

# THE OAS MESSENGER



November 2008

The Catholic Center will be closed **Thursday, November 27<sup>th</sup>** in observance of Thanksgiving Day. On **December 3<sup>rd</sup> and 8<sup>th</sup>**, the Catholic Center will close at 1:00 p.m. in observance of the feast of St. Francis Xavier and the feast of the Immaculate Conception. The Catholic Center will be **closed for the holidays on Wednesday, December 24, 2008 and reopen on Monday, January 5, 2009.**

## ACCOUNTING SERVICES

### SCRIP Orders

Many of our schools participate in "SCRIP" programs, where merchants issue "scrip" or coupons that are purchased in various denominations by parents and used the same as cash in the merchant's business. The school then receives a rebate from the merchant for a percentage of the scrip's value. We have been asked if these rebates can be used as credits toward the individual family's cost of tuition and would the application of this rebate toward the tuition constitute a "taxable event" for the parents that they would have to report on their tax return? Our archdiocesan accountants have checked with our outside independent auditors and they indicate that such tuition credits can be given and would not be taxable for the parents. Receiving tuition credits for parents who purchase "scrip" gift certificates from their own student is not considered compensation or a taxable event. Please note that scrip **MUST** be sold by volunteers. Please contact the Office of Catholic Education at (317) 236-1430 with any questions.

### Charity Gaming

Does your parish or agency conduct charity gaming events? If so, are you familiar with the recent charity gaming changes? The Indiana Gaming Commission website is an excellent resource for charity gaming questions. The recent Charity Gaming Seminar presentation material is located on the website at the following link <http://www.in.gov/igc/2339.htm> We recommend that all parishes and agencies that conduct charity gaming events review this material to ensure compliance with the Indiana Gaming Commission rules and regulations.

### Gifting Appreciated Securities

Has your parish received gifts of stock from members or estates? The Archdiocese can assist by processing the gifts and returning the proceeds. It would also be helpful to let parishioners know they can use stocks to fulfill pledges or make other designated gifts. Gift of securities may be given to:

- ◇ Financially support parish or school
- ◇ Support an archdiocesan agency
- ◇ Fulfill a pledge to the United Catholic Appeal or LFOM capital campaign
- ◇ Support an endowment

Please contact Melanie Johnson, CCF Finance Administrator/Stock Gift Specialist to receive instructions at [mjohnson@archindy.org](mailto:mjohnson@archindy.org) or (317) 236-1459.

### Month End Payroll and Assessment Withdrawals

November - Payroll and Assessment will be withdrawn on **Friday, November 28<sup>th</sup>**. \*\* All requests for adjustments to these withdrawals must be sent to Jeanette Walker ([jwalker@archindy.org](mailto:jwalker@archindy.org)) by 5:00 p.m. on Monday, November 24<sup>th</sup>.

December - Payroll and Assessment will be withdrawn on **Wednesday, December 31<sup>st</sup>**. \*\* All requests for adjustments to these withdrawals must be sent to Jeanette Walker ([jwalker@archindy.org](mailto:jwalker@archindy.org)) by 5:00 p.m. on Monday, December 22<sup>nd</sup>.

## HUMAN RESOURCES

It is estimated that over 2 trillion dollars have been lost across the country in retirement accounts due to the economic crisis. We wanted to provide you with some information about our retirement plans that may be helpful to you at this time. We have two different retirement plans for lay employees - (1) a pension plan for employees who work at least 1,500 hours per calendar year that is funded by the Archdiocese with contributions from your parish, school or agency and (2) a retirement savings plan in which all employees can participate with a 50% match on savings up to 6% of pay. Here is information on each plan.

### Pension Plan

- The funds in the pension plan are held in trust and are separate from the other assets of the Archdiocese.
- We have an independent valuation of the plan every year to ensure it is adequately funded. As of December 31, 2007, the plan was 94% funded, so the calendar year began in a fairly strong financial position with a plan that was almost fully-funded.
- Our pension plan investments are diversified with a mix of stock and fixed return investments, which reduces the impact of stock market declines.
- Even though the stock market has declined, your pension account will grow every year by a rate equal to the 10-year Treasury rate, which is always a positive number. Therefore, your pension account will increase, despite the stock market volatility.

### Retirement Savings Plan

- When the stock market declines, it is important to keep in mind that saving for retirement is a long-term process. For most of us what happens over the next decade or several decades is more important than what happened over the past few months.
- Even in difficult economic times, the Archdiocese is committed to continuing to provide a 50% match on savings up to 6% of pay. If the Archdiocese makes any changes in the contribution formula in the future, we will notify you in advance.

If you have any questions or would like additional information, please contact Human Resources at [hr@archindy.org](mailto:hr@archindy.org).



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CENTRAL PAYROLL

For those employees participating in the Archdiocesan Health plan with a Health Savings Account (HSA), the maximum contribution allowed by the IRS in 2008 and 2009 are listed below.

	<u>2008</u>	<u>2009</u>
Single person coverage	\$2,900	\$3,000
Family coverage	\$5,800	\$5,950

If the employee turns age 55 during 2008, an additional \$900 may be deposited. Employees may make contributions to their privately held HSA by a means other than payroll deduction, therefore the Archdiocese does not have the capability to monitor individual maximum contribution limits. Remember that 2008 HSA payroll deduction does not automatically roll over into 2009. A new HSA Contribution Form must be submitted to Central Payroll for employee 2009 HSA contributions. The form can be found at <http://www.archindy.org/intranet/shared/hr/employee-over1500.html> starting December 1, 2008. Employees can email questions about HSA accounts to HR or Central Payroll at [hr@archindy.org](mailto:hr@archindy.org) or [centralpayroll@archindy.org](mailto:centralpayroll@archindy.org).

Please remember that payments made to employees at Christmas or year end are considered reportable income by the IRS. That means these types of payments should be requested and paid through Central Payroll.

Now is the time of year to remind employees who have moved during the year to make sure their new address has been reported to Central Payroll. Employees can verify their address by looking at their paystub on the web. The address appearing on their paystub will be used for the mailing of 2008 W-2's. 2008 W-2's will be mailed to employee's homes on or before January 31, 2009. As in previous years, 2008 W-2's will also be available to be printed from the web at the same location as their pay stub. W-2's for the years 2003 through 2007 are available online at the same web site location, <http://payroll.archindy.info>.

2008 year to date employee earnings information needed to complete FASFA forms and for college financial aid, loans, and scholarships, is available at anytime on the web. Go to the same location as your paystub and click on the Year-To-Date-Summary tab. Employees don't need to wait for their W-2 for this information.

## Q & A

**Q: Our endowment accounts are showing large losses due to the recent fall in the economy. Do we, as a parish, have the option to change the mix of investments?**

**A:** 1. CCF endowment investments are overseen by a group of lay volunteers from around the archdiocese with professional investment experience. To assist these volunteers, we use the services of a consulting firm-Fund Evaluation Group (FEG) of Cincinnati, OH. FEG provides services such as monitoring and evaluating investment managers and measuring and reporting investment performance. Finally, based on recommendations from FEG, the investment committee uses 16 different investment managers to invest our highly diversified portfolio in domestic equities (large, mid, small caps, growth & value styles), international equities, bonds, bank loans, distressed securities and real estate.

2. CCF endowment accounts are pooled together for investment purposes. CCF does not offer different investment options since all of the endowments are long-term in nature. CCF investment returns have largely mirrored the broad financial markets. For example, investment returns for the twelve months ended 9/30/08 were -16.6%. It is important, though, to keep a long-term perspective. Our target return (our goal) since the inception of the CCF's current investing structure on 1/1/1995 has been an annual return of 8.8% (5% distributions + 1% cost of investing and CCF administration + 2.8% CPI to represent inflation). By including inflation in this goal, we can maintain an endowment's purchasing power into the future. Our experience through September 30 has been an annual rate of return of 7.6% since 1/1/95. Given that we've just experienced one of the worst 10-year periods in the history of the U.S. stock market (and the worst since the mid-1930s), missing our goal by only 1.2% since 1/1/95 doesn't seem too bad.

3. While the committee does not believe in market timing, it does make tactical asset allocation decisions. For example, the committee has decided to utilize some funds that have been held in cash in recent months and begin gradually investing these funds in equity securities over the coming weeks. The committee feels that it would be a mistake to reduce exposure to equity markets after the markets have retreated by over 40% in the last year, which could likely lead to the loss of any opportunity to participate in a market recovery (of which none of us can predict the timing).

**Q: We have an ADLF account with a balance over the FDIC limit of \$250,000. Are those funds insured in some way, or are there measures our parish needs to take to secure the funds?**

**A:** ADLF deposit balances (net of amounts that are loaned out to parishes for construction loans) are essentially "swept" each night into a trust account at 5/3 bank. This trust account is invested in order to supply a rate of return that supports the interest paid on the deposits while maintaining the liquidity necessary to fund planned expenditures of the ADLF. Since this is a "trust account," we haven't worried about FDIC insurance, meaning that if 5/3 bank were to fail, we would just receive the investments in the trust account and would find a new trustee to manage the account. The security of using the trust account structure is that the assets in the account are not available to pay the general claims against 5/3 Bank in the event that the bank would fail (unlike a typical checking account).

Send us your questions! Each month one or two questions will be addressed based on inquiries of the parishes.  
Please submit any questions you would like answered to [accountingservices@archindy.org](mailto:accountingservices@archindy.org).