

Orthodox Church in America Pension Plan Frequently Asked Questions

August 2015



PENSION BOARD

Board members are elected at All American Councils. The Board meets quarterly throughout the year with key professional consultants. Milliman, Inc. provides actuarial services. Investment services are provided by MorganStanley WealthManagement (MSWM). The Semo Law Group has been retained as legal counsel. Saslow, Lufkin & Buggy, LLP perform an annual audit.

The current Pension Board trustees are:

Archbishop Nikon, Episcopal Moderator

Very Rev. John Zdinak

Very Rev. Matthew Tate

Rev. Gleb McFatter

Theodore Bazil

Barry Gluntz

Mat. Mary Buletza Breton

INVESTMENTS

How are the Pension Fund investments managed?

The MSWM financial manager, backed by an entire team of research analysts and independent investment managers, works with the Pension Board to oversee and manage the OCA Plan assets that are collectively invested for the retirement benefits for all plan participants.

ENROLLMENT

Who is eligible to join the Plan?

All OCA clergy are required to participate. All full time lay employees working at least twenty (20) hours per week are encouraged to participate.

QUESTIONS?

Who can I contact for more information?

All communication will receive a response. Maureen Ahearn, Plan Administrator, is available at 516-922-0550 x142 or maureen@oca.org. Communication directed to the Board can be sent to PO Box 675, Syosset, NY 11791 or emailed to pension@oca.org.

CONTRIBUTIONS

What is Pensionable Compensation?

Pensionable Compensation means the sum of your annual base pay/cash salary PLUS your clergy housing allowance and, for lay people the value of your employer housing, if that is required of you. Any housing allowance you receive each year will be included in your pensionable compensation. Pensionable Compensation does not include any living allowance, automobile allowance, per diem allowance or other forms of living expenses.

What are the current required contribution amounts for employers and members?

Effective January 1, 2014, the employer contribution has been increased to 8% of Pensionable Compensation. The increase is mandatory for all employers. The Member contribution remains at 6% of Pensionable Compensation.

Why were contributions not increased equally for both employer and member?

The Pension Board felt that, in general, employer organizations are better able than member participants to absorb the additional expense.

Can I contribute my required contributions with income from a secular job or another jurisdiction?

No. Mandatory employee and employer contributions can only be made on OCA income.

What are Voluntary Contributions?

A member may also add Voluntary Contributions to their account in addition to the required employer and member contributions. From 1% to 10% of OCA monthly income can be contributed. Voluntary Contributions can be withdrawn at any time during employment, saved to enhance retirement benefits, or be withdrawn as a lump sum at retirement.

Since my parish pays both the employer and the member priest's portion of the Contribution, do we need to increase our contribution to 8%?

Yes. When contributions are received, they will be classified as employer (8%) and member (6%). The Board is aware and accepts that there are variations in payment practices. Regardless of variations, however, the Plan will designate the contribution as 8% employer and 6% member.

The Pension Board takes its duty to all members very seriously. As stewards of the Plan, they understand the responsibility and consider it an honor to be selected by their peers. This document is meant to provide brief answers to some common questions. Please do not hesitate to contact the Plan Office or Pension Board with any further questions you may have.

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My employer parish cannot afford contributions to the Plan. Can contributions be postponed until the parish finances improve?

No. All parishes and clergy of the OCA are required to contribute to the Plan. The contribution structure is a percentage of your compensation and can be built into the compensation agreement.

Why were changes made recently?

In 2010 the Plan provided greater equity among participants by better matching the accrual of benefits to the years of service to the OCA. As recommended by the fund's actuary, the Pension Board in January 2014 increased the employer contributions to the Fund to 8% to hasten full-funding of projected benefits and to better strengthen the Fund to provide benefit improvements and funding stability. The Funded Status, as determined and defined by the plan's actuary, is a ratio, shown as a percentage, representing the portion of the Pension Plan's liabilities that are covered by the plan's assets.

If I live in a parish owned rectory, should I still make housing allowance contributions?

Yes. Housing allowance contributions should be based on the fair rental value of the home.

Have Members retired with a benefit when the employer or member contributions were not paid in full?

No. Benefits are based upon the Contributions received. No benefit credit is given where Contributions are not timely remitted to the Plan. The Plan's Collection Policy requires that all contributions are to be received within 20 days of the close of the month.

Should contributions be made before or after tax?

The Pension Board's administrative practice is to make no assumption on how the contributing parish employer or participant employee has treated the mandatory employee contribution for federal tax purposes and is aware that opinions differ. Therefore, the Pension Board does not track or identify the amount of the participant's pre-tax or after-tax contributions separately, but reports one number as "taxable amount not determined" upon distribution. The Pension Board does not offer tax advice. Employer parishes and participants are encouraged to seek professional tax advice.

BENEFIT CALCULATION EXAMPLE

Can you give me an example of how my Contributions work toward my retirement benefit at age 65?

Contributions from you and your employer are used to fund the plan benefits. Contributions are based on your monthly Pensionable Compensation. Hypothetically, if your pensionable compensation equals approximately \$4000 per month for over a period 15 years, you would be eligible at the normal retirement age of 65, for a lifetime benefit of approximately \$1,200 per month ($\$4,000 \times 15 \times 2\% = \$1,200$). After 20 years, the lifetime benefit could, hypothetically, increase to about \$1,600 per month at the retirement age of 65 ($\$4,000 \times 20 \times 2\% = \$1,600$). The actual benefit amount that you receive for your entire lifetime is affected by many variables such as salary increases with subsequent contribution increases, periodic adjustments, increased number of years of service before retirement age of 65, specific personal situations, or postponing retirement over the age of 65.

What are the Plan's Survivor Benefits?

If a member dies within the first 10 years of retirement, the surviving spouse will receive the member's full benefit for the remaining months to complete 10 full years. Beginning the 11th year, the surviving spouse will receive 65% of the member's monthly benefit for the rest of his/her life.

If there is no surviving spouse, and the member dies within the first 10 years of retirement, the named beneficiary will receive the member's full benefit for the remaining months to complete 10 full years.

Other options for lifetime payment to a surviving spouse that do not include the 10 year guarantee can be selected at the time of retirement. For more detailed benefit information and examples, please contact the Pension Office at pension@oca.org or 516-922-0550.

As a member of the clergy, do I pay taxes on my monthly retirement benefit?

The Board approved a Parsonage Designation Declaration for members of the clergy receiving pension benefits. Retired clergy may be able to exclude a portion of their benefits from income tax. Details are available on the Pension page of the OCA website and in the Pension Office. The Board reminds all clergy to seek professional tax advice.