

**TO:** Plan Participant, Church Treasurer, or Benefits Administrator  
**FROM:** PCA RBI Office  
**SUBJECT:** PCA Group Insurance – Annual Enrollment Information  
**DATE:** November 2019

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## PCA Annual Enrollment

begins Friday, November 1 and ends Friday, December 6, 2019

*To continue with current benefits, no action is required by you or your employees.*

Existing coverage will continue to be in force throughout the new 2020 plan year unless an Annual Enrollment is processed in SmartBen to change plan coverage.

➤ **Dental and Vision Plan Changes Allowed for Annual Enrollment:**

- If your employer offers PCA **Dental** or PCA **Vision**, you may **change participation** between the **Basic** and **Enhanced** plans during Annual Enrollment.
- Additionally, if the **Voluntary Dental, Vision, or Long Term Disability** plans are offered to the staff, those who waived enrollment may take this opportunity to add Voluntary coverage.

➤ **Effective Dates for changes made during Annual Enrollment:**

- As allowed and noted above, **Dental** or **Vision** plan changes as well as **Long Term Disability** plan enrollments made during Annual Enrollment will be effective 1/1/2020.
- Any new **Life** insurance coverage elected during Annual Enrollment will be effective 1/1/2020 unless a **Statement of Health (SOH)** is in the approval process.

*Note: Life Insurance enrollments requiring SOH will be effective on the first of the month following the approval by MetLife.*

### Update for MetLife Dental Plan Details:

The new MetLife plan PCA Group Number to update coverage with your Dentist office is: **109944**.

The MetLife dental plan is a **PDP Plus** plan.

### How do we update PCA Benefits offered to our staff?

Call or email the RBI office today to confirm details or for assistance in printing and submitting the two forms needed for participating in PCA Insurance plans.

- 1) **Insurance Adoption Agreement (IAA):** The completed IAA form communicates to our office which of the PCA plans the church will offer to their employees.
- 2) **Benefit Enrollment Form:** Your staff/employees will need to submit a completed *Benefit Enrollment Form* so we can set them up for on-line enrollment to be completed in SmartBen.

Both forms are printable from our website, [www.pcarbi.org](http://www.pcarbi.org). Select Resources/General Resources/Forms

**As a Reminder:** For Basic and Standard Life – No Statement of Health (SOH) is required for those organizations submitting an IAA and adding **new PCA Life insurance products for the first time**.

Call our office today with questions you may have about this information. You may also send your question by email to [insurance@pcarbi.org](mailto:insurance@pcarbi.org).

## KEEP FOR FUTURE REFERENCE

Mailing Addresses with Optional FAX and Email Information		
<u>Insurance Payments ONLY</u>	<i>Insurance Correspondence</i>	<u>Retirement Plan Contributions</u>
Make check payable to: <b>PCA Group Insurance</b> <i>On-line payments are now accepted.</i> Please call RBI for details.	Notes, employment, and/or coverage changes, completed forms, salary updates, etc. should be sent directly to our office:	Make check payable to: <b>PCA Retirement Plan</b> On-line retirement plan contributions are now accepted. <i>Please call our office for details.</i>
<i>Mail payment and voucher to:</i> <b>PCA Group Insurance</b> <b>PO Box 896529</b> <b>Charlotte, NC 28289-6529</b> <u>This lockbox is ONLY for insurance payments.</u> <i>No correspondence please.</i>	<b>PCA Retirement &amp; Benefits</b> <b>1700 N Brown Rd Ste 106</b> <b>Lawrenceville, GA 30043</b> FAX: 678-825-1261 Email: <a href="mailto:insurance@pcarbi.org">insurance@pcarbi.org</a>	<i>Mail payment with matching remittance form to:</i> <b>NWPS - PCA Service Center</b> <b>4025 Delridge Way, Suite 250</b> <b>Seattle, WA 98106</b>
<b>How to let RBI know of Staff Employment and Benefit Changes:</b>		
1. Make a copy of the current invoice page where the employee's name and coverage are listed. 2. Add a note under the employee's name with the <i>effective date of the change (MM/DD/YY)</i> and include a short informational <i>description</i> or <i>explanation</i> for this change and the termination of benefits. Some examples are: Part-time as of this date, Retired, Resigned Call, Terminated, End of Call, etc. 3. Mail, FAX, or email this page to our office for processing. Our mailing address, FAX number, and email address are listed above. <i>Please do not include employment changes with your monthly payment via lockbox.</i> <i>PCA monthly coverage is terminated as of the last day of the last month the employee worked.</i> RBI will process the employment change as well as premium credits for the month the employee was on your invoice beyond the last date worked. Premium credits will be reflected on your next monthly invoice.		
www.pcarbi.org	800-789-8765	FAX: 678-825-1261
<b>Insurance Plan questions including:            Enrollment Eligibility, Forms, Insurance Products, Employment Changes, SmartBen, Insurance Invoice or Payments</b>	Bonnie Nowak x1284    Sandie Robertson x1184	
<b>Financial Planning Advisors:</b> <b>Schedule a phone call appointment to discuss:</b> <ul style="list-style-type: none"> <li>• appropriate benefit structure and insurance benefits</li> <li>• planning for retirement</li> <li>• specific questions about RBI investments</li> <li>• Call Package Guideline content</li> <li>• structure of a TE's compensation package</li> </ul>	Peggy Henry x1198    Katelyn Rogers x1192	
<b>Retirement Plan questions including:            Enrollment Eligibility, Forms, Contributions, Withdrawals</b>	Myra Davis x1282    Ingrid Krein x1190	
<b>Ministerial Relief</b> <ul style="list-style-type: none"> <li>• Offering</li> <li>• Applications</li> <li>• On-line Donations</li> </ul>	Vickie Poole x1280    Jon Medlock x1270	
<b>Employee Access to SmartBen</b>		
All employees <i>currently enrolled</i> in PCA insurance plans may log into SmartBen by entering their <b>User Name</b> (nine-digit Social Security Number with no dashes used, e.g., 111-11-1111 would be entered as 11111111) and <b>Password</b> (six-digit date of birth in the format of MMDDYY with no dashes or slashes; so, January 7, 1980 would be entered 010780). After the initial login, employees will be asked to change their password to a new password. You may reach SmartBen by (1) visiting the RBI website (www.pcarbi.org) and selecting "login" or (2) going directly to SmartBen (www.smartben.com) to login. In SmartBen you may review and print your <b>current benefit enrollments</b> : from My Benefits, select <i>View Enrollment Confirmation</i> . The <b>plan certificates</b> (plan details) for your current benefits are available by selecting Plans from the selections available along the top of the Welcome page.		



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Gary D. Campbell, CFA, President

**TO:** Plan Participant, Church Treasurer or Benefits Administrator  
**FROM:** PCA RBI Office  
**SUBJECT:** PCA Group Insurance – Long Term Disability Post-Tax Premiums  
**DATE:** November 2019

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**Premiums for Enhanced and Basic Plans are Post-Tax Deductions:**

In the interest of a disabled employee receiving a disability check that provides the maximum benefit (without taxes deducted) and to have a more tax-beneficial application to all PCA LTD plan clients, effective January 1, 2015 all LTD plan premiums should have been considered as *taxable* premiums (whether paid by the employee or the employer).

This LTD premium change has become part of our LTD plans and should be implemented for your employees. If you have not implemented the change, disability plan benefits will be taxable to the employee, unless you restate and change the withholding and W2s for 2019. If you have not implemented the change for 2019 and do not wish to restate tax forms, you should consider implementation of the change for 2020.

**Action Required:**

This new feature with the LTD premium payroll deduction change will need to be executed by the payroll process for your enrolled employees.

**Post-tax Funding Options:**

Option 1 – Premiums for enrollees in the **LTD3-Voluntary** plan are paid by the employee using payroll deductions after appropriate taxes and withholdings have been taken.

Option 2 – Alternately, premiums for enrollees in either the **LTD1-Enhanced** or **LTD2-Basic** plan are paid by employer funding and the employer reports the premiums as taxable wages on the employees' W-2 (grossing up the employees' income).

**Result:**

Tax me now. Income taxes are paid on the premium dollars so benefits paid to the disabled employee will be tax-free. Having a tax-free disability benefit payment is tremendously beneficial and has been requested by disability claimants over the years.

**Premiums – Carrier Review at Time of Claim:**

There is a 36-month look-back conducted by the carrier, Unum, for taxability decisions on submitted disability claims. If an employer moved to post-tax from pre-tax on January 1, 2017 and an employee is approved for disability on July 1, 2017 only 6/36ths of the disability payment is tax-free. This is determined by Unum claim adjusters by reviewing local employer pay stubs and W-2s. Each additional monthly premium paid post-tax after January 1, 2015 reduces the ratio of taxability one more month for this 36-month look-back should a disability claim need to be processed and payments begin for one of your staff members.

Please call our office today with questions you may have about these Long Term Disability premium updates.

**TO:** PCA Church Treasurers, Business Managers and Administrators  
**FROM:** Gary D. Campbell, CFA  
**SUBJECT:** Potential Tax Liability for Those Covered by PCA Life Insurance Plans  
**DATE:** November 2019

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Federal law requires that the imputed (assigned) cost of employer-provided group term life insurance in excess of \$50,000, or dependent coverage if it exceeds \$2,000, be reported as *taxable income*.

This means that some participants in the PCA insurance plans may have a taxable fringe benefit for group term life coverage in the Basic Life, Standard Life, Enhanced Life, Enhanced Spouse Life and Enhanced Dependent Life Insurance Plans. Although the tax liability will probably be minimal, it does need to be added to the employee's W2 form as taxable compensation for 2019.

The first steps to determine whether your pastor(s) and/or church employee(s) have a taxable fringe benefit are:

- 1) Who paid the premiums for coverage in the PCA group term life insurance plans?  
If the *participant* personally paid with *taxable income*, there is no additional taxable compensation to be added to the W2.  
On the other hand, if the *church/employer* paid the premiums as an employee benefit *with non-taxable dollars* see information in the next step to determine if there is additional taxable compensation to report on the employee's W2.
- 2) Does the total benefit of employer-paid group term life insurance coverage for any individual exceed \$50,000?  
If the answer is "No," the participant does not have additional taxable compensation to be added on their W2.  
On the other hand, any coverage *over \$50,000* paid by the church/employer must be reported on the employee's W2 as taxable compensation.

If you have now determined that your pastor(s) and/or church employee(s) have *employer-provided group term life insurance that exceeds \$50,000*, you will next need to calculate the amount of taxable compensation that must be added to their W2 form.

- FICA Taxes: For lay employees, FICA taxes need to be paid on the additional taxable fringe benefit amount. FICA taxes may be processed on each paycheck OR on the final paycheck each year.
- SECA Taxes: Ordained Ministers covered by Social Security will need to pay SECA taxes on any additional taxable fringe benefit unless minister has opted out of Social Security.

Federal law also requires that the cost of employer-provided group term life coverage for spouses and dependent children be reported as taxable income *if the amount exceeds \$2,000*. The additional amounts are to be calculated based on age of spouse and/or dependent child(ren) according to the rates in the IRS Monthly Rate Table. Only those pastors or lay employees who have employer-paid Enhanced Life spouse and/or children's coverage are affected.

The worksheet for Employer-Provided plan information found on the reverse of this memo applies for churches or organizations who provide employee life insurance benefits. In other situations this worksheet will not be used, rather, the actual premium costs should be added to the pastor's or lay employee's taxable income and federal income and social security taxes (if applicable) should be withheld. To determine how to handle your church or organization, please consult your local tax expert. As an additional resource, our Call Package Guidelines booklet provides some options for setting up or re-organizing benefit packages to enhance tax savings.

The example worksheet and four-step process on the back of this memo is intended to be a helpful resource as you continue to work through this process. At the bottom of the page you will also find the table with the IRS Monthly Tax Rates by age.

If you have questions concerning the actual tax liability of your pastor(s) and/or employee(s), please see the [www.irs.gov](http://www.irs.gov) website and read IRS Publication 15-B (2018) "Employer's Tax Guide to Fringe Benefits" beginning on page 13. You may also want to call your local tax professional for assistance with questions that are specific to your pastor and/or church staff.

## Example Worksheet for Calculating Tax Liability

**STEP 1 Instructions:** Calculate **Total Employee Taxable Life Insurance Coverage Paid by the Employer**

*Use this section* to circle the employee age and enter the current level of coverage for each PCA plan in which the employee is enrolled. *Locate your current monthly PCA Group invoice which lists these coverage levels for each employee.*

Age	Basic Life	Standard Life	Enhanced Life for Employee	Dependent Enhanced Life (See Step 3 below.)	TOTAL of PCA Life Insurance	SUBTRACT \$50,000 as Non-Taxable	TOTAL of TAXABLE Life Insurance
Under 49	\$25,000	\$250,000		N/A			
50 – 54	\$25,000	\$150,000		N/A			
55 – 59	\$25,000	\$100,000		N/A			
60 – 64	\$25,000	\$60,000		N/A			
65 – 69	\$16,250	\$38,000		N/A			
70 – 74	\$12,500	\$30,000		N/A			
75 – 79	\$8,750	\$21,000		N/A			
80+	\$5,000	\$15,000		N/A			

**Step 1 Example:** Pastor, age 39, is enrolled for employer-provided PCA benefits effective October 1.

He is enrolled for Basic, Standard, and \$250K Enhanced life insurance.

Calculate total coverage using the table above. Use the example in Step 2 to calculate the total hundreds of employer-provided life insurance.

**STEP 2 Instructions:** Calculate **Taxable Income Amount for Employer-provided Employee Coverage**

**Step 2 Example:** Using your numbers (as in the example from Step 1) and calculating the **Total Taxable** in hundreds from the second table above, calculate tax amount filling in the table below with the appropriate TAX RATE from the IRS table below:

Age as of 12/31/2019	Basic Life (000's)	Standard Life (000's)	Employee Enhanced Life (000's)	Dependent Life (See Step 3 for example)	Total	Subtract \$50K (as non-taxable)	Total Taxable
39	25	250	250	N/A	525	-50	475
	<b>Total Taxable X</b>	<b>IRS Monthly Rate per \$1,000 * X</b>	<b>Number of Months Covered =</b>	<b>TOTAL TAX Amount</b>			
Pastor	475	0.09	3	\$ 128.25			

**STEP 3 Instructions:** Calculate **Taxable Income Amount for Employer-provided Dependent Coverage** if greater than \$2,000.

Note: These are calculated separately using the ages of the spouse and the child as of December 31 of the tax year.

**Step 3 Example:** The church also provides \$50K Enhanced for his Spouse, age 32, and \$10k Enhanced for his child, age 6.

Dependent Age as of 12/31/2019	Basic Life	Standard Life	Dependent Enhanced Life X	IRS Monthly Rate per \$1,000* X	Number of Months Covered =	Subtract \$50K	Total Tax Amount
32	N/A	N/A	50	0.08	3	N/A	\$ 12.00
6	N/A	N/A	10	0.05	3	N/A	\$ 1.50

**STEP 4 Instructions:** To Calculate the Total Taxable Wages Amount from Life Insurance to add to W2:

- Combine the totals from the Employee and the Dependent TAX totals (see Steps 2 and 3 above).
- Add the total of those combined amounts to the Employee's Taxable Income for 2019.

**Step 4 Example:** Calculate Tax Amount for Employee, Spouse, and Child tax amounts totaled for inclusion on the employee's W2 form:

<b>Employee</b> Tax Amount calculated in Step 2 Example:	\$128.25
<b>Spouse</b> Amount in Step 3 Example:	12.00
<b>Child</b> Amount from Step 3 Example:	1.50

Total Amount (from your own worksheet calculations) to be added to the W2 Taxable Wages Boxes 1, 3, 5 and 12, Letter C

\$141.75

**\* IRS Monthly Rate Table**

IRS Rates for Computing Additional Taxable Income. Uniform Premium Table with monthly rate per \$1,000 of Insurance.  
Select rate for the age as of the last day of the tax year.

Ages	Monthly Rate per \$1,000	Ages	Monthly Rate per \$1,000
Under 25	\$0.05	50 – 54	\$0.23
25 – 29	0.06	55 – 59	0.43
30 – 34	0.08	60 – 64	0.66
35 – 39	0.09	65 – 69	1.27
40 – 44	0.10	70 and over	2.06
45 – 49	0.15		