



News & Notes

Summer 2014

Employer Adoption Agreement is Essential

Jerry Rich, Director of Client Services



The Employer Adoption Agreement (Form 20) is an important legal agreement whereby the church/employer officially adopts the FCMM Retirement Plan. The Agreement serves as the cover page to the FCMM Retirement Plan Document (Form 30) and together these comprise the compliant Plan under which the church provides the retirement benefit.

Because of the length of time many churches have participated in FCMM, some have overlooked the necessity of executing this document and keeping it on file. Every employer must be able to demonstrate its legal basis for participation in the event of a payroll or tax audit. The Adoption Agreement serves this purpose. Failure to maintain and follow the terms of an agreement could lead to IRS penalties.

Within the Agreement, the employer identifies the classes of employees, states how employees become eligible to

participate and specifies how employer contributions are determined. The Agreement requires a signature by a qualified church/employer official. The employer should keep a copy on file and send the original Agreement to the FCMM office.

The FCMM Employer Adoption Agreement was recently updated to make completion easier. If you have responsibility for benefits records and would like to confirm the status of an Adoption Agreement, email us at fcmm@fcmmbenefits.org.

A church/employer offering a retirement plan must have a copy of the plan document on file and be able to document that it complied with the provisions of the plan document.

Another Option for Providing LTD Plan

Each employer chooses whether to offer the FCMM Long Term Disability Plan as an employee benefit (paid by employer) or as payroll deduction (employee pays premium by payroll deduction). In both cases, the employer must send in the premium payment to FCMM.

What's the difference? In the event of disability, the source of the premium payment determines the tax status of benefits. Benefit payments are taxable income when the coverage has been provided as a non-taxed employee benefit. Benefit payments are considered non-taxable income when the coverage has been paid by the employee from taxable income via payroll deduction.

Some employers seek to ensure that all employees are covered by paying the premium as a benefit. When the LTD Plan is offered as a payroll deduction, employees must be given the option to not participate.

Recently, another way of administering the payroll deduction has become widely practiced and is available for FCMM LTD Plan employers to implement. Referred to as a "Tax Choice" plan, the employer may add the amount of premiums to the employee's gross income and then payroll-deduct that same amount. The employee's net expense, then, is for the taxes on the premium. Contact FCMM to learn more.

Meet the Team



STAFF

Tiffany Yang

Tiffany Yang recently joined FCMM as an Accountant. Previously, she worked for Wells Fargo with experience both in retail and in accounting. As FCMM continues to grow, her new position was created to help manage participants' accounts and process payroll for retirees. Tiffany graduated from Crown College with her undergraduate degree in Business Administration and continued her education in completing Accounting courses at the University of Minnesota. She is currently enrolled in an MBA program at Crown College. She also plans to become a certified public accountant. Tiffany has been married to Eric for two years and together they are actively serving at their local church. During her free time, she likes to play basketball, volleyball, sing, and play the piano.



BOARD

Wendell Herman

Wendell Herman was welcomed to the Board of Trustees at the February 2014 meeting. His career experience as a trust officer with Wells Fargo Bank since 1974 has focused on endowment and foundation estate planning, and managing trust investments. He is credentialed as a Certified Trust and Financial Advisor (CTFA). In addition, he owns farmland and enjoys gardening and tennis. Wendell has served his local church, Bethel Church (EFC) in Fargo, North Dakota, in several leadership capacities.

Have You Become Housing Allowance Eligible?

For clergy who are presently receiving housing allowance designation by their church but who began retirement contributions before becoming eligible, please advise FCMM of your change and the effective date. When your contributions are made while eligible to receive housing allowance, the resulting balance becomes eligible for distribution as housing allowance in retirement. FCMM can update and correct records so that your eventual benefit can be accurate.

Individual Healthcare Premiums Paid by Employer Are Taxable

Starting in 2014, an employer's reimbursement or payment of individual healthcare insurance premiums became deemed as taxable income. Only employer-provided group health insurance continues to be recognized as pre-tax benefit. See the FCMM website for more information posted since December. It will be essential for churches to report this income properly on W-2s and for affected staff to be prepared for resulting increased tax liability. IRS guidance indicates the possibility of an excise tax of up to \$100 per day per employee for employers who don't report this properly.

New Payroll Service Coming

Watch for announcement this fall of a new FCMM payroll service for churches. The service will combine payroll processing, the FCMM Long Term Disability Plan (including Term Life/AD&D Insurance of \$50,000), and Human Resources online reference library for a single rate of 3% to 2% of total payroll, based on size of payroll. An additional option of per-payroll Workers Compensation insurance will simplify this important coverage. Contact Jerry Rich if you'd like to consider being an early adopter.

Staff Changes

Alexia Miles, Director of Communications and Compliance, who has handled customer service processes for six years, is departing FCMM to focus on upcoming motherhood and finishing her law degree.

Bud Smith, Director of Marketing and Customer Service, is transitioning to retirement this summer after nine years with FCMM. However, he will continue to serve part-time as a Customer Relations Manager as he relocates to western New York. The districts for which he will give primary attention are Allegheny, Eastern, EFCA Southeast, Great Lakes, and New England.

John Herman has retired from 22 years as executive director of EFCA Pastoral Care Ministries and has joined FCMM to serve part-time as a Customer Relations Manager with primary contact for the Central, Forest Lakes, Midwest, North Central, Northern Plains, and Rocky Mountain districts.

Along with Bud and John in customer relations, Jerry Rich will focus on the following districts: EFCA Texas-Oklahoma, EFCA West, Hawaii, Northern Mountain, Pacific Northwest, and Western. Jerry continues serving as Director of Client Services, including the development of new benefits services.

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