



**Reform Pension Board**



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# Plan Narrative

Shalom. Thank you for your interest in participating in the Reform Pension Board (RPB) programs. The RPB was originally created in 1944 to provide retirement benefits for Reform Movement rabbis. Since then, we have expanded the group of professionals we serve and the programs we offer. Today, Movement professionals including administrators, educators and program directors may participate in retirement, life insurance and long-term disability (LTD) plans sponsored by the RPB.

As one of the Reform Movement institutions, the RPB serves the needs of the Movement as defined by our Mission Statement:

**The RPB serves URJ congregations and institutions of the Reform Movement and their professionals. It enables them to fulfill their shared responsibility to enhance the financial security of these professionals and help them attain a dignified retirement. It accomplishes this task by establishing and managing high-quality retirement plans as well as life and disability insurance programs that benefit both participating organizations and individuals.**

The programs offered by the Pension Board are specifically designed to enhance the unique partnership that exists within the Movement's congregations, professionals and institutions. Board members and staff of the RPB are easily accessible to help you. Please refer to the "How to Contact Us" section at the end of this Plan Narrative.

### **Overview of RPB Programs**

The Reform Pension Board, originally named the Rabbinical Pension Board, was established to provide rabbis and their spouses with a pension that would support a dignified retirement. The Pension Plan was also intended to relieve the rabbi's last congregation before his or her retirement from the full financial burden of funding the rabbi's pension. The Plan accomplished this goal by distributing the pension cost among all of the congregations served over the course of the rabbi's career. As a result, individual congregations are responsible for their proportionate share of a rabbi's pension, payable for the period of time that he or she is in their employ.

Another important feature of the Plan is its portability. Participants may remain in the RPB Pension Plan (as well as the life insurance and LTD plans) as long as they continue to pursue a career with an eligible Reform Movement congregation or employer. Changing employers or congregations within the Movement need not interrupt a participant's RPB benefits.

### **Eligibility for RPB Programs**

Eligibility for participation in RPB programs is twofold, requiring the individual's membership in a participating Reform Movement professional organization as well as his or her employment by an eligible employer.

The first requirement may be met through membership in or employment by one of the following participating organizations:

- Central Conference of American Rabbis (CCAR),
- Union for Reform Judaism (URJ),
- National Association of Temple Administrators (NATA),
- National Association of Temple Educators (NATE),
- Progressive Association of Reform Day Schools (PARDeS),
- Program Directors of Reform Judaism (PDRJ), or
- Early Childhood Educators of Reform Judaism (ECE-RJ).

The second requirement is generally met by working for a congregation affiliated with the URJ. In addition, 501(c)(3) non-profit organizations such as Federations, Jewish Community Centers, etc. may be considered eligible employers. Check with the RPB office for specific information.

## **The RPB Pension Plan**

### **Pension Plan Contributions**

As a defined contribution plan, retirement benefits of the RPB Pension Plan are based on a participant's pension account balance at retirement. The employer's responsibility is "defined" by the contribution, expressed as a percentage of pay or a flat dollar amount, deposited to the participant's pension account. It is the employer's and the participant's responsibility to make annual contributions, which will enable the plan's account balance to grow over time. The individual's pension account balance will be used to fund retirement benefits. Pension contributions are due at the beginning of each plan year (July 1<sup>st</sup>) unless an alternate payment arrangement is made with the RPB.

Regular, annual employer and participant contributions to the RPB Pension Plan are the foundation of saving for a dignified retirement. The RPB recommends that the congregation / employer make an annual contribution of at least 15% of the participant's salary and parsonage (if applicable). The RPB also recommends that a participant make an annual contribution, which is called an elective salary deferral. The recommended elective salary deferral is at least 3% of pay and is deducted from a participant's salary by his or her employer on a pre-tax basis. While the contribution percentages mentioned previously are recommended by the RPB, employers and participants can contribute greater amounts to the RPB. Please see the below section for the IRS maximum contribution rules.

There are compelling reasons to participate in the RPB pension plan, even for professionals that enter the Reform Movement later in their career. Participant contributions are made on a pre-tax basis, reducing current taxation. Income tax on contributions and earnings is deferred until the participant takes a direct retirement distribution. Generally, participants are in a lower tax bracket at retirement.

### **Pension Plan Contribution Limits**

The IRS places limits on the contributions that can be made to the RPB 403(b) plan. The contribution limits are determined by the type of contribution that is being made. As mentioned in the previous section, there are two types of contributions that can be made to the RPB. Employer Contributions are made by an employer to the RPB. Employer contributions represent pension contributions, which are in addition to a participant's regular salary (and parsonage, if applicable). In addition, a participant can contribute by making an Elective Salary Deferral, in which a contribution is made from his or her paycheck to the RPB pension plan by entering into a salary reduction agreement with the employer. The elective salary deferral is a pre-tax deduction from salary. It is important to note that both employer contributions and elective salary deferrals have to be paid by the employer to the RPB.

Employer contributions and elective salary deferrals have different maximum contribution limits as follows:

- Employer Contributions – For the 2011 RPB plan year, which runs from July 1, 2010 through June 30, 2011, the maximum contribution that an employer can contribute to the RPB 403(b) plan is \$49,000 or 100% of the participant's includable salary if the includable salary as reported to the IRS is less than \$49,000. (Includable salary is the participant's salary excluding parsonage.) This is the IRS maximum contribution limit. If an employer's contribution exceeds the maximum contribution limit, the overage will be applied to the participant's RPB Rabbi Trust Account.
- Elective Salary Deferrals – The maximum amount allowable by a participant as an elective salary deferral in the 2011 RPB plan year is \$16,500 or 100% of the participant's includable salary if the includable salary as reported to the IRS is less than \$16,500.
- Over 50 Catch-Up Provision – Beginning with the RPB plan year that participants attain the age of 50, the elective salary deferral portion of a contribution can be increased. Participants who attain the age of 50 or older during the 2011 plan year may increase their elective salary deferral by \$5,500 to a maximum of \$22,000. In any case, the participant's elective salary deferral cannot exceed their includable salary.
- Combined Limits – The combined contribution limit to the 2011 plan year is \$49,000 unless the over 50 catch-up provision is utilized. If the over 50 catch-up provision is utilized, the combined maximum contribution limit is increased up to \$54,500 (the \$49,000 limit and a dollar for dollar increase for the over 50 catch-up amount). In any case, a contribution for a participant cannot exceed their includable salary.

There are no minimum pension contribution requirements.

### **RPB Rabbi Trust**

The different maximum contribution limits described above pertain to the Reform Pension Board 403(b) plan. In some instances, depending on a participant's salary or parsonage, employers could make contributions that exceed the IRS 403(b) limits during an RPB plan year. If this occurs, the RPB will automatically move the amount that exceeds the maximum contribution limit for the RPB 403(b) plan into a Rabbi Trust account in the participant's name.

A Rabbi Trust is a non-qualified deferred compensation plan. Non-qualified plans are not eligible to be rolled over into qualified retirement plans such as other 403(b) plans or IRA's. Contributions to the Rabbi Trust receive the same tax deferral as 403(b) contributions. The RPB invests the Rabbi Trust fund with the same money managers as the RPB 403(b) plan fund; the investment results for Rabbi Trust assets are identical to the assets of the RPB 403(b).

### **Pension Plan Investments**

The RPB's investment philosophy is based on two principles: a long-term investment outlook and a diversified portfolio. Investment decisions are not based on how asset classes are performing over relatively short periods such as monthly, quarterly or even annually. Statistics indicate that investors who try to time the market receive less favorable performance results than those who use a consistent method of investing. The RPB maintains a diversified, professionally managed portfolio that includes three mandates: an equity fund, a bond fund and a stable value fund.

The RPB equity fund is invested under the direction of twelve money managers with diverse mandates such as large-cap value, large-cap growth, large-cap index, small-cap, international value, international growth, global and emerging markets. The RPB bond fund includes one core bond manager, one high-yield manager, and two global bond managers. Lastly, the RPB has one stable value fund manager. A stable value fund is designed to provide capital preservation and is mostly utilized by participants who are retired or close to retirement. The RPB money managers and the allocation between managers are monitored by the RPB Investment Committee and the Pension Board's consultant, Rogerscasey. Participants can not direct investments to individual equity or bond managers. The managers and asset allocations between managers are subject to change through approval of the RPB Investment Committee and the RPB Board of Trustees.

RPB participants must elect the investment allocation of their funds (within the parameters outlined in the Participant Investment Choice materials and in the chart below) upon joining the plan and have the opportunity to change the investment allocation of their pension accounts on a quarterly basis. The Participant Investment Choice materials can be viewed on the RPB website ([www.rpb.org](http://www.rpb.org)), in the Document Library section. You may also contact the RPB office to request the materials by mail.

RPB Asset Allocation Parameters\*

Participant's Age As of (last) July 1	Allocation Parameters	
	Equities	Bonds
Under age 60	80% maximum 20% minimum	80% maximum 20% minimum
Age 60 to age 69	80% maximum 0% minimum	100% maximum 20% minimum
Age 70 and older	60% maximum 0% minimum	100% maximum 40% minimum

\*An allocation to Bonds can include the RPB Bond Fund, the RPB Stable Value Fund or a combination of both.

**Pension Plan Distribution Options**

The RPB Pension Plan offers several options for receiving distributions at retirement. Participants may draw from their account monthly under the Flexible Payment Option, roll over all or part of their account balance to another qualified retirement account, take a direct distribution of all or part of their account balance or purchase an annuity. Partial rollovers or direct distributions can be taken no more than once every three years. The Flexible Payment Option is currently the most popular distribution option, though each option has its own benefits and risks.

Participants should start the process of initiating their retirement distribution(s) by informing the RPB in writing of the retirement option selected and the date they wish to commence the distribution(s). Retirement benefits are processed on a monthly basis. The RPB recommends that participants submit their written request at least two months prior to the date of retirement to allow enough time to facilitate the administrative process. The RPB will confirm the distribution request in writing and forward the necessary retirement paperwork accordingly.

The table on the following page lists the general benefits and risks related to the various distribution options.

<b><u>Type of Distribution</u></b>	<b><u>Benefits</u></b>	<b><u>Risks</u></b>
Flexible Payment Option	<ul style="list-style-type: none"> <li>• Exposure to market could provide growth potential to pension account</li> <li>• Account balance, if any, at death is transferred to beneficiary(ies)</li> <li>• RPB does the investing</li> <li>• Distributions are eligible for parsonage exclusion for clergy</li> </ul>	<ul style="list-style-type: none"> <li>• Participants can outlive the money in their pension account depending on the level of earnings and distributions</li> <li>• Exposure to market could result in lower balances when financial markets have negative results</li> </ul>
Annuities Purchased through the RPB	<ul style="list-style-type: none"> <li>• Distributions guaranteed for life including distributions to spouse (if elected)</li> <li>• Distributions are eligible for parsonage exclusion</li> </ul>	<ul style="list-style-type: none"> <li>• Value of distributions is affected over time by inflation</li> <li>• Generally, no money is left for beneficiaries after the participant and spouse (if applicable) die</li> </ul>
Lump Sum Rollovers to another Tax-Deferred Program or Personal IRA	<ul style="list-style-type: none"> <li>• Account and investment management is decided by the participant within the parameters of the entity receiving the rollover</li> </ul>	<ul style="list-style-type: none"> <li>• Account and investment management is decided by the participant within the parameters of the entity receiving the rollover</li> <li>• Possible loss of parsonage for clergy</li> </ul>
Lump Sum Distributions	<ul style="list-style-type: none"> <li>• Full responsibility for account investment and management is with participant</li> </ul>	<ul style="list-style-type: none"> <li>• Full responsibility for account investment and management is with participant</li> <li>• Possible loss of parsonage for clergy</li> <li>• Entire distribution is subject to taxation</li> </ul>

### **The RPB Long Term Disability Plan**

The Reform Pension Board (RPB) Long Term Disability Plan (LTD) provides income replacement insurance to participants in the event they become disabled and are not able to work. Statistically, an individual is much more likely to be disabled than to die during his / her working years. Having adequate income replacement coverage provides important protection in the event a participant has a disabling injury or illness.

The RPB provides LTD coverage to eligible participants, defined as employees of URJ-affiliated congregations who work at least 18 hours per week. By purchasing LTD insurance through the RPB, you will receive the following benefits:

- Income replacement of 60% of participant's salary (and parsonage, if applicable). If a participant qualifies for other disability income sources such as social security disability, the total income replacement from all sources is 66-2/3%.
- Choice of two benefit waiting periods (the time between the onset of a disability and commencement of benefits): 180 days or 90 days.
- Affordable group rates. The rates are \$6.00 per thousand dollars of salary (including parsonage, if applicable) for the 180-day benefit-waiting period and \$6.80 per thousand dollars of salary for the 90-day benefit-waiting period.
- Tax-free benefits when the employee pays the premium with after-tax dollars. (Benefits are taxable to the employee when the employer pays the premium).
- Benefits are paid until the end of the benefit period or until no longer qualifying for benefits, whichever occurs first. The end of the benefit period for benefits commencing after January 1, 2009 will be coordinated with the normal social security retirement age table.
- Rehabilitation benefits are available to encourage qualified candidates to return to work without losing all of their income replacement benefits.
- A "Conversion Privilege" to an individual policy.
- An LTD policy that is insured through CIGNA, a leader in the field.

## **The RPB Life Insurance Programs**

### **RPB Free Basic Life Insurance**

The RPB provides free term life insurance and accidental death and dismemberment (AD&D) coverage for active RPB pension participants. The life insurance benefit is equal to one times annual salary (including parsonage, if applicable) up to \$50,000. The AD&D insurance program has a maximum benefit of \$30,000.

To be eligible for free basic life and AD&D insurance coverage, participants must have an annual RPB pension contribution of at least 10% of salary (including parsonage, if applicable) through their congregations / employers. The full pension payment must be made on time, or in accordance with an approved RPB payment arrangement.

### **Optional Life Insurance**

Active participants who have a pension contribution paid on their behalf to the RPB of at least 10% of their salary (including parsonage, if applicable) are eligible to purchase optional term life insurance of up to five times salary, to a total maximum amount of \$600,000. The premiums are age-rated and pricing is competitive with similar coverage available in the general insurance marketplace.

Participants enrolling in the Pension Plan for the first time may purchase life insurance coverage equal to two times salary up to \$300,000 on a “guaranteed issue” basis. Insurance in excess of the “guaranteed issue” amount may be subject to evidence of insurability requirements. Participants who do not enroll in the life insurance program when initially eligible and those who wish to increase their life insurance coverage may also be subject to evidence of insurability requirements.

Please see the Optional Life Insurance Rate Schedule for the cost of life insurance for your age bracket.

**Reform Pension Board**  
**Optional Life Insurance Rate Schedule**  
**As of July 1, 2010**

<u>Age Brackets</u>	<u>Annual Rates</u> <u>Per \$1000 of</u> <u>Life Insurance Coverage</u>
Under 25	0.864
25-29	0.864
30-34	1.056
35-39	1.320
40-44	1.908
45-49	3.228
50-54	5.544
55-59	9.432
60-64	12.984
65-69	20.880
70-74	38.148
75-79	63.444

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To arrive at your annual life insurance premium, multiply your annual salary (including parsonage, if applicable) by the multiple of salary you are requesting in life insurance coverage, and then by the corresponding cost rate that reflects your age bracket. Divide by 1000 to reach your annual premium.

**EXAMPLE:**

A participant who is 35 years of age and is earning an annual salary of \$50,000 will calculate the premium cost of life insurance coverage as follows:

One times salary (\$50,000): =  $\$50,000 \times \$1.320 / 1000 = \$66.00$  premium

Two times salary (\$50,000): =  $\$100,000 \times \$1.320 / 1000 = \$132.00$  premium

Three times salary (\$50,000): =  $\$150,000 \times \$1.320 / 1000 = \$198.00$  premium

### **How to Contact Us**

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