

FAQs About Portico and ELCA Benefits

To be a good steward of your congregation's finances, sometimes you have to ask tough questions. At Portico, we take stewardship seriously because we know it's fundamental to vibrant ministry. Below, we offer the questions we hear most often from congregation councils, finance committees, and other decision-makers seeking to understand their purchase of ELCA benefits.

To learn more, visit PorticoBenefits.org or give us a call at **800.352.2876**.



Your Partner in Ministry

How is Portico a ministry of the ELCA?

We don't just serve the church. We're part of it. In 1987, the ELCA constitution established the Board of Pensions — now called Portico Benefit Services — as a separately incorporated ministry of the churchwide organization.¹ We participate in God's mission by working to:

- Make the most of church resources by providing cost-effective benefits
- Strengthen leaders for ministry — financially, physically, and emotionally

Who uses Portico?

According to the ELCA Philosophy of Benefits,² benefits are an investment in ministry. Faith communities are stronger when they're guided by healthy, resilient leaders. Today, more than:

- 7,000 congregations and organizations purchase ELCA benefits through Portico for their rostered and lay leaders — including nearly 94% of ELCA pastors.³
- 50,000 leaders and family members use ELCA benefits to enhance their financial, physical, and emotional well-being. Leaders include both rostered and lay, actively serving and in retirement — such as pastors, associates in ministry, diaconal ministers, deaconesses, church secretaries, children's ministry directors, music ministers, and more.

Is Portico an insurance company?

No, we're a non-profit ELCA church organization. Portico designs benefits specifically for the ELCA community. We carefully select and manage administrators to help deliver ELCA benefits, such as Blue Cross Blue Shield, Fidelity, Liberty Mutual, and Ernst & Young. By combining expertise into one program uniquely suited for the church, we enable congregations to provide comprehensive, cost-effective benefits with minimal administrative effort.

1. Constitutions, Bylaws, and Continuing Resolutions of the Evangelical Lutheran Church in America. April 2015.
2. The ELCA Philosophy of Benefits is a foundational document that helps ELCA organizations make benefit decisions in alignment with church values. PorticoBenefits.org/philosophy
3. Participation based on Portico data and ELCA clergy roster as of March 31, 2015.

Why does the ELCA need a benefit ministry?

We are church together. When we combine our efforts, we can better steward our gifts, support our leaders, and strengthen our shared ministry.

Leaders need support to steward their gifts of mind, body, and money.

- Leaders can devote themselves to ministry with less worry, knowing they're covered in the event of injury, illness, disability, or death, and are financially prepared to retire.
- Because benefits are designed for the needs of clergy and churchworkers — for example, counseling to help manage the emotional strain of ministry, and faith-based wellness activities — leaders are more likely to use them proactively to maintain and improve their health.
- Leaders can make a positive social impact while saving for retirement. ELCA social purpose investment funds are consistent with the social teachings and policies of the ELCA.
- Pastors keep more of their retirement income, because only a church plan — not banks, investment firms, or fraternal organizations — can offer the clergy housing allowance tax exclusion on retirement distributions.
- When accepting a new call midyear, leaders don't have to restart their medical deductible — important, given that 40% of calls require leaders to relocate to another state.

Congregations need support to steward their gifts of time and money

- Thanks to professionally-managed benefits, church staff and volunteers can focus their attention on ministry priorities — not researching, purchasing, and managing an assortment of benefit policies.
- Congregations save money by buying health benefits as one community through discounted group pricing, economies of scale, and self-insuring, which avoids extra fees and taxes. Relative to other health plans, we estimate that in 2014, \$5.4 million stayed in the ELCA thanks to our efficiency⁴ and another \$17 million as a result of self-insuring.⁵
- The stability of a large group protects individual congregations from the risk of skyrocketing health premiums in the future, if one of their staff experiences a serious health crisis.
- During the call process, a competitive benefit package widely valued by pastors enables congregations to attract the right person without benefit negotiations complicating their discernment.

4. Efficiency savings based on Towers Watson's 2014 Health Care 360 Performance Study of over 720 companies.

5. Self-insured savings based on Towers Watson 2013 analysis of incremental costs of fully-insured group plans.



Benefits Designed for the Church

What do ELCA benefits include?	<p>The ELCA benefit program provides one comprehensive, efficient set of wellness-oriented benefits:</p> <ul style="list-style-type: none">• Health — medical and mental health, prescription drugs, dental, wellness benefits (such as a fitness center discount, financial incentives, employee assistance program)• Disability — monthly income and continuation of other benefits• Life — basic group life, accidental death & dismemberment insurance, opportunity to purchase additional coverage at group rates• Retirement — 403(b) defined contribution plan, social purpose investment program, financial planning services <p>Members of the ELCA benefit program also have opportunities to own tax-advantaged accounts to help them manage out-of-pocket health care expenses, and to apply for individual long-term care insurance policies with a Portico discount.</p>
Why combine everything in one package?	<p>ELCA health, disability, life, and retirement benefits come as one set and can't be purchased separately. This “bundled” approach helps:</p> <ul style="list-style-type: none">• Protect members against significant financial loss from a variety of risks• Maintain a pool of members needed to keep the plans sustainable• Provide consistency across the church, which simplifies the call process and enables leaders to serve wherever they feel called
What does it mean to sponsor someone in ELCA benefits?	<p>Sponsorship reflects a congregation's decision to care for, and invest in, the well-being of its leaders.</p> <ul style="list-style-type: none">• A sponsoring organization (a congregation or other eligible employer) purchases the bundled set of ELCA benefits and encourages its rostered and lay leaders to use them proactively.• Sponsored members (pastors, associates in ministry, diaconal ministers, deaconesses, and lay employees such as church secretaries, children's ministry directors, music ministers, and others) receive ELCA benefits as part of their total compensation package and use the benefits to strengthen their well-being.
Is a congregation obligated to provide ELCA benefits?	<p>It depends. The ELCA benefit program permits each congregation to choose who it sponsors — any or all of its pastors, rostered laypersons, and other eligible employees. However, the congregation should be aware of synod guidelines, ELCA letters of call, and non-discrimination and employment laws that apply to its employee benefits.</p>

Are ELCA benefits one-size-fits-all?	<p>No. The program offers flexibility to meet different ministry needs.</p> <ul style="list-style-type: none">• Congregations choose one of four differently-priced ELCA-Primary health benefit options and can choose different retirement contributions for lay employees (6% or more of defined compensation) and pastors (10% or more of defined compensation).• Members can waive ELCA health benefits if they have other valid health coverage; for example, through a spouse's plan. Members also have opportunities to purchase optional benefits and to save money, pretax, for retirement or to help pay for eligible health care expenses.
What happens if a congregation leaves the ELCA benefit program?	<p>Congregations and leaders should know the risks of discontinuing ELCA benefits.</p> <ul style="list-style-type: none">• Along with losing comprehensive benefit coverage, a congregation and its leaders lose the program's unique advantages for ministry — such as the clergy housing allowance exclusion on retirement distributions, ELCA social purpose retirement funds, faith-based wellness activities, group discounts and purchasing power, and the administrative simplicity of obtaining professionally managed benefits from a one-stop shop.• Members must be sponsored up to the time they retire in order to receive certain benefits for life, such as the opportunity to continue ELCA health coverage, potentially paid in part by the ELCA, and a \$6,000+ lump-sum survivor benefit. (Benefits in retirement are subject to eligibility rules.)• The call process is likely to be more difficult and complex when ELCA benefits aren't offered. Since 94% of pastors participate, most candidates are likely to value ELCA benefits and expect to keep them. Candidates may be concerned about restarting their medical deductibles when accepting a call midyear, and may perceive the lack of ELCA benefits as a warning sign of other issues in the congregation.• An ELCA congregation may return to Portico anytime, but its leaders and their families may be subject to a 90-day waiting period for health benefits and an 18-month pre-existing exclusion period for disability benefits.



Understanding the Cost of Benefits

Who pays for ELCA benefits?

The ELCA Philosophy of Benefits calls congregations and members to share in the cost of ELCA benefits. Compared to a typical for-profit employer, congregations pay a larger portion of the total cost for ELCA benefits. This is by design. The ELCA views benefits as a vital part of total compensation — intended to offset lower pastor salaries relative to other professionals with comparable years of education.

In 2016...	Congregation Pays	Member Pays
Health	Monthly contribution varies based on: health benefit option, defined compensation, age, and covered family members (unless member has other valid coverage and waives ELCA health benefits)	Out-of-pocket costs when care is received, such as deductibles and copayments OPTIONAL: Buy-up costs to purchase a higher-priced health benefit option than the congregation provides
Disability	3.5% of defined compensation	\$-0-
Life	0.3% of defined compensation	OPTIONAL: Supplemental and dependent life insurance premiums
Retirement	10% of defined compensation for pastors, 6% for lay employees (minimum) OPTIONAL: Housing equity contributions	OPTIONAL: Pretax retirement contributions
Retiree support	0.7% of defined compensation	\$-0-
Tax-advantaged accounts	OPTIONAL: Health savings account contributions if providing Silver+ or Bronze+ health benefit option	OPTIONAL: Flexible spending or health savings account contributions
Long-term care insurance	\$-0-	OPTIONAL: Individual insurance policy premiums

Why are costs based on defined compensation?

As a nationwide faith community, this approach helps congregations support one another in mission. Organizations of greater means (providing higher salaries) shoulder some of the costs for those of lesser means. Note that health plan contributions are capped within minimum and maximum amounts, regardless of defined compensation.

<p>Why do health contributions vary?</p>	<p>Portico works to set equitable prices for a diverse nationwide membership — leaders young and old, with or without families, in rural and urban areas. Each congregation is charged according to its:</p> <ul style="list-style-type: none"> • Health benefit option — Platinum+, Gold+, Silver+, Bronze+, or ELCA Medicare-Primary for most leaders age 65 and over • Member’s defined compensation • Member’s age — because we typically spend more on health care as we grow older • Member’s covered family members — member, spouse, and/or child(ren) • Geographic location — because health care costs vary across the country
<p>What’s included in the health charges?</p>	<p>Portico sets contribution rates (paid by congregations) and out-of-pocket costs (paid by members) based on the health plan’s expected claims and administrative costs.</p> <ul style="list-style-type: none"> • The ELCA Health Plan is self-insured, meaning that, together, organizations and members pay the entire bill for our members’ care. • Because we self-insure, organizations avoid the extra fees and taxes built into the price of fully-insured plans, saving about 10%. • As a nonprofit, there’s no markup or profit margin built into our charges. <p>We cover all the essentials you’d expect from a health plan, like preventive screenings, clinic and emergency room visits, mental health services, and prescription drugs — plus more. (That’s why we named our options with a plus: Platinum+, Gold+, Silver+, Bronze+.) Members receive greater financial value than many commercial plans offer, thanks to our fitness center discount, dental coverage, wellness incentives, employee assistance program, broad medical provider network, and extensive prescription drug formulary. Some health plans with high member turnover consider wellness benefits as “extras” because the payoff isn’t immediate. However, in the ELCA Health Plan — where the average pastor stays for 44 years⁶ — wellness has the power to improve health and control costs over the long term.</p>
<p>How are minimum employer retirement contributions determined?</p>	<p>The goal of employer retirement contributions is to provide retirement income that, combined with Social Security, helps leaders maintain their pre-retirement standard of living.⁷ The 10% minimum has been in place since 1994. (Eligible pastors who served pre-1988 receive 11% or 12% minimum.) In 2005, the minimum was reduced to 6% for lay congregation employees to help congregations afford ELCA benefits for all eligible staff.</p>
<p>What are retiree support contributions?</p>	<p>This money helps the ELCA pay for health coverage for eligible retirees who served before the ELCA was established. Our church committed to provide this coverage in 1988, when predecessor Lutheran church bodies merged to become what is now the ELCA. It’s considered a financial obligation of our entire church. We estimate that this obligation will be sufficiently funded and contributions may be phased out within five years.</p>

6. Length of sponsorship based on Portico data as of June 24, 2015.

7. *More to the Story: The Legacy and Promise of Lutheran Pension and Benefit Plans*. Pages 17 – 23, 49. Lowell Almen.