

Insurance as an Employer Benefit

Insurance coverages generally provided by an employer include:

- Employee Term Life
- Term Life for Dependents
- Personal Accident
- Medical
- Dental
- Disability

Dental, disability, personal accident and up to \$ 50,000 of group term life insurance coverage can all be provided as a tax-free benefit. Term life coverage in excess of \$ 50,000 and life coverage for dependents is generally a taxable benefit. Under the Affordable Care Act group medical coverage for the employee and their family can be provided by the employer (church) tax free. An employee's cost of group medical coverage through their spouse can also be reimbursed as a non-taxable benefit as long as the spouse's payment for the coverage was not made pre-tax. Individual medical plans including the state exchange plans like those through KyNect may NOT be paid for or reimbursed by the church.

GuideStone Financial Resources offers various insurance plans for eligible employees. Some coverages are subject to approval based on an evidence of good health application. All GuideStone medical plans qualify as "group" coverage for purposes of the Affordable Care Act and can be provided for church employees on a tax-free basis. Complete GuideStone insurance plan information is available on line at www.guidestone.org or in print from GuideStone Financial Resources, 2401 Cedar Springs Rd, Dallas, TX 75201. Phone: 888-984-8433.

Some churches use other approaches to cover some of the medical expenses for employees:

Medical Reimbursement Plan - a church sets aside funds to cover certain medical expenses not covered by the employee's insurance, thus "self-insuring" some medical expenses for employees. Under the Affordable Care Act, a Medical Reimbursement Plan must be coupled with a qualified medical insurance plan.

Flexible Spending Plan (FSA), the employee can set aside a specific amount of salary to be used to reimburse qualified medical expenses on a tax-free basis.

Health Savings Account - Must be coordinated with a qualified medical insurance plan.

Each of these plans has a number of unique rules that must be followed. Competent assistance should be secured to set up these plans. Basic information regarding each of these is included in other documents on this web site.

Health Care Reform (the Affordable Care Act) is changing how employers provide insurance for employees. For complete up-to-date information on how these changes affect churches providing medical coverage, go to: <http://www.guidestoneinsurance.org/HealthcareReform2/HCR-Employers>

LIABILITY AND WORKMAN'S COMPENSATION COVERAGE

In addition to the above personal insurance coverages, the church should be sure their Property and Casualty insurance includes adequate liability coverage for actions of church employees and volunteers, and that it includes Workman's Compensation coverage.

All employers are required to have Workman's Compensation Insurance on all their employees. There is no exception for churches in Kentucky. At times churches have "contract workers" they treat as self-employed for tax purposes. These workers will be considered employees for workman's compensation purposes. Small churches with a part-time pastor as their only paid worker must have workman's compensation insurance on their pastor. If a job related injury occurred, the worker's medical insurance would likely deny coverage since it should be covered by workman's compensation insurance. Without that insurance, the church would be liable for the medical costs. Workman's comp laws are designed to avoid that happening by requiring employers to have workman's comp coverage for all their employees. ***Failing to do this has the potential of resulting in costly fines such as those several of our churches have experienced in recent years.***