

Securing Your Future Together



Adventist*Retirement*

Adventist Retirement Plans

- Church “Legacy” Retirement Plan (DB Plan)
- Church Healthcare Assistance Plan (SHARP)
- Loma Linda Foods Plan
- Guam Micronesia Plans (DB & DC Plan)
- Hospital Retirement Plan
- Hospital Medical Plan
- Adventist Retirement Plan (DC Plan)

Church “Legacy” Plan

- Church Retirement Defined Benefit Plan 403(b)(9)
- Purpose of the Plan
- Ongoing Contributions to the Plan
- Service Credit Accrual for DB Plan Frozen in 1999
- Plan Administration

Adventist Retirement Plans

- Church “Legacy” Retirement Plan (DB Plan)
 - 1911 - 1999
- Church Healthcare Assistance Plan (SHARP)
- Adventist Retirement Plan (DC Plan)
 - 2000 - Current

Funding the Church “Legacy” Plan

Institution	Tithe Based Pension Contribution	Tithe Based Healthcare Contribution	Payroll Based Pension Contribution	Payroll Based Healthcare Contribution	Total Contribution
Conf & Union	8.10%	3.00%			11.10%
GC/NAD			10.25%	3.50%	13.75%
GC/NAD Direct Tithe	8.829%	3.270%			12.099%
Education			3.95%	3.50%	7.45%
ABC's HHES/FHES/FER			9.45%	3.50%	12.95%

The Defined Benefit (Legacy) Plan

- Benefits paid over the last 10 years:
 - ✓ \$985,879,075
- Benefits to be paid over the next 10 years:
 - ✓ \$1,151,005,233
- Present Day Value of Accrued Benefits:
 - ✓ \$1,549,579,512/\$1,327,828,185 (unfunded)

Church “Legacy” Plan

- Life-Long Monthly Pension Benefit
- Benefit Depends on:
 - Vesting
 - Total Service Credit
 - Level of Earnings
 - Eligibility for Spousal Benefits

Years of Service Credit

- Pre-2000 Years Only
- Employment by a “Participating Employer”
- Exceptions:
 - Approved Graduate Study for M.Div./PhD
 - Qualifying Military Service
 - Chaplain of Prison, etc.

Years of Service Credit

- Not Counted:
 - Years after 1999
 - Years with less than 1000 hrs. in year
 - Volunteer Work
 - Paid directly by Church or Church School
 - Years lost to Breaks in Service unless Recovered (25 years full service)

Spousal Benefits

- Joint & Survivor Benefit
 - Married, and have been married for at least one year before retirement
 - Retirement Healthcare Assistance
 - Spouse Death Benefit
 - Spouse Survivor Benefit (1/2 J&S Rate)

Spouse Allowance

- Additional “welfare” benefit granted to participant if Spouse has no retirement plan provided by any employer
- Recognition of career-uprooting moves
- Reduced by employer-provided retirement benefits



Spouse Allowance

- 20 + Years of Service Credit (10 DB Plan years)
- Married at least 1 Yr. prior to Effective Date
- SA is Reduced by the Amount of any ER Benefit
- Social Security does not count against SA
- Discontinued at Death of Spouse or Divorce
- Does not Restart at re-Marriage

Retirement Allowance

- One Time Lump Sum Benefit at Retirement
 - Based on Years of Service and Last Wages
- Eligibility
 - At least Half-Time Employment for past 2 Years
 - Go Directly from Employment to Retirement
 - Limited Exceptions within 36 months
- Calculation: $12.5\% * \text{Monthly Pay} * \text{Years SC}$
- Split Benefit
 - For Service Prior to 2000 – Retirement Benefit
 - For Service after 1999 – Employee Benefit from Employer

What is SHARP?

- SHARP is the self-funded, NAD Employer Sponsored Healthcare Plan for Retirees of Participating Employers of the North American Division.
- SHARP is not Insurance
- SHARP is Governed by the Adventist Retirement Board
- SHARP Requires Minimum 15 Yrs. Service Credit

SHARP

- Implemented on July 1, 2002
- Coordinated with Medicare benefits
- Years of Service provided an Earned Credit to apply towards premiums of selected coverage
- Benefits paid over the last 10 years: \$357,881,737

SHARP-Ex

- January 1, 2017 the SHARP benefit coverage options changed to the Medicare Exchange model.
 - Medicare remains the primary benefit for the retiree.
- Adventist Retirement partners with Aon Retiree Health Exchange.

SHARP-Ex

- SHARP eligibility rules remain the same.
 - The total, qualifying Years of Service credit are still used to determine healthcare eligibility.
 - A Health Reimbursement Account (HRA) is designated for each eligible member, age 65 and older. Plan contributions are tax free to the retiree.
 - The Exchange provides more choice and price stability for retirees.
 - SHARP DVH (dental, vision & hearing) benefits continue to be managed and paid by SHARP.

2018 DVH & Pre-Medicare Cost

SHARP DVH	Pre-Medicare	Rx	Non-Medicare
<p>SHARP DVH: \$95/member/month (\$5 increase from the 2017 rate)</p>	<p>SHARP Pre-Medicare (medical): \$470/member/month (\$20 increase from the 2017 rate)</p>	<p>SHARP Commercial Rx (< age 65): \$130/member/month (\$10 increase from the 2017 rate)</p> <ul style="list-style-type: none"> • A Pre-Medicare retiree must choose DVH and/or Rx if they want that additional coverage 	<p>SHARP Non-Medicare (child up to age 26): \$130/child/month</p>

2018 Sharp-Ex HRA Allowances

YEARS OF SERVICE	DVH ANNUAL CONTRIBUTION	HRA ANNUAL CONTRIBUTION	TOTAL CONTRIBUTION
35+	\$780	\$1,620	\$2,400
30-34	\$696	\$1,464	\$2,160
25-29	\$612	\$1,308	\$1,920
20-24	\$528	\$1,152	\$1,680
15-19	\$444	\$996	\$1,440

Medicare Part B Premium Reimbursement Benefit

- The SHARP plan continues to provide the Medicare Part B premium reimbursement benefit for those receiving benefits on pre-2000 service and qualifying for healthcare.
- The benefit is paid as a percentage of \$104.90 [rate frozen in 2015]
 - (based on years of service credit)
 - >\$10,000,000 was paid in 2016 for this benefit.

Medicare Part B Premium Reimbursement Benefit

Medicare Part B Premium Reimbursement Table

SHARP Category	A	B	C	D	E	F	G
Years of Retirement Plan Service	35+	30-34	25-29	20-24	15-19	8-14**	5-7**
Reimbursement	90%	80%	70%	60%	50%	40%	30%
Monthly Reimbursement	\$94.41	\$83.92	\$73.43	\$62.94	\$52.45	\$41.96	\$31.47

Latest Research

- Americans – Retiring Later, Dying Sooner, Sicker In-Between
 - Almost one in three Americans age 65 to 69 are still working, along with almost one in five in their early 70s
 - A 65 year-old man can expect to live to 85.6 years, and a woman can expect to make it to 87.6 years
 - Americans in their late 50s already have more serious health problems that people at the same ages did 10 to 15 years ago

The Rising Cost of Prescriptions

- The largest financial impact to the plan in 2016 was in prescriptions for Diabetes 17% increase pmpm
- The largest financial impact to the plan in 2016 was specialty prescriptions for Inflammatory Conditions, 30.1% increase in cost pmpm.

DC Plan – 2000 and beyond

- How did we land on a 403(b) DC Plan?
- Defined Contribution – Everybody puts something into the “pot”
- Went live in January of 2000
- Money in is money out

The Big Move

- Process: RFP (by Board request) every 5 years
 - TPA – Third Party Administrator
 - Price
 - Services
- VALIC – 15 years
- The move – January of 2015 to Great-West/Empower
 - Technology
 - Education
 - Web based
 - Participants better off in 5 years

DC Plan – Get to know us

- We are a small “piece” of what you and your staff do on a daily basis
- A very important piece – one that is HIGHLY regulated
- The IRS regulations can seem arbitrary and not user friendly – especially in lieu of what we do and how we do it as a church
- PLEASE REMEMBER: We’re here to help and assist you
 - Better to try and “fix” something BEFORE it goes to Empower

Who is “us”

- Kristina Dahabura – Accounting Software Specialist (ARP Support)
- kristinadahabura@nadadventist.org
- 443-391-7330
- All things to the department - My right hand
- Specifically: Year End and Limits Testing; RA & Disability questions; Data Manager; ARP Upload

Who is “us” - continued

- Joanne Cortes – DC Plan Specialist
- joannecortes@nadadventist.org
- 443-391-7348
 - Day to day processing
 - Export of file “batches” – M,T
 - Loans: Signatures/Empower
 - RMD’s
 - Crossed trained with Shyamala

Who is “us” - continued

- Shyamala Injety – DC Plan Specialist
- shyamalainjety@nadadventist.org
- 443-391-7347
 - Daily bank info & weekly wires – W, Thurs
 - Hardships: Signatures/Our office
 - EPCRS
 - Delinquency
 - “T” codes
 - Crossed trained with Joanne

“Hands on Help”

- Our Website: www.adventistretirement.org
- Our Admin Manual
- Our Legal Plan Document
- SPD: Summary Plan Description
- Face to face “training” or “DC Plan 101”
- Emailed “Bulletins”

Know the Process

- Who in your establishment does the following?
 - HR
 - IT
 - Payroll
- What are your protocol's and procedures?
- Data in a generated “payroll” file
 - Indicative employee information
 - Contributions
- Matching Funds
- Batched
- Wire
- Email “dialogue”

Adventist Retirement Plan

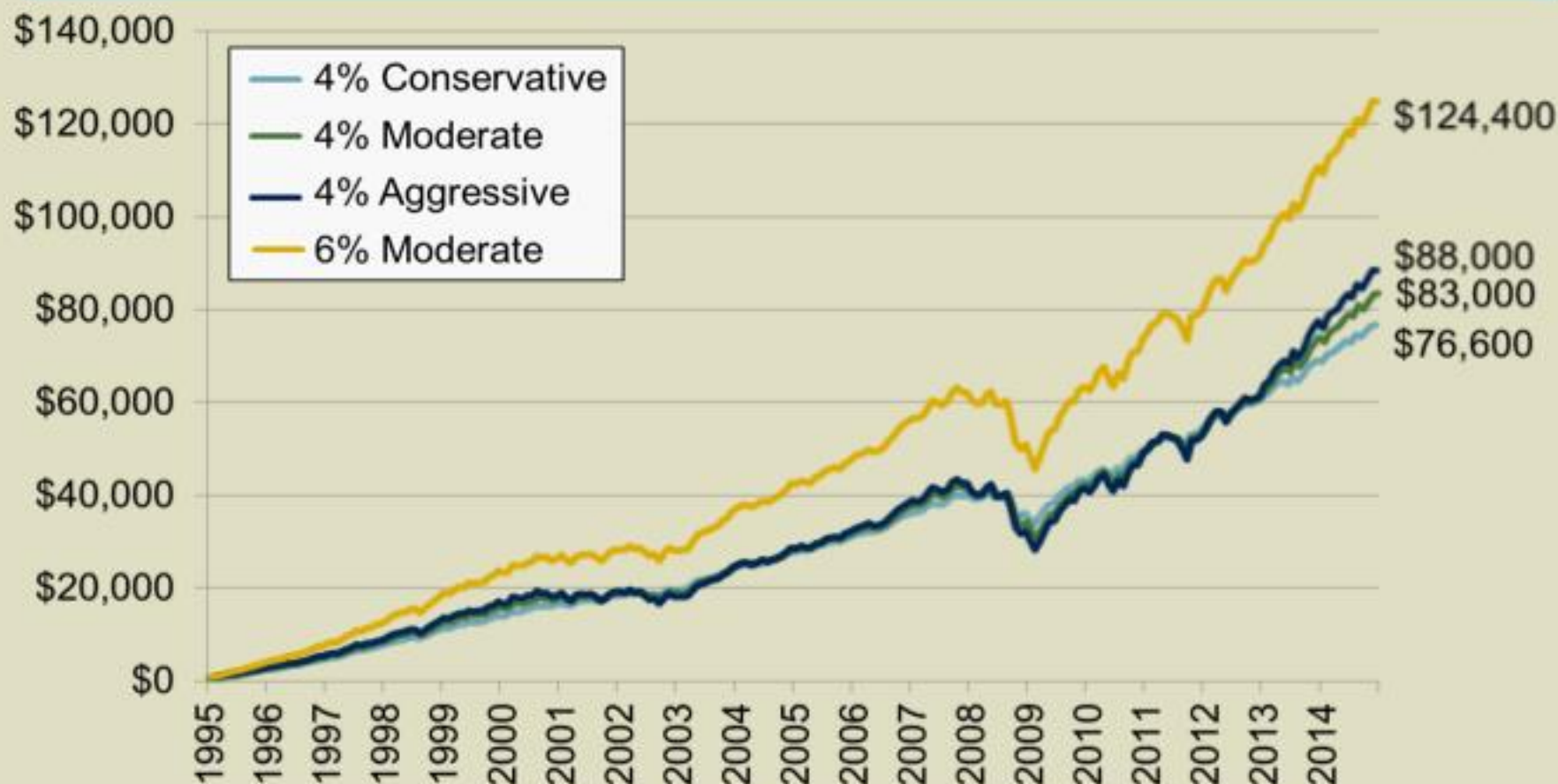
- Current NAD Plan
 - Employer Basic - 5%
 - Employee Elective - 3%
 - Employer Match - 3%
- Auto Enrollment - 3%
- Auto Escalation - 1%
 - July 1, 2018

Contributions

Employer Base Contribution	Employee Pre-tax Contribution	Employer Matching Contribution	Total ARP Contribution
5%	0%	0%	5%
5%	2%	2%	9%
5%	3%	3%	11%
5%	7%	3%	15%

Benefits of increasing your contribution

Every dollar counts towards retirement



Assumes a salary of \$50,000 invested at various contribution rates at the end of each month. Conservative portfolio consists of 15% T-bills, 45% bonds, 40% S&P 500. Moderate portfolio consists of 10% T-bills, 30% bonds, 60% S&P 500. Aggressive portfolio consists of 5% T-bills, 20% bonds, 75% S&P 500. This is for illustrative purposes only and is not intended to represent any particular investment product. Account balances are rounded to the nearest hundred. Data as of 12/31/14.

Auto Enrollment

- Auto Enrollment began for all new employees on September 27, 2017. No more Salary Reduction Agreement forms.
- Employer will enroll new employees in the plan and choose the 3% or 3.26% (10 mo. Teachers) elective deferral for the employee
- Employees will need to opt out of the elective deferral if they desire to cease elective contributions or change the contribution

Auto Escalation

- On July 1, 2018 Auto Escalation will begin for all employees contributing less than 7%
- Employers will increase the elective deferral for the employee by 1% each year at the time of the annual COLA. Cap maximum at 7%
- Employees will need to opt out of the elective deferral increase if they do not want to increase their elective deferral

No More Dollar Amounts.....

- After September 13, 2017, we have stopped allowing elective deferral's in dollar amounts, we are only accepting in percentages.
- This applies to all contributions, whether its Pre-Tax, Roth, or After-Tax amounts.

Going Forward.....

- Any time an employee wants to make a change to their contribution percentage, they will do so on the Empower Website.
- That will trigger a report sent to Adventist Retirement and in turn we'll notify you the employer.
- The process should work much like the one for Loan & Hardship notification.
- We are creating 2 new status codes Student and Temporary
- Working to automate the process
- We need Employee Emails/We will be setting a deadline

2018 Contribution Limits

- Annual Contribution Limit 402(g) - \$18,500
- 50+ Catch-Up Limit - \$6,000
- Overall Contribution Limit 415(c)(1) - \$55,000

How can YOU help US?

- Terms & Processes:
 - Eligibility
 - Basic, Match and Employee (Elective Deferral); Schwab
 - Roths – do you offer them?
 - Local Hire – Potentially messy, especially for moving employees
 - SRA's and Beneficiaries
 - Affidavit
 - Beneficiary with Empower
 - Status Codes

How can YOU help US? – Continued

- Special Pay
 - Have you elected it?
- RA's and Limits
- Delinquency
- EPCRS
- Old VALIC TSA accounts
- 402 and 415 Testing

It's a Partnership

- A lot of moving pieces
 - NAD Policies
 - Retirement Policies
 - IRS regulations
 - Department of Labor
 - Legislation
- We rely heavily on you as the “boots on the ground” – you ARE the front line
- Our “doors” are always open – we WANT to hear from you