functionality because of a permanent or long-term disabling medical condition, the plan does allow for partial return to work during disability. A partial return to work may be possible if you can perform some form of limited work. The treating physician and the Board's medical counsel must confirm that the work is therapeutic and/or beneficial to your wellness. There is no limitation to the duration of partial return to work; however, there are earning and hourly limitations.

VOCATIONAL REHABILITATION

Approval for disability benefits initially depends on your inability to perform the duties of your occupation. Lincoln Financial also determines if, when considering the medical condition, you are likely to return to your former occupation. In doing so, Lincoln Financial may conduct an employability assessment.

An employability assessment helps establish your ability to work and identify other occupations for which you may be fitted by education, training, and/or experience. If appropriate, a vocational rehabilitation specialist works with you as you progress. If the physicians feel that your transition to full-time employment should be gradual, Lincoln Financial considers this a trial work period, so disability coverage may supplement your earnings for a limited period of time. Where appropriate, the Board will approve trial work periods or other retraining programs recommended by Lincoln Financial.

If you are physically or mentally able to perform in an occupation based on education, training, or experience after the initial 24 months of disability, disability benefits end.

The Board reserves the right to suspend or end benefits if you refuse to cooperate in good faith with employability assessments or vocational rehabilitation programs.

PRE-APPROVAL REQUIREMENT

A Disability Specialist at the Board must approve in advance any employment you undertake while receiving disability benefits. You must provide the Board with the total hours to be worked, the duties of the position, and the salary, and must report all salary payments, manse or housing allowances, and other earned income. The primary treating physician must approve the hours and duties, cite any restrictions that apply, and provide the date he or she expects you to return to full-time employment.

You must also submit copies of your W-2 forms annually. W-2s are not issued for supply preaching, so you must submit copies of pay stubs quarterly, as well as Form 1099 or 1040 submitted to the IRS for the preceding year.

INDEPENDENT MEDICAL EVALUATIONS

In some cases, the Board or Lincoln Financial arranges for you to see an independent medical evaluator (at no expense to you). You are notified of the date, time, and location of the appointment. If you cannot attend the appointment, you must notify the Board or Lincoln Financial within one week of receiving the notification so it can be rescheduled. If you miss a scheduled appointment, your disability benefit may be suspended or terminated.

ONGOING REVIEW PROCESS

Disability benefits are approved for a limited period. The Board reserves the right to require and review evidence of continuing disability from time to time throughout the duration of the disability.

Generally, disability benefits are reviewed every three to six months during the initial 24 months of approved disability status. Lincoln Financial will contact you about the review process before the approved period expires. At that time, you and your healthcare providers will be required to provide updated information so ongoing eligibility for disability benefits can be established. If you or your physicians fail to return all of the forms completed appropriately to Lincoln Financial before the approval period expires, benefits may be suspended.

Your disability status will be reviewed before the end of the first 24-month period to determine whether your disability meets the broader definition of disability that applies after the first 24 months.

RETURN TO WORK

You must report any employment while receiving a disability benefit to the Board. All employment should be rehabilitative in nature, including any trial work period, and approved in advance.

If you have recovered from your disability and released to return to work by the physician, you must notify the Board of your expected return-to-work date, at which time disability benefits will end. Other benefits through the Board will also end at that time unless you return to employment with an employer that participates in the Benefits Plan. If benefits are paid beyond the return-to-work date, you must return those benefits to the Board.

Supplemental disability benefits

This coverage provides extra income protection if you become disabled and wish to protect effective salary above the amount protected by core disability benefits through the Death and Disability Plan. You are eligible for supplemental disability benefits coverage if

- your employer offers it,
- you are covered by the Death and Disability Plan, and
- your effective salary is equal to or greater than \$120,000⁷.

AMOUNT OF BENEFITS

Supplemental disability benefits can replace 60 percent of your effective salary in excess of \$110,000⁸ up to the IRS maximum. The IRS maximum for 2022 is \$305,000, effective January 1, 2022, increased from \$290,000 in 2021.

This coverage has no disability-benefit increase feature or inflation adjustment, and it does not provide for pension credit accrual on your salary above \$110,000⁹ if you participate in the Defined Benefit Pension Plan. If you return to work part time, and your benefits combined with part-time income are more than 80 percent of your protected effective salary, the Board will proportionately reduce supplemental disability benefits.

HOW TO ELECT COVERAGE

You can elect supplemental disability coverage, in increments of \$10,000, to protect effective salary above the amount protected by core disability benefits. To determine the amount you can elect, round down your effective salary to the nearest \$10,000. If that amount is at least \$120,000¹⁰, you can buy supplemental disability coverage. In other words, your effective salary must at least \$120,000 to elect this coverage.

If you have opted out of Social Security, you cannot use supplemental disability benefits to protect your full salary.

⁷ As of January 1, 2020. For 2019, supplemental disability coverage was available for employees with effective salaries greater than \$110,000.

⁸ As of January 1, 2020, the maximum disability benefits basis is \$110,000. For 2019, the maximum disability benefits basis (maximum salary protected under core disability coverage) was \$100,000.

⁹ See footnote 8.

¹⁰ As of January 1, 2020. For 2019, supplemental disability coverage was available for employees with effective salaries greater than \$110,000.

How to apply for benefits

You may apply for benefits if you are unable to work for more than 90 consecutive days while recovering from an illness or injury and your physician confirms it in writing. You must apply within 12 months after the date the disability occurred (unless you can show that an earlier filing was not possible).

To start the application process, call the Board at 800-773-7752 (800-PRESPLAN). You will participate in an interview with a Disability Specialist. After your intake interview, the Board opens a claim with Lincoln Financial, the Board's disability medical case manager. Then, your designated disability case manager at Lincoln will call you for a second intake interview. He or she will follow up by sending several forms: for your attending physician, for your authorization to obtain and release medical records, and for information required from you. You should review the forms carefully and call Lincoln at 888-970-2487 with questions. Fax or mail the completed forms to Lincoln at

Lincoln Life Assurance Company of Boston
P.O. Box 2578, Omaha, NE 68172-9688
Fax: 603-334-0401

You also will receive a Disability Information packet from the Board. Although you can view or download the packet from pensions.org, you should not complete or return any forms to the Board until you have participated in an intake interview with a Board Disability Specialist. Once you have completed the forms, mail, email, or fax them to:

The Board of Pensions of the Presbyterian Church (U.S.A.)
2000 Market St.
Philadelphia, PA 19103-3298
Fax: 215-587-6215
Email: memberservices@pensions.org

If you are physically or mentally unable to complete the forms, you must provide a power of attorney or authorization form to the Board or Lincoln Financial so the designee can act on your behalf.

Lincoln Financial will send you a letter acknowledging receipt of the forms, Lincoln also will contact your physician to obtain objective medical evidence needed to determine your eligibility for disability benefits. It's a good idea to ask your physician to provide information requested by Lincoln in a timely manner.

If the Board certifies you as disabled under the Benefits Plan based on Lincoln's recommendation, your disability benefit is payable on the first day after a 90-day waiting period or the day after your salary or severance ends, whichever occurs last. You will receive the first check within two weeks after your disabled status is certified. If the Board approves disability benefits before the 90-day waiting period ends, you will receive the first check around the 91st day of disability.

APPEALS

If a disability claim is denied or disability benefits are terminated, you have the right to appeal. The Board offers two levels of appeal. You should direct the first appeal to Lincoln Financial within 180 days of when you receive the decision. You should submit the final appeal to the Appeals Board Secretary at the Board of Pensions within 60 days of receiving the first appeal decision.

All appeals must be in writing and include the reasons you disagree with the decision and any supporting information. Lincoln Financial and the Board try to respond within 60 days, but it may take longer if additional information is required.

First-level appeal

Lincoln Life Assurance Company of Boston
P.O. Box 2578, Omaha, NE 68172-9688
Fax: 603-334-0401

Final appeal

Appeals Board Secretary
The Board of Pensions of the Presbyterian Church (U.S.A.)
2000 Market St., Philadelphia, PA 19103-3298
Fax: 215-587-6215

Contact Information

The Board of Pensions of the Presbyterian Church (U.S.A.)

2000 Market St.

Philadelphia, PA 19103-3298

Monday-Friday (except holidays) 8:30 a.m. - 7 p.m. ET

Toll-free: 800-773-7752 (800-PRESPLAN)

Main number: 215-587-7200

Fax: 215-587-6215

Website: pensions.org

Lincoln Financial

P.O. Box 2578,

Omaha, NE 68172-9688

Monday-Friday (except holidays) 8 a.m. - 5 p.m. ET

Toll-free: 888-970-2487

Fax: 603-334-0401

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, end, or suspend this plan and its provisions at any time by action of the Board of Directors.

The Board of Pensions of the Presbyterian Church (U.S.A.) provides robust benefits and services to PC(USA) churches, agencies, and affiliated employers — educational institutions, camps and conference centers, retirement and senior housing communities, and human services organizations.



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Philadelphia, PA 19103-3298
800-773-7752 (800-PRESPLAN)

pensions.org