

## Covenant Subsidized Benefits Program (“CSB”) for Pastors Serving in Under-Resourced Settings

As part of our broader restructuring of the Covenant Pension Plan, one of our core commitments has been to work to better care for faithful Covenant pastors serving in under-resourced settings. We are pleased to provide a pilot Covenant Subsidized Benefits program. Details are outlined below.

**CSB applications** will be accepted each year, at any time before November 1, with approved participants then eligible to begin benefits January 1 of the following year. In 2023 only, an application extension to February 28, 2023 has been provided for benefits to begin in 2023.

### CSB OVERVIEW

The CSB program is intended to serve as a catalyst for pastoral financial well-being, specifically focused on pastors with low compensation levels who are serving in under-resourced Covenant settings. As such, application forms will require information and narrative from both the pastor and the local church. Applications will be reviewed by a committee, including representatives from the Board of Pensions, denominational Finance and Benefit teams, our Develop Leaders mission priority, and local conferences. Conference superintendent approval is required for each program participant.

To be eligible for the program, pastoral service must be characterized by the following (the committee and Board of Pensions reserve the right to amend the rules for special cases):

- An average of 30 hours or more per week in local ministry
- A credential in good standing with Develop Leaders / Ordered Ministry
- Credentials requiring mandatory pension funding of 12.5% (i.e. non-bi-vocational ministry license, serving local Covenant church)
- Annual total compensation (including housing, parsonage, etc.) below local average
- An under-resourced congregational setting (local church finances will also be reviewed)
- Church planters receiving financial support from conference and denomination are not eligible for this program.

Each **approved** applicant will be enrolled in the CSB, which includes:

#### 1. A fully subsidized group of benefits (no employee/employer cost), including:

- Group life and long-term disability insurance
- Access to the Employee Assistance Plan (EAP)
- Medical Bill Saver program
- Access to virtual, high quality primary care physicians via 98point6
- Travel response and assistance
- Health insurance benefits are not included. If health insurance benefits are requested, premiums will be billed to the church.

*While this is a pilot program, our intent is to retain this portion of the CSB program long-term. This goal will remain subject to annual review, assessment, and adequate funding.*



## 2. A three-year scaled retirement contribution to the Guidestone 403b9 program

- Most Covenant ministerial credentials require an annual 12.5% church-based contribution. The timing and service of the pastor (along with recent plan reorganization rules) determine whether this contribution is directed to the Covenant Pension Plan (CPP) or to the GuideStone 403b9 (GS).

**Note that this CSB retirement contribution program will ONLY be offered in the GS 403b9 plan.**

Approved applicants must therefore enroll in GS (or switch to this plan if necessary) if they have not already done so.

- In partnership with the local church, a three-year “scale-based” retirement contribution will fund 75% of the required year 1 church contribution; 50% in year 2; and 25% in year 3.
- For purposes of this program only, the percentages will be applied to a minimum total retirement savings of \$2,000 per annum. For example: if 12.5% of participant compensation results in less than \$2,000 in funding, a minimum \$2,000 will apply. The program is intended to serve as a catalyst for retirement savings over a three-year period. All CSB retirement funding will be delivered in a single payment (directly to GuideStone) in December of the given program year.

**Here is a funding example:**

Approved participant compensation (Salary + Housing) = \$30,000

- Required mandatory funding = 12.5% or \$3,750 / year
- Over the three-year program period, approved applicants will receive:
  - Year 1: 75% of \$3,750 = \$2,812.50
  - Year 2: 50% of \$3,750 = \$1,875.00
  - Year 3: 25% of \$3,750 = \$937.50
- Total CSB contributions of \$5,625.00 in this example

Note that the three-year funding schedule will be locked in based on year 1 compensation, with required annual review of any pastoral compensation changes.

The program will be stewarded by the Board of Pensions and Benefits. As this is an initial pilot program, results will be assessed, and future program rules may be adjusted. Note: Each approved applicant is “approved” for the current local setting only. A new setting would require a new application, and under the initial pilot program, each applicant is only eligible for three total years of retirement funding, regardless of setting.

We are deeply grateful to the Lilly Endowment for their participation in the initial funding of this program, alongside major donors and the denomination. We invite churches, conferences, and individual donors to join us in making these catalyst benefits available (and sustainable) for those sisters and brothers who so faithfully serve in more difficult economic settings.