

MONITORING REPORT

2.6 Policy Title: Employee Benefits for UU Organizations Submitted 11-20-2012

Policy 2.6: With respect to the operation of benefit plans for UU [Unitarian Universalist] organizations, the President shall not cause or allow conditions that are unfair or discriminatory, or that jeopardize the fiscal integrity of the plans. Further, without limiting the scope of the foregoing by this enumeration, the President shall not:

1. Exclude eligible UU organizations from participation in the Association's benefit plans. Except if specified otherwise by the plan document, organizations in the following categories are eligible for UUA benefit plans:
 - a. UU congregations in good standing.
 - b. UUA [Unitarian Universalist Association] districts.
 - c. UU-related organizations, specifically Associate Member Organizations, Professional Organizations, and Theological Schools.
 - d. Other UU organizations as approved by the Board of Trustees after recommendation of the President.
2. Permit participation in a benefit plan by an individual or organization that is ineligible according to the plan document or these policies.
3. Charge an administrative fee to any benefit plan that exceeds a reasonable estimate of the costs incurred by the Association in administering the plan
4. Generate an excessive level of surplus revenue in any plan, or use surplus revenue in a way that:
 - a. is prohibited by the plan document or
 - b. if not expressly prohibited by the plan document, is not intended to address issues related to compensation and the financial needs of religious professionals and other employees of the UUA and eligible UU organizations.

Operational Definition: UUA directed employee benefit plans include the retirement plan, health plan, and group insurance (life, long term disability, and dental) plans. Participation in each plan is governed by this policy, the underlying plan documents, internal vendor policies, and pertinent federal regulations and law. UUA-related organizations, other than congregations and entities named in this policy, are informed annually of the availability of these benefit plans for their employees (subject to organizational approval by the UUA Board). UUA employee benefit plans shall not discriminate or exclude any eligible employee of a participating UUA-related employer. The UUA shall take steps to ensure participating employers are in compliance with

federal regulations and plan policies. The fees charged participating employers and/or plan participants must be reasonable, reflect the costs associated with administering these plans, and not jeopardize the financial integrity of these plans or the UUA. Use of surplus revenue is governed by the plan documents and may only be used to address the compensation-related issues and financial needs of religious professionals and other employees of participating employers.

Rationale: Underlying our approach to employee benefits are the UUA Principles that demand respect for the individual, fairness, compassion, and justice. Our UUA Principles must be lived and living them must begin with our congregations and closely-related organizations. Fairness dictates that employee benefits be available to all eligible employees. Benefit plans need also to be affordable. Premiums charged by our plans should be reasonable, but sufficient to cover the costs incurred by the UUA. For more than two decades, surplus revenue from the group insurance plans has also paid for the fair compensation-related programs of the Office of Church Staff Finances. These programs, including the district compensation consultants program, comparable wage surveys, and recommended salary ranges, directly benefit religious professionals, other employees, and participating employers. With the concurrence of the Council on Church Staff Finances, surplus revenue is now available to supplement ministerial aid funds particularly for non-ordained staff.

Supporting Evidence:

1. Underlying documents, contracts with vendors and consultants, and other pertinent documents pertaining to each of the benefit plans are available for review.
2. As employee benefit plans, the UUA Health Plan and the UU Organizations Retirement Plan are subject to extensive federal law, regulations, and oversight. The group insurance plans are also subject to government regulation, plan documents, and vendor policies.
3. Health plan operations are closely monitored by the Employee Benefit Trust Board – appointed by the UUA Board. The UUA health plan is audited annually by McGladrey LLP, an independent CPA firm. As part of this audit, a random sample of participating employers is selected for audit to ensure only eligible employees are participating in the plan. In addition, a sample of claims paid by the plan are also audited. The EBT Trustees hire an independent actuarial firm, Milliman, to review Plan experience, recommend rate adjustments, and to monitor compliance with all regulations regarding the fairness of the rating structure. The UUA also retains an attorney, Chip Kirby, whose practice area is federal regulation of health plans.
4. The retirement plan is closely monitored by the UUA Retirement Plan Committee – appointed by the UUA Board. In addition, we retain an independent investment

advisory firm, Fiduciary Investment Advisors, and outside legal counsel, Todd Solomon of McDermott, Will, and Emery, who specializes in employee benefits and retirement plans.

5. The group insurance plans, administered by Unum and MetLife, are monitored by the Council on Church Staff Finances. The Council provides guidance regarding the benefits and costs of each plan. The benefits and costs of each group insurance plan are competitively marketed with the assistance of our insurance broker, Risk Strategies. The Council, which was independently organized by religious professionals in 1976, is comprised of representatives appointed from each of the UUA-related professional organizations, retirees, and aid societies.
6. During the past year, the Council on Church Staff Finances reviewed the proposed use of surplus group insurance funds to address compensation-related issues and financial needs of religious professionals and other staff by the Office of Church Staff Finances. The Council unanimously concurred with the proposed priorities. The Council will continue to review proposed uses of surplus funds each year.

Therefore, I report compliance.