

CHICAGO  
THEOLOGICAL  
SEMINARY



GROUP BENEFIT  
&  
RETIREMENT PLAN  
SUMMARY PLAN DOCUMENT

May 3, 2013





## **Medical and Dental Insurance**

All full-time regular staff members are eligible for coverage under the Chicago Theological Seminary (“CTS”) medical and dental insurance plans. Eligibility for coverage begins on the first of the month following thirty days of full-time employment. For example, if a staff member begins employment on January 5<sup>th</sup>, the Staff member is eligible for coverage beginning March 1<sup>st</sup>.

CTS pays 80% of the cost of a staff member’s, and any dependents’ medical or dental coverage. A staff member’s 20% share of the cost of coverage is deducted from the staff member’s paycheck on a pre-tax basis. The staff member may elect not to obtain coverage, to obtain just medical coverage, to obtain just dental coverage, or to obtain both medical and dental coverage.

Staff members should consider carefully whether they wish to enroll in the CTS medical or dental insurance plans. If a staff member enrolls during the initial eligibility period or during open enrollment, according to federal insurance regulations, the insurance carrier is obligated to accept the Staff member’s enrollment without limitation. The open enrollment period is generally during the month of May. A staff member may attempt to enroll outside the open enrollment period. However, unless the staff member has a change in family status (defined later in this section), the insurance company is not obligated to accept the enrollment and may subject the coverage to limit any pre-existing conditions.

Medical and dental insurance terminates at midnight on the last day of the month in which a staff member’s employment with CTS is terminated.

Any changes in benefits or insurance requirements will be governed by the plan documents, which will prevail over this summary.

## **Benefits Continuation (COBRA)**

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) and certain state laws give staff members and their qualified beneficiaries the opportunity to continue health insurance coverage under CTS’ health plan when a “qualifying event” would normally result in the loss of eligibility. Some common qualifying events are resignation; termination of employment under certain circumstances; the death of the covered staff member; a reduction in a staff member’s hours; a staff members divorce or legal separation; and a dependent child no longer meeting eligibility requirement. The period of time for which continued coverage is available depends on the specific qualifying event triggering eligibility.

Under COBRA, the staff member or beneficiary pays the full cost of coverage at CTS’ group rates. In addition, CTS reserves the right to charge an administration fee. CTS provides each eligible staff member with a written notice describing rights granted under COBRA upon a qualifying event. The notice contains important information about the Staff member’s rights and obligations. Please contact the designated human resources staff member for more information about COBRA benefits.

## **Group Life Insurance/Accidental Death and Dismemberment Insurance**

For all full-time staff members, CTS provides \$15,000 of group term life insurance at no cost to the staff member. A staff member may purchase up to an additional \$300,000 of coverage. The premium cost for any additional coverage is deducted from the staff member's paycheck on a pre-tax basis. The life insurance coverage includes coverage in the event of accidental death or dismemberment. Staff members should refer to the benefits plan description available from the designated human resources staff member for more information.

Eligibility for coverage begins on the first of the month following thirty days of full-time employment. For example, if a staff member begins employment on January 5<sup>th</sup>, the staff member is eligible for coverage beginning March 1<sup>st</sup>.

Staff members will not be able to enroll in the group life plan except when the staff member is initially eligible for coverage or during the open enrollment period. The open enrollment period is generally during the month of May. Change in family status considerations do not apply to life insurance coverage.

Term life/Accidental Death & Dismemberment ("AD&D") insurance terminates at midnight on the last day of the month in which the staff member's employment with CTS is terminated. There is no continuation provision for term life/AD&D coverage for terminated staff members.

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## **Long-Term Disability Insurance**

For all full-time regular staff members CTS provides long-term disability coverage at no cost to the staff member. The amount of disability payments is dependent upon a number of factors that are discussed in detail in the plan documentation. In general, it provides the staff member with up to 60% of the pre-disability salary after six months of disability.

Eligibility for coverage begins on the first of the month following thirty days of full-time employment. For example, if a staff member begins employment on January 5<sup>th</sup>, the staff member is eligible for coverage beginning March 1<sup>st</sup>.

Any changes in benefits or insurance requirements will be governed by the plan documents, which will prevail over this summary.

## **Flexible Spending Account**

CTS sponsors a Flexible Spending Account or Section 125 program. This program permits staff members to have amounts deducted from their paycheck on a pre-tax basis to cover the cost of qualified unreimbursed medical expenses, qualified dependent (child or elder) care expenses, and various supplemental health insurance policies. Participation in the program is voluntary and is not linked to participation in CTS health insurance plans. All full-time regular staff members are eligible to participate.

If a staff member chooses to participate in either the unreimbursed medical expense or dependent care reimbursement program, the staff member may elect a pre-determined amount of their compensation, subject to IRS limitations, to be withheld from each of your 24 paychecks during the calendar year. The money set aside is used to reimburse the staff member with pre-tax dollars for eligible medical, dental and/or dependent care expenses incurred by the staff member or eligible dependents during a calendar year.

Eligible expenses are defined by the IRS. In general, they include any medical or dental expense that may be deducted from IRS 1040 Schedule A filing. For example, any deductible or co-pay costs a staff member incur may be reimbursed on a pre-tax basis or any uncovered expenses such as cosmetic dental work. In general, dependent care expenses include any child or elder care expenses incurred to permit a staff member to maintain their job. For example, the cost of after-school care or adult day care may be reimbursed on a pre-tax basis.

Eligibility for coverage begins on the first of the month following thirty days of full-time employment. For example, if employment begins on January 5<sup>th</sup>, the staff member is eligible for coverage beginning March 1<sup>st</sup>. The open enrollment period is generally during the month of December.

The IRS has placed a number of limitations on Flexible Benefits Account plans. Staff members may not enroll in the plan except when the staff member is first eligible or during the open enrollment period. Unless a staff member has a change in family status (defined later in this section) or terminates their employment, the staff member may not change deduction amounts. In addition, any money left unclaimed for reimbursement at the end of the calendar year is forfeited.

Because of the forfeiture provision, participation in the Flexible Benefit Account plan needs to be considered carefully. It is most applicable to staff members with known dependent care costs or chronic medical/dental care requirements involving known or anticipatable eligible costs. Examples when participation might be beneficial: if a staff member has dental checkups more frequently than is covered by the dental plan, if a staff member is treated regularly by out-of-network physicians and incur large co-pays, or if a staff member requires corrective lenses. In general, if a staff member is substantially known to have medical care costs or dependent care costs, this program can provide a significant tax savings.

See the designated human resources staff member if you have questions or for a complete plan description.

### **Qualified Transportation Fringe Benefit Plan**

CTS sponsors a Qualified Transportation Fringe Benefit Plan. This program permits staff members to have amounts deducted from their paycheck on a pre-tax basis to cover qualified commuting costs. Participation in the program is voluntary. All full-time regular staff members are eligible to participate.

See the designated human resources staff member if you have questions or for a complete plan description.

### **Retirement Benefits**

CTS sponsors a defined contribution Section 403(b) retirement plan. CTS has a number of investment options and more than one investment manager from which to choose. For regular full-time staff members, CTS will make a monthly contribution to the plan on the staff member's behalf. CTS' contribution begins with the first full month of employment (paid at end of month) after the staff member's date of hire.

CTS will contribute an amount as identified in the Board of Trustees approved annual budget. Currently, CTS will contribute 12% of a staff member's base salary into the retirement plan.

Staff members with a start date before July 1, 2013 are fully and immediately vested in the CTS contributions to the staff member's account. Staff members with a start date of July 1, 2013 or later are vested as follows:

- 0% - under one year of service
- 50% - 1<sup>st</sup> anniversary date
- 75% - 2<sup>nd</sup> anniversary date
- 100% - 3<sup>rd</sup> anniversary date

Regular staff members may also make personal pre-tax contributions toward retirement. Staff members do not have to make personal contributions to the plan to receive the CTS contribution. However, CTS recommends that staff members carefully consider the advantages of systematic pre-tax contributions to their retirement planning. Staff members may wish to consult with one of the fund manager representatives to obtain more information about investment options and retirement planning. Plan descriptions and other information are available from the designated human resources staff member.

Any changes in benefits or insurance requirements will be governed by the plan documents, which will prevail over this summary.

## **Change in Family Status - Definition**

A change in family status is a term used by federal insurance regulations and the IRS in conjunction with a variety of benefits programs (currently applies to health insurance, dental insurance, flexible spending, and voluntary life insurance). A change in family status triggers a staff member's right to alter benefits outside open enrollment periods. Federal regulations and the IRS do not yet recognize domestic partners in their definition of family status. Therefore, regardless of our internal policies and types of coverage, we are not permitted to allow staff members to change enrollment status if a family status change affecting the staff member's domestic partner occurs.

A change in family status occurs when the composition of your family changes:

Birth, adoption, or death of a child

Marriage, legal separation, or divorce from your spouse

Death of your spouse

A change in family status also occurs when a staff member's insured benefits coverage diminishes through no controllable action, such as if a staff member is covered under the staff member's spouse's insurance policy and the policy is canceled for any reason except the staff member's spouse's failure to pay premiums owed.