



OutReach™

The Newsletter of Christian Brothers Services



Take Care, for the Long Term

Four years later, her mother suffered a stroke and required daily help with personal care and meal preparation. Since Suzanne was working and raising her son, she was unable to provide the care her mother needed. However, a care manager from the long-term care insurance company recommended that Suzanne's mother move to an assisted living facility in a residential setting. The expenses were covered by her mother's long-term care policy. Suzanne and her mother planned ahead and avoided a costly situation by having a long-term care policy in place when it counted.

Most Americans are largely ignorant about the costs of long-term care for the disabled or elderly and what services are covered by private insurance and Medicare. Protect your financial future if you or a family member requires long-term medical care. Why not plan ahead for the possibility of long-term care?

Suzanne, a single parent at age 35, found herself working full-time and taking care of her seven year-old son. Fortunately, Suzanne's employer offered group long-term care coverage to her and her parents. Suzanne thought ahead and purchased a policy for herself. Since her mother was a widow, Suzanne encouraged her mother to purchase a policy.

Cost of long-term care is expensive

A quarter of Americans approaching retirement age do not know the cost of nursing home care. Only 15 percent can identify the cost within 20 percent of the national average monthly cost, \$4,654. The cost of being ill for a long time are skyrocketing. Approximately one sixth of all individuals who are now 18 years old can expect to spend two and a half years in a nursing home at a cost of \$100,000. Statistics show that 72 percent of people admitted to a nursing home become penniless within the first year.

Unless you have enough assets to spend about \$30,000 a year on long-term care, your life style could be severely affected without financial protection.

Disability coverage doesn't provide long-term care

Disability insurance coverage replaces lost wages if you can no longer work. Those payments may be enough for normal living expenses, like food and housing. Disability coverage wouldn't be enough to also pay for long-term care, such as home healthcare, adult day care, assisted living facilities, an alternate care facility or a nursing home. Medicare and private health insurance plans cover medical expenses and are not meant to cover long-term care costs. When disability strikes growing families, other long-term goals, like saving for college or retirement, can be adversely affected.

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~Br. William Walz, FSC

Welcome Aboard New Members!



From the President "Planning Retirement Income"

After the poor investment returns of this past year and the collapse of some big-name companies, some of us are re-evaluating the best way to provide adequate income in our retirement years. Norman Stein, a law professor at the University of Alabama, recently wrote, "The idea of assuring an adequate retirement income to all has been distorted in recent years by programs aimed at simply allowing some savers to accumulate instant wealth".

In the early 1900's, defined benefit plans were developed as a way employers could reward loyalty and long-term service. These plans guaranteed retirement benefits based on a formula that leveraged years of service to an employer. For many retired people these plans still provide an important foundation for retirement income.

In recent years, however, some employers have been more interested in attracting "hot new talent", and that popularized 401(k) defined contribution plans, in which length of service is not much of a factor, even for employees who change jobs fairly often. If set up and managed properly, however, these plans can provide an excellent opportunity for employees to save for retirement. Cash balance plans, a hybrid, also favor younger workers and job-hoppers, but can sting older, long-term employees.

Each approach has advocates, but to frame the discussion as either/or might not be the best approach. Both approaches have important advantages that the other cannot achieve as well, and neither alone can provide all the potential benefits of both working together. A defined benefit "pension" plan, along with an employer-sponsored 401(k) or 403(b) defined contribution plan, if structured properly and used adequately, can provide an excellent level of retirement benefits that is fair to all employees.

William L. Walz, FSC
President



POSITIVE Pay Services

In an effort to further service our customers in a cost effective manner, Christian Brothers Services researches and implements necessary procedures to protect our customers. An example of one type of protection implemented by Christian Brothers Services is positive pay. Positive pay services are offered at many banks as a means of protection against check fraud. The service is useful

to detect checks that have been altered or are unauthorized. Christian Brothers Services has worked with the necessary banks to implement this procedure for the following groups: Christian Brothers Employee Benefit Trust, Religious Comprehensive Trust, and the Jesuit Health Trust.

How is positive pay beneficial to you?

Positive pay is the reconciliation of check register information against checks that are presented at the bank. It is usually a daily reconciliation. A check register report is electronically delivered to the bank listing all checks issued for a certain time period. The bank compares checks that are presented to the check register report. If a check is presented that does not match the check register report, the bank identifies it as an exception check. The bank reports exception checks to Christian Brothers Services for our review. Once reviewed, we notify the bank to either pay the item(s) in question or return them unpaid.



Without positive pay, the checks in question would typically be processed through the collection system, automatically charging them to the customer's account. Once determined that an incorrect check was charged to a customer's account, procedures would need to be followed to evaluate what, if any, amount would need to be returned to the customer's account. There may be instances when the customer would be required to absorb some or all of the liability. Even if the liability falls upon the banks, the customer may incur the costs of getting the transaction corrected, such as costs incurred to get the bank to credit their account for funds, interest, and the lost use of funds for a period of time.

For other groups serviced by Christian Brothers Services, there are alternatives in place for the protection of our customers. Christian Brothers Services continues to actively research new and updated procedures that would be beneficial to our customers.

by Carolyn Randall, Accounting Manager
Financial Services

Disability doesn't respect age or timing

An accident or illness may strike any person at any age and at any time. Every ten minutes, 350 people suffer a disability injury due to an accident. And, almost 20 percent of the U.S. population – approximately 49 million people – are disabled. This includes people of all ages, not just the elderly. An automobile accident, cancer, Parkinson's Disease, a stroke, multiple sclerosis or other maladies can happen without warning. About one-fourth of American households are providing informal care to a friend or relative. Nearly forty percent of people receive long-term care are working adults between the ages of 18 and 64.

Employer-sponsored plans

A group long-term care plan that is sponsored by an employer can provide long-term care coverage at affordable premiums. Buying long-term care coverage now can lock in rates and keep costs lower when compared to purchasing coverage when you're older. If you buy coverage now, you can keep it for life, wherever your career takes you.

Who offers long-term care?

Long-term care coverage is available through several sources: individual policies, employer-sponsored group plans and association policies. The Christian Brothers Employee Benefit Trust offers an employer-group plan for employees of Catholic organizations. The coverage is provided by CNA Financial Corporation, one of the pioneers of long-term care, which has offered this coverage since the 1960's.

Christian Brothers Services offered the long-term care benefit to its employees on a voluntary basis. After an organized educational program, 49% of its employees enrolled during the open-enrollment week in April 2001. The company made it possible for its employees to buy good coverage at an affordable premium.

Should you obtain long-term care coverage?

Long-term care coverage may not be for everyone. If you can't afford the premiums, have limited assets, are living "on-the-edge" financially or have Social Security as your only source of income, you should not purchase a policy. However, if you have significant income and assets and want to protect them, or if you want to stay independent of the support of others, a long-term care insurance policy may make sense.

Who to Contact

If you're interested in learning more about the long-term care coverage offered through Christian Brothers, please call John Airola at (800)807-0100 ext. 2450. You can also read a comprehensive report, "A Shopper's Guide to Long-Term Care Insurance", published by NAIC (the National Association of Insurance Commissioners.) You may obtain a copy at a minimal cost by calling NAIC at (816) 842-3600.

by John Airola, Managing Director, Employee Benefit Services

Some of the aspects of long-term care coverage

Long-term care coverage includes several options to meet your budget and expectations. Here are a few of the most common benefits:

• Daily benefit amount

You may choose a plan to pay up to either \$100/day or \$150/day for care at a nursing home or alternate care facility. The options also provide \$60/day or \$90/day for community-based health care.

• Lifetime maximum

A lifetime maximum translates into the total dollars you can receive in benefits. It depends on the maximum daily benefit amount for nursing home care that you choose. The Christian Brothers Employee Benefit Trust offers a two-year or five-year option for coverage payouts.

• Care assistance

You might find it helpful to have a qualified professional help you explore and understand your long-term care alternatives. After an initial assessment, an individual plan of care is designed specifically for your care needs. A long-term care professional will help identify appropriate care providers, negotiate charges and monitor the care plan, if requested.

• Inflation protection

You can choose a plan that automatically adjusts the daily benefit amount by five percent each year that you keep the coverage. As the cost of long-term care increases, your daily maximum benefit increases too. For example, with automatic benefit increase, a plan with a \$100 daily benefit would pay more than \$240/day after 20 years, compared to a guaranteed benefit of \$100/day.

• Fixed premiums

Premiums are based on the fixed daily benefit, the length of coverage and the age at the time the coverage begins. The younger you are when you enroll, the lower the premiums are for the duration of the plan. Once you join the plan, your rates are fixed. You can never be singled out for a rate increase because you get older, become ill or file claims. As long as you keep paying your premiums and you haven't received benefits up to your lifetime maximum, your coverage cannot be canceled.

• Family coverage

You may purchase long-term care coverage for a spouse, parents, grandparents, and in-laws, so that they can have protection, too.



Welcome Aboard!

Employee Benefit Trust

Holy Cross Association, IN
Guadalupe Assoc., CA
Andre House of Arizona, AZ
Prompt Succor Nursing Home, LA
Diocese of Jefferson City, MO
Queen of Peace Res. (LSOP), NY
De LaSalle Blackfeet Middle School, MT
San Miguel Middle School of Minneapolis, MN
Society of Divine Word, MS
Catholic Diocese of Savannah, GA

Employee Retirement Plan

De Marillac Middle School, CA
Franciscan Youth Center, MD
St. Vincent De Paul, FL

Prescription Drug Program for Religious and Clergy

Capuchin Province of St. Mary, NY

Religious Comprehensive Trust

Sisters of the Holy Names, WA
School Sisters of Notre Dame, IL

Religious Community Deductible Trust

Sisters of the Presentation, CA
Religious Missionaries of St. Dominic, TX
Handmaids of the Sacred Heart, PA

401(k) Plan

Bishop Kelley High School, OK

403(b) Plan

The San Miguel School, NJ
Mankato Area Catholic Schools, MN
St. John's Church, KY
St. Mary's Church, MN
Maryknoll Mission Association, NY
Christian Brothers Provincialate, IL
La Salle Foundation of Yakima, CA

Risk Pooling Trust

Bellarmine Jesuit Retreat House, IL
Boys Hope Girls Hope of Baltimore, MD
Boys Hope Girls Hope of Kansas City, MO
Brothers of Holy Cross, Inc.-Florida Regional Center, FL
Chaminade University/St. Louis High School, HI
Good Shepherd Nativity Mission, LA
Handmaids of the Holy Child Jesus, TX
Little Sisters of the Poor, AL, CA, CO, CT, DC, DE, IL, IN,
KY, LA, MA, MD, MN, MO, NJ, NM, NY, OH, PA, RI, VA
Nazareth Academy, IL
Sisters of the Holy Family of Nazareth, CT
Sisters of St. Joseph of LaGrange, IL
Society of Christ in America, Inc., MI
Society of SVDP, St. Anne's Conference, Inc., AR
The Sisters of Mary Immaculate, NJ

Information & Communication Services

Sisters of Saint Joseph, OH
Christian Brothers LI-NE District, RI
Archdiocese of Chicago/Office for Evangelization, IL

24 HOURS A DAY ACCESS



You can send or obtain information **24 hours a day 7 days a week** by using the following methods:

FAX

Fax Information System
888-470-INFO
888-470-4636

E-MAIL

fname_lname@cbservices.org
(i.e. john_doe@cbservices.org)

WEB

www.cbservices.org

News

Attend our "Managing the Risks of e-Ministry" seminar on April 4, 2002 in Greensboro, NC. For more information or to register today: log on at: www.cbservices.org/seminars or call Karen DiVito at (800)807-0100 x2935

We need your input!

Tell us what you think about The OutReach—what you like, what you'd like to see. Log on at www.cbservices.org/outreachsurvey or call (888) 470-7415 for a fast, easy interactive telephone survey.



A review of claims from Risk Pooling Trust members showed an increase in the number of fraud and theft claims. We want to alert you to this significant increasing trend. We believe this is not isolated to members of the Trust but likely is affecting many Catholic ministries.

The Necessity to Review And Improve Internal Controls

Secure finances are the backbone of your ministry. By reviewing your internal controls, you can save time tracking down causes of potential shortages. In addition, money and inventory can be saved from misappropriation. As the U.S. economy makes adjustments, the temptation may be greater to misappropriate funds or goods. We urge you to avoid losses before they happen to your organization.

Risk Management Is Recommended

Several Catholic organizations, such as the Risk Pooling Trust, the National Association of Treasurers of Religious Institutes (NATRI) and the United States Conference

of Catholic Bishops recommend internal controls to prevent embezzlement or other types of theft.

Practical Recommendations

You may wish to consider these practical suggestions to strengthen your internal controls and policies:

- Conduct a criminal background check for all individuals authorized to sign checks and/or reconcile accounts.
- Use double signatures on checks for amounts over a pre-determined threshold. But do not count on your financial institution to safeguard this policy.
- Make sure that the individual who reconciles accounts is not the same person who writes the checks.
- Conduct timely audits and develop and follow written procedures for budgeting, cash management, payroll and purchasing.
- Develop a policy for prosecuting embezzlement and similar white

collar crimes. These are criminal acts. The time to develop this policy is before there is an incident. If your policy is to prosecute, it should be shared with all employees.

- Use blue, fine-point ink for signatures. Signatures in blue ink are more difficult to scan and duplicate.

Check Other Sources of Information

For more information on improving financial controls and detecting theft, consult the USCCB (United States Council of Catholic Bishops) publication, *Diocesan Internal Controls: A Framework*, publication no. 5-056. www.usccb.org/finance/internal.htm (800)235-8722.

NATRI (National Association of Treasurers of Religious Institutes) has adapted these guidelines in its *Financial Management and Accounting Manual for Religious Institutes, 3rd Edition*. Both organizations offer these publications for purchase. www.natri.org (301)587-7776

by Roger Duffield, Risk Control Manager, Risk Management Services

Diocesan Information Systems Conference



Members of the Diocesan Information Systems Conference (DISC) take time for a photo during their last conference which was hosted by the Diocese of London, Ontario in May, 2001. The upcoming 18th Annual DISC conference is being hosted by the Archdiocese of St. Paul and Minneapolis on May 19-22. More information on DISC can be found on their website at www.disconf.org. Christian Brothers Services is proud to be a participating DISC member.



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 request access to covered documents by contacting Financial
 Services Division at the above address.

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\$ave on Pharmacy Costs

On 1 January 2002, four Church denominations and Christian Brothers Services joined their 88,000 members in a single group to purchase pharmaceuticals from Merck-Medco Managed Care, LLC. The purchasing group anticipates annual savings of almost \$4 million, through the great discounts available at retail pharmacies and through the Home Delivery Pharmacy Services. As our membership grows to 100,000 and beyond, the discounts and savings will grow as well.

If you would like to pursue any of the options noted in the box on the right, **please call 800.807.0100 and speak to Fr. Fran Dyer, OP, (ext. 2940) or Sr. Rosemary Ward, SP, (ext. 2941).** We look forward to talking with you about controlling your pharmacy costs.

*by Fr. Fran Dyer, OP, Managing Director,
 Health Management Services for Religious*

Your organization can share in the discounts and savings of the purchasing group in a number of ways:

- If you participate in a Program administered by Christian Brothers Services, you will automatically benefit from this coalition.
- If you are a self-funded Diocese, Catholic Employer, or Religious Order already using Merck Medco as your pharmacy manager, you can simply join the purchasing group.
- If you are a self-funded Diocese, Catholic Employer or Religious Order (especially for your Medicare participants) with some control over the provider of your prescription services, you can contract with Merck Medco directly, or
- You can participate in a simple pharmacy purchasing cooperative administered by Christian Brothers Services. You will participate with many other Catholic entities and benefit from the discounts available to large groups.