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Orthodox Church in America Pension Plan
Frequently Asked Questions
December 2013

Is change from 6% to 8% for the parish contribution voluntary for each parish to make the move at their discretion?
Effective January 1, 2014, the parish contribution must be 8%. The change is mandatory for all parishes.

Since my parish pays the priest's portion of the contribution, do we need to increase our contribution to 8%? What if the priest pays the whole contribution?
When contributions are received, they will be classified as participant (6%) and organization (8%). We understand that some organizations have paid the entire contribution due. Regardless of how the contribution is handled by the organization and participant, the Plan will designate the contribution as 6% participant and 8% organization.

Is the 8% change only for salary contributions? Can we maintain the same housing contributions?
The change applies to both salary and housing contributions.

When is the change effective?
The change in contribution rate is effective January 1, 2014. Contributions paid on compensation earned for the month of December are due by January 20th and should be 6% for participants and 6% for employers. Contributions paid on compensation earned for the month of January are due by February 20th and should be 6% for participants and 8% for employers.

Why were contributions not increased equally?
The Pension Board felt that, in general, organizations are better able to absorb the additional expense.

Why was the change made?
The Fund's actuary has projected that for the current period the Fund is 85% funded on a projected benefit basis. The Fund was in better health before the 2008 deterioration in the market but has been recovering since. The Fund was on a "glide path" to achieve full funding of projected benefits before the change of the contribution rate. However, the Pension Board recommended increasing the contributions to the Fund to hasten full-funding of projected benefits and to better enable to Fund to provide benefit improvements. If the markets remain strong, the Fund will recognize gains exceeding actuarial projections this year.

Did the Pension Board consider other changes first?
The Pension Board does not believe that it is in the best interest of the OCA or the pension participants to reduce the accruals of future benefits. It has changed the investment program to reduce the risk of large losses should there be a repeat of an economic event like the 2008 deterioration in the market, but recognizes that the contribution increase will provide important additional funding stability.

Didn't the Plan just change?
The changes made in 2010 provided greater equity among participants by better matching the accrual of benefits to the years of service to the OCA. The changes also reduced the deficit and projected a surplus by 2024. However, 2011 investment losses and 2012 demographic losses have increased the deficit which was projected to increase in the future without a change in contributions.

Would the Board consider a Defined Contribution Plan rather than this Defined Benefit Plan?
The Pension Board carefully considers the circumstances of most members of the Clergy who are not independently wealthy, nor comfortable managing their own investments. Experience has taught that for many members of the clergy the Pension Plan is a major source of retirement income, even for those earning a very small benefit. A defined contribution plan shifts investment results and investment risk entirely to the plan participant. The Board recognizes that having clergy who can afford to retire is in the interest of the whole Church as well as the individual clergy. While there are some among the Clergy who are quite sophisticated in handling their investments, their assets probably also lost value in the 2008 market declines. In a strong, robust up-market, a defined contribution plan looks very attractive. However, it looks much less attractive at times when circumstances force an investor to cash-out in a down market. On the other hand, the promise of the Pension Plan is a fixed monthly amount and the investment risk is with the Pension Plan. Members and their spouses are better protected financially. Moreover, while the private sector is moving to a defined contribution plan, it is not because employees want to take on that risk. Those employees have no choice.

Are all participants and parishes current with their contributions to the plan? Have people retired with a benefit whose contributions were not paid in full?
The Plan's Collection Policy maintains that all contributions are received within 20 days of the close of the month. Only accounts with current contributions are considered active and eligible to receive regular retirement benefits. Accounts that are not maintained with active contributions are considered terminated accounts for the purposes of calculating benefits and do not receive regular retirement benefits.

How do the benefits from OCA Pension Plan compare with other non-profits entities?
The benefits from the OCA Pension Plan are considered above average when compared to non-profit entities. Additionally, many public (and many private) pensions similar to ours are below our funded level.

Should contributions be made before or after tax?
The Pension Board's administrative practice is to make no assumption on how the contributing parish or employee has treated the mandatory employee contribution for federal tax purposes. The Board concluded that these contributions should be treated as after-tax contributions, but is aware that there has been a difference of opinion over the years among parish treasurers. Therefore, the Pension Office 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. Parishes and participants are encouraged to seek professional advice.

Can we send contributions electronically?
The Board researched the technology required to receive contributions electronically and found it was not an efficient use of Plan funds. Many parishes have chosen to use their bank's online check writing services. Please contact Barbara Anderson, Plan Bookkeeper, for more information on this arrangement (banderson@oca.org or 516-922-0550 x144).

Can we receive billing statements electronically?
Billing statements can be emailed to up to two addresses each month. Many parishes have found it useful to send the statement to both the parish treasurer and the priest. Please contact Barbara Anderson, Plan Bookkeeper, for more information on this arrangement (banderson@oca.org or 516-922-0550 x144).

Who are the professional consultants who work with the Pension Board?
Milliman, Inc. provides actuarial services. Investment services are provided by MorganStanley WealthManagement. The Semo Law Group has been retained as legal counsel. Saslow, Lufkin & Buggy, LLP perform an annual audit.

Who are the members of the Pension Board?
Archbishop Nikon is the Episcopal Moderator. Other Board members include Mr. John Sedor (Chairman), Very Rev. John Zdinak, Rev. Gleb McFatter, Very Rev. Matthew Tate, Ms. Ann Marie Mecera and Mr. Barry Gluntz.

How is the Pension Board chosen?
Board members are elected at All American Councils.

Who is eligible to join the Plan?
All clergy are required to participate. All full time lay employees working at least twenty hours per week are eligible to participate.

Who can I contact with more questions?
Maureen Ahearn, Plan Administrator, is available to answer questions. She can be reached at 516-922-0550 x142 or maureen@oca.org. Letters written directly to the Board can be mailed to PO Box 675, Syosset, NY 11791. They will be reviewed at regular quarterly Board meetings.