

# News & Notes

Fall 2021

## Benefit Plan Open Enrollment for 2022 October 15 - December 1

*The FCMM Benefit Plan provides churches the opportunity to provide Long Term Disability Insurance and Term Life/AD&D Insurance for church staff members, specifically crafted for the unique needs of ministers and staff.*

The Benefit Plan has an annual open enrollment period which only occurs once a year and gives opportunity to employees who missed their initial enrollment date or for churches who need to update their Employer Benefit Agreement. **All enrollment and update forms must be submitted between October 15 – December 1, 2021, with coverage beginning January 1, 2022.**

### Open Enrollment is the only time:

- » Current employees, at already-participating churches, can enroll if they missed their original enrollment period.
- » Churches can revise their Employer Benefit Agreement (Form 120) including payment methods, employee classes, and Life/AD&D volume amount.

### Benefits

In the event of a qualifying disability, the LTD policy will pay the individual 60% of their qualified monthly salary up to \$8,500 per month. This income replacement can be tax-free if the premiums were paid through after-tax payroll tax deduction. The LTD benefit payments help the employee with financial needs and give the church flexibility of resources to continue to fulfill ministries until the staff member can return to duties. See the Benefit Plan section of the FCMM website for more information on types of premium payment.

In the event of death, the Term Life policy provides

either \$10,000 or \$50,000 benefit, based on volume chosen by the employer. Accidental Death and Dismemberment coverage is included with Term Life.

### Cost

The annual cost for LTD coverage is \$.008 times covered compensation up to \$170,000. Annual cost for Term Life/AD&D cost is \$36 for \$10,000 coverage, or \$180 for \$50,000 coverage. The employer is billed quarterly by FCMM.

### Unique Features

- The total annual salary used in the event of an LTD claim includes minister housing allowance, which is not included in standard LTD policies.

Cont. on p.2



## Benefit Plan Open Enrollment

Cont. from p.1

- A Spousal Disability Benefit up to \$1,500/month for up to 24 months is included. This benefit will pay if the spouse is cognitively disabled or unable to perform two or more Activities of Daily Living (ADLs).

### Forms & Submission

Enrollment forms are available under the Forms & Documents section of the FCMM website. Open enrollment forms with coverage beginning January 1, 2022, must be electronically sent to FCMM's secure

portal as instructed on the forms, and then mailed with a postmark no later than December 1, 2020. (Note: The insurance carrier requires originally signed enrollment forms mailed to FCMM).

For more information, see the Benefit Plan section of the FCMM website, or email us at [benefits@fcmmbenefits.org](mailto:benefits@fcmmbenefits.org).



## FAQs

**Q:** *I read in the Summer newsletter about the forms of distribution for my retirement income. Could you explain more about the pros and cons of the Monthly Income Benefit (“annuity”)?*

**A:** To reiterate, there are four primary distribution forms for receiving retirement income from your FCMM Retirement Plan account, all mentioned in the article in the Summer 2021 issue of News & Notes. You may also find that article on Distribution Options at FCMM's website. The Monthly Income Benefit (MIB) represents one form.

Note that these distribution options can be used in combination. So, for example, a member could convert some of the retirement account to the MIB and then take annual withdrawals from remaining funds.

The MIB provides a monthly stream of income based on the amount converted from invested funds to the annuity. For example, a member converting \$100,00 to MIB would receive about \$498 per month for lifetime under the “joint and full” annuity at age 65, for as long as either the member or spouse is living.

The MIB is classified as a “Single Premium Immediate Annuity”. (It is not an index investment annuity which is a very different commercial investment product.)

#### Possible Pros:

- Lifetime income, regardless of longevity.
- Simplicity, with no investment decisions.
- The monthly income satisfies Required Minimum Distribution requirements.
- Since the annuitant no longer owns the funds converted, an immediate annuity is not subject to asset “spend down” requirements for Medicaid long term care, unlike other assets. Only the monthly income is subject to Medicaid's income threshold.

#### Perceived Cons:

- There is no inheritable remainder of the funds converted to MIB to pass on to beneficiaries.
- The monthly income amount will not increase. (FCMM has already included 2% fixed plus 2% variable earnings into the calculation and then included those in the fixed monthly amount over the actuarial life.)



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FCMM serves as the church benefits organization of the Evangelical Free Church of America