



# Outreach™

Christian Brothers Services

A Catholic Church Organization Serving the Church

## The Privilege of Membership:

## Employee Benefit Trust Announces Contribution Holiday for 2008/2009



by John Airola

Managing Director, Employee Benefit Services Division

In the competitive marketplace of health and welfare benefits, one thing is common for all providers; prices go up each year. Moreover, these increased costs are passed on to employers and employees. Every year, the critical or significant concern to the overwhelming majority of benefit administrators is, will our plan increase this year and how much of the increase can we absorb?

Catholic not-for-profit organizations have an excellent reputation for stewardship. They make the most of their revenue to fund operations. Controlling costs is imperative to the overall success of their mission. That is why a collaborative membership program, like the Christian Brothers Employee Benefit Trust, out-shines a “for-profit” insurance company. The Trust is owned by Catholic organizations such as dioceses, religious institutes, high schools, and the like. Even Catholic employers with only one employee can obtain comprehensive health benefits through the Trust.

The Trustees who govern the Trust represent Catholic members and know the challenges that Catholic employers face. In thanksgiving for the Trust members’ loyalty and continuing membership, the Trustees have declared a Contribution Holiday that will begin in the latter part of 2008.

For one designated month, the Trust will pay each

qualifying member’s contributions for all health care benefits, which includes medical, dental and vision (life insurance and long-term disability benefits are not included). To take advantage of this offer, Trust members must have their account in good standing.

What does this mean? An organization can save 8.3% or one-twelfth on its benefits costs with the Contribution Holiday...membership in the Employee Benefit Trust has its privileges!

The Employee Benefit Trust offers so much more than benefit administration and customized plan designs. It focuses on wellness and encourages participants to be

and stay healthy.

If you would like more information about the Employee Benefit Trust or want the answers to frequently asked questions about the Contribution Holiday, please feel free to contact me at 800.807.0100. Thank you.

“The Employee Benefit Trust offers so much more than benefit administration and customized plan designs.”

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## From the President

This marks the first time I am able to correspond with our members in my new role as CEO/President of Christian Brothers Services and I am grateful for the opportunity to communicate with the many beneficiaries of the various plans and programs that are managed and administered by Christian Brothers Services.

During these first two months I have been privileged to meet and observe the dedicated professionals who serve the Trusts. Whether it is those who serve on the boards of the various trusts or our employees here at CBS, I have found them to be professional, conscientious and dedicated to providing high quality customer service for member institutions and the individuals who are associated with them. I am also impressed in how our associates here at Christian Brothers Services exemplify the Lasallian mission to serve the Catholic Church and its organizations.

In this OUTREACH you will find information on why the plans and programs at CBS are not only necessary but also why Catholic religious orders, congregations and institutes, as well as dioceses, continue to utilize these fine programs. The CB Employee Benefit Trust announces a 'contribution holiday' during the next renewal period. The Trustees, due to the efficient administration and management of the CEBT by the Employee Benefit Services division of Christian Brothers Services, were able to look at both their assets and reserves and decide it was appropriate to provide member institutions with a one month's contribution reprieve. Can you recall the last time you heard of an

insurance company letting its policyholders take a month off from paying the premium?

Our Retirement Planning Services division, which manages both defined benefit and defined contribution plans, takes on the topic of the upcoming legal changes for 403 (b) savings plans. As financial managers and leaders of member institutions, we urge you to take a good look at the upcoming changes and what they will mean for both your institution and your employees who are now contributing to a 403 (b) plan. Also you will read about the decision of the Trustees (the Pension Board) of the CB Employee Retirement Plan to increase retirement benefits. While many government sponsored retirement plans are required to augment retiree benefits annually with cost-of-living increases, it is rare to find private retirement plans increasing benefits.

These are but two examples of how the relationship between the service divisions of Christian Brothers Services and the Trustees of the various plans and programs work together to provide cost-effective quality programs to benefit Catholic organizations and their employees. This is our mission and we are very proud to serve you.

I hope all the information contained in this OUTREACH is helpful to you. Thank you.



Michael Quirk, FSC  
President and CEO

## Reconfiguration: Do You Know What's Covered?

by Michael Vollmer

Manager of Membership Services  
Risk Management Services

The reconfiguration of Catholic religious institutes is increasing at an accelerating pace. As provinces and juridical units merge, considerations for temporalities and details about protecting material assets occupy the attention of many Provincial Treasurers. Make sure that you have cost-effective and complete coverage for buildings, autos and liability before the merger. We have found that creating a spreadsheet of all assets with their associated coverage helps to find gaps and identify common limits and deductibles. To learn how two religious institutes have survived the merger process and used this technique, request your free DVD of

their stories today. Please contact Br. Mark Emken, OSA, or me at (800) 807-0300, or e-mail me at michael\_vollmer@cbservices.org.

## Good News for Retirees

by Jim Cepelcha Managing Director, Retirement Planning Services

At its meeting last September, the Pension Board of the Christian Brothers Employee Retirement Plan approved an increase in retirement benefits for participants who were retired on or before June 30, 2007. The amount of the increase ranged from a minimum of .25% for those who just retired to a maximum of 8% for those who retired prior to July 1, 1999. This is the tenth increase in retiree benefits over the history of the Plan. The increase was effective with the January 1, 2008 monthly retirement check.

# Major Legislative Changes Occurring in 403(b) Plans

## How Will This Affect Catholic Institutions and What Are Their Options?



After waiting for more than two and half years, the Internal Revenue Service has finally issued final regulations regarding 403(b) plans. This is the first major change in regulations on 403(b) plans in over 40 years. The final regulations are effective for taxable years that begin after December 31, 2008. How will these regulations affect you as a Catholic Church employer, and what are your options in complying with these new rules?

Read this timely review of what you need to do to protect yourself cost-effectively.

By Jim Ceplecha, Managing Director  
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## WRITTEN PLAN DOCUMENT REQUIRED

**ISSUE:** All 403(b) contracts must be maintained pursuant to a written plan document that satisfies the requirements of the Internal Revenue Code Section 403(b) in both form and operation and contains all material plan provisions.

In the past an employer did not need a written plan document for a 403(b) plan. Now the regulations state that the employer needs a plan document that includes, but is not limited to, the following material provisions:

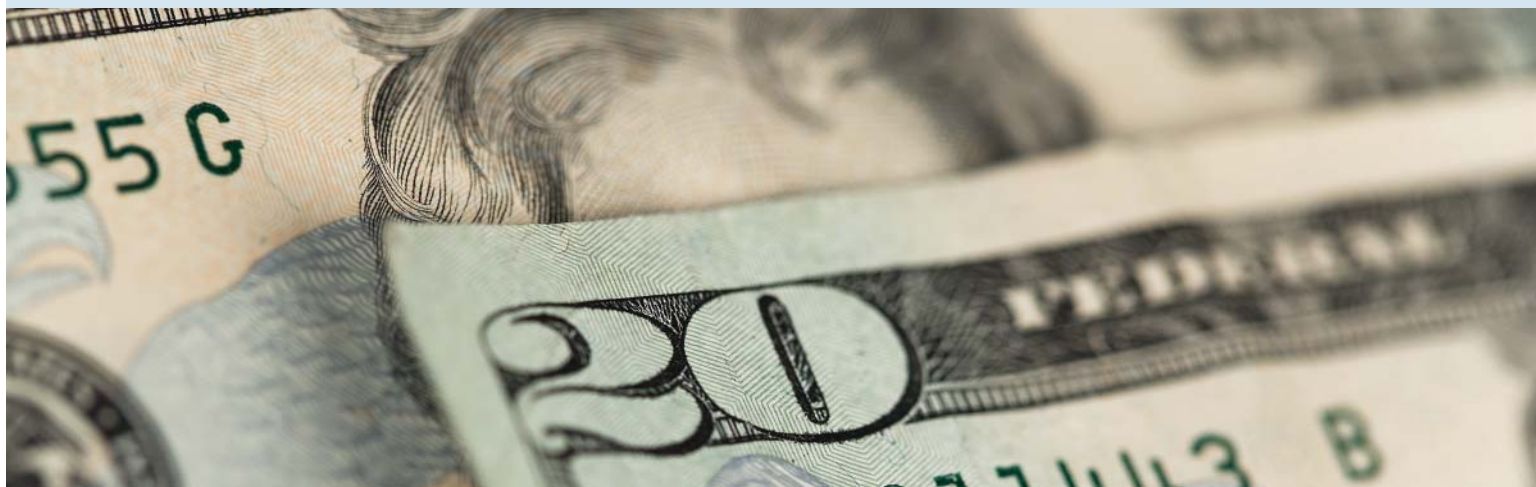
- eligibility
- benefits
- applicable limitations, and
- the time and form under which benefit distributions will be made.

The final regulations do not require there to be a single plan document. Instead they permit a 403(b) plan to incorporate other documents by reference to satisfy the plan document requirement.

**OPTIONS:** An employer can choose to offer a single 403(b) plan, that satisfies the new regulations, or the employer can adopt a written plan document that incorporates the various 403(b) contracts offered.

**PROBLEM:** If an employer chooses to have its own plan document, it will incur the cost of drafting the document and any future costs associated with legislative changes. In addition, the employer will be assuming additional legal exposure. The employer would need to keep the plan up to date and comply with any future 403(b) regulations.

**SOLUTION:** Employers who offer a single vendor plan, such as the Christian Brothers 403(b) Plan, will be provided a written plan document that meets the new regulations. The Christian Brothers Retirement Savings Plan charges a quarterly per participant fee which covers all administrative services, including legal documents. The employer's responsibilities with respect to the Christian Brothers Plan are minimized; the Trustees and the Plan Administrator for the Plan are responsible for the general operation of the Plan.



## DELEGATION OF ADMINISTRATIVE DUTIES

**ISSUE:** The final regulations require the plan document to coordinate responsibilities for administration. The regulations allow the plan document to allocate administrative duties to persons or entities other than the employer. These duties cannot be allocated to participants.

**OPTIONS:** An employer can adopt a single 403(b) plan and allocate the administrative duties to the administrator. The employer can continue to offer multiple 403(b) vendors under a single plan document arrangement, however the employer (or one or more willing vendors) must be responsible for administering the plan.

**PROBLEM:** If an employer uses multiple vendors, it will be the employer's responsibility to ensure compliance with issues such as hardship distributions and loans, if the plan allows such options. Multiple vendors will not necessarily coordinate among themselves, so the employer will be responsible for compliance.

**SOLUTION:** Employers who join the Christian Brothers 403(b) Plan as a the sole 403(b) retirement plan, would allocate the administrative duties to Christian Brothers Services, the Plan Administrator of the Christian Brothers 403(b) Retirement Savings Plan. Christian Brothers Services would monitor hardship requirements, contribution limits, distribution options and other administrative duties.

## NON DISCRIMINATION AND COVERAGE REQUIREMENT

**ISSUE:** If an employer contributes to the plan, it may be subject to specific coverage and nondiscrimination requirements. These requirements do not apply to churches or qualified church controlled organizations.

**OPTIONS:** Specifically state in the Plan Document that the plan is a 403(b)(9) Church Retirement Account. The Plan will not be a 403(b)(9) account unless it is specifically stated in the Plan Document.

**PROBLEM:** If the employer contributes to the plan, many 403(b) vendors will err on the side of testing the plan and filing a Form 5500 with the IRS. Qualified church controlled organizations are not subject to these requirements and thus may be paying needless administrative fees and subjecting the plan to government scrutiny and potential penalties.

**SOLUTION:** The Christian Brothers Retirement Savings Plan covers only churches and qualified church controlled organizations and is not subject to either discrimination testing or Form 5500 filings. The Plan also states that it is a 403(b)(9) Church Retirement Income Account.

## NON-TAXABLE EXCHANGES AND PLAN-TO-PLAN TRANSFERS

**ISSUE:** The final regulations permit investment changes between contracts within the same 403(b) plan, but impose some new requirements. These requirements are more complicated than the prior 90-24 transfer rules.

**OPTIONS:** Limit the Plan to a single provider with a line-up of diversified investment options that are valued daily and that allow investment changes among the accounts. Continue to provide multiple 403(b) vendors and allow transfers between contracts. If the employer offers the ability to transfer among vendors, the employer must enter into an information sharing arrangement with the issuer of the recipient contract under which the employer and the issuer will provide each other with information on the participants employment, along with other information.

**PROBLEM:** The new requirements put the burden on the employer to enter into an information-sharing agreement with vendors to ensure compliance.

**SOLUTION:** Offer a single 403(b) plan with diversified investment options that allow employees to change investments on a daily basis. The Christian Brothers Retirement Savings Plan provides these options, without exposing the employer to additional duties of information sharing agreements.

### EFFECT OF FAILURE TO COMPLY

**ISSUE:** Certain operational failures and other plan failures may cause a plan to fail to constitute a 403(b) Plan.

**PROBLEM:** If an employer does not have a written plan document or does not follow the terms of the plan document, all plans of that employer will fail to be considered a 403(b) Plan, thus all tax-deferred contributions made by the employees will be deemed taxable. If you offer the Christian Brothers 403(b) Retirement Savings Plan, you as an employer will not be permitted to offer another 403(b) plan.

**SOLUTION:** Offer a single 403(b) plan that satisfies all the regulatory changes and will keep current with future legislations. The Christian Brothers 403(b) Retirement Savings Plan provides this protection.



# Red Flags for Managing Risk

## Free Webcast Provides Tips and Resources for Religious Organizations

by Roger Duffield      Manager of Risk Services, Risk Management Services

It is estimated that nonprofits lose 40 billion dollars or 6% of their total revenues each year from employee theft and fraud. It is also estimated that 1 in 8 boys and 1 in 4 girls are sexually abused before they reach the age of 18. Fraud, employee theft, and sexual abuse of minors are crimes; they are also a very real risk facing many Catholic ministries today.

The individuals, or criminals, who commit these offenses often seek out unsuspecting religious organizations. They believe these organizations are more trusting and have fewer controls in place than a for-profit organization. Organizations need to pay particular attention to the staff being hired and activities that fall outside of normal ministry operations. Some examples of these out of the ordinary activities are a new building project, fundraising activities, annual or one-time special events, and even hiring staff and volunteers, such as coaches, who do not go through the "normal" hiring process.

On the surface these individuals will look like everyone else. They may have above average interpersonal skills, be a good worker, and even have the appearance of a stable family life. However, since their criminal actions take place in private, it is unlikely that you will ever actually see someone commit fraud or abuse a child. Often, there are red flags that are present before or while this conduct is taking place. Staff and volunteers need to be able to recognize these red flags and be encouraged to report violations through the proper channels.

In February 2008, Christian Brothers Risk Management Services presented a web conference to help Catholic organizations better manage these risks. Participants were provided practical information such as the fraud and abuse triangles, red flags, and several management tools. In addition, four real case scenarios, taken directly from Catholic ministries, were used to illustrate the importance of reporting red flags and using sound management practices.

If you would like to view the Red Flags for Managing Risk webcast or to download a list of red flags and an annual policy acknowledgement (duty to report) form, simply log on to our website [www.cbsservices.org/rms](http://www.cbsservices.org/rms) and click on *Red Flags for Managing Risk* button and use the password: RED FLAGS. Remember, together we can make a difference.

## Spring 2008 Web Conferences

### ATHLETIC LIABILITY\*

April 23: 1pm - 2pm CST

Learn what type of liability issues can affect your organization's athletic programs and what you can do to minimize these risks from both an organizational and legal standpoint.

### PREVENTING SEXUAL HARASSMENT in the WORKPLACE\*

May 15: 1pm - 3pm CST

This two hour in-depth presentation focuses on defining sexual harassment, how to recognize sexual harassment and how to prevent sexual harassment in the workplace. It also meets several states' requirements for mandatory training.

**\*Web conferences are free to Risk Pooling Trust members, and only \$99 for non-members. To register, please call Laura Hart at 800-807-0300 x3054.**

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# Welcome Aboard!

## Employee Benefit Trust

Carmel Catholic High School, IL  
Colombiere Center, MI  
Dominican Leadership, IL  
Nazareth Farm Inc., WV  
St. Coletta of Wisconsin, WI

## Employer Retirement Plan

Franciscan Friars Minor, OH  
Province of St. John the Baptist,  
St. Charles Borromeo Catholic  
Elementary, MS  
St. Henry's Area School, MN  
St. Mary's Catholic Church, MS  
St. Patrick Catholic High School, MS

## 401(k) Plan

Sisters of the Holy Names Foundation, OR

## 403(b) Plan

Annunciation Monastery, ND  
Eparchy of St. Maron of Brooklyn, NY  
Immaculate Heart High School, CA  
Our Lady of the Cove Parish, MO  
St. Agnes Church, TX  
St. Francis Center for Renewal, PA  
St. Joseph the Worker, AZ  
Sisters Place Inc, PA  
The Redemptorists, Denver Province, CO

## Risk Pooling Trust

Benedictine University, IL  
CB Employee Retirement Fund Trust, IL  
Emmaus House Foundation, Inc., NY  
Founders Woods, IL  
Handcrafting Justice Inc., NY  
La Salle Academy, NY

National Fraternity of the Secular Franciscan  
Order-USA, IL  
Norbertine Fathers Inc./Daylesford Abbey,  
PA  
Religious of Jesus and Mary Inc., MD  
Society of Our Mother of Peace Inc., MO  
St. Augustine Friary Corporation, IL  
The Blue Army of Our Lady of Fatima of  
Chicago, IL  
The Norbertine Fathers of DE, Inc., DE  
United States Catholic Mission Association,  
DC  
Villa Joseph Marie High School, PA

## Website Hosting and Design

Brothers of the Good Shepherd, NM  
St. John Vianney Center, PA  
St. Vincent's Tacony, PA  
The Institute on Religious Life, IL

