



OutReach™

The Newsletter of Christian Brothers Services

Questions and Answers about Retirement Planning

by Jim Ceplecha, Managing Director, Retirement Planning Services

From time to time, people ask questions about factors that affect their planning for retirement. Here are three questions and answers to common concerns.

Q. Does market volatility affect my benefit in the Defined Benefit Plan?

A. Defined benefit pension plan assets are invested by the plan's investment managers with the primary objective being to provide secure retirement benefits. Positive investment performance helps defray the cost to fund the plan each year. Remember, employers assume the investment risk in a defined benefit plan. Therefore, whether plan investments perform favorably or unfavorably has no effect on an individual's retirement benefits; employees are assured a retirement benefit.

Q. Does an individual's pension benefits in the Defined Benefit Pension Plan grow after terminating employment?

A. Not in the typical sense of the word, like a 401(k) or a 403(b) account can grow.

Individual benefits do "grow" the longer a terminated individual defers receipt of benefits to normal retirement. For example, if an individual elects to receive benefits at age 55, those benefits will be lower than those deferred to receive at age 65. The benefit is reduced for early retirement because it will have to be spread out over a longer period of time. The longer an individual defers the receipt of benefits, the less that benefit will be impacted by early retirement factors.

Q. How can individuals enrolled in the Retirement Savings Plan learn the latest performance of their savings accounts?

A. The key to successful retirement investing is balance and diversification. Now it is easy to monitor and manage retirement savings accounts on-line. Members of the Christian Brothers Retirement Savings Plan (CBRSP) can use the latest technology and the Internet to save for retirement. Log on to our website (www.cbsservices.org/rps),

scroll to the bottom of the screen and click on the **timeandmoneynow** link.

Using their social security number and Personal Identification Number (PIN), members can log on to a personalized site. Individuals can view their account balance in the Retirement Savings Plan, rebalance their investment portfolio, and learn more about saving for retirement. Members can also access the current electronic copy of the Financial Dimensions newsletter to learn the latest savings strategies.

For more information, contact Jim Ceplecha at (800)807-0100 ext. 2630 or jim_ceplecha@cbsservices.org.

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Welcome Aboard New Members!

Spring 2002

From the President 
Is it Really “Free?”

Whenever someone who is in business tells us “it’s free,” a red alert flag should go up in our mind. All of us have heard that there is no such thing as a “free lunch;” however we are tempted to believe that maybe this time, it is free.

Every business must earn a certain amount of revenue to at least cover costs and stay in business. There is nothing wrong with that, but we should know how much we are paying so we can compare costs and determine the value of the product or service. When we know and understand the real cost, sometimes the product or service that is presented as “free” turns out to be more expensive than the same one that has cost clearly identified up-front.

We often see this attempt to hide real cost in retirement savings accounts. A small difference in fees or basis points in the short run, while bad enough, can grow into a huge difference over a 20 or 30 year period.

When it comes to saving for retirement, we need to be cautious when presented with something that is “free.” If we are in a position to make decisions that will affect other people’s retirement security, we need to recognize our fiduciary responsibility to know real costs and do the right thing.



William L. Walz, FSC
President

Your Answers to HIPAA Questions

Are Just a Click Away

by John Airola, Managing Director, Employee Benefit Services

A recent online interactive tool called, “HIPAA Online” is available through the Centers for Medicare and Medicaid Services website at: www.cms.gov. HIPAA Online is a free, personalized service that is designed to answer questions about health coverage and insurance rights under the Health Insurance Portability and Accountability Act (HIPAA).

HIPAA Online guides you through several questions about your health coverage and then tailors its answers to your own personal circumstances. For example, HIPAA Online will take into consideration your group or individual health plan and other pertinent information such as your current job status when giving answers to your questions. If you have questions about getting and continuing health coverage during events such as losing or changing jobs, pregnancy, moving, or divorce, you can get answers here.

The website address is: www.hcfa.gov/medicaid/hipaa/online/default.asp. In addition to HIPAA Online, there is also an informative booklet available at this site that gives you valuable information on other laws and topics contained in HIPAA, the Mental Health Parity Act of 1996, and the Women’s Health and Cancer Rights Act of 1998. Both HIPAA Online and the booklet are informative tools that can help you make better, more informed decisions regarding your health care rights.

Think Twice About Those Antibiotics

by Sr. Rosemary Ward, S.P., Director of Systems/Services, Health Management Services for Religious

“I can’t have an antibiotic? —
But, Doctor!”

The message is beginning to be heard. Antibiotic-resistant bacteria are on the rise and the medical programs at Christian Brothers Services, as well as the medical community, pharmacy benefit managers, researchers, government agencies and educators, are trying to make the problem and solution known.

First Thought: Survival of the Fittest

In any large population, whether human, beast or microbe, when faced with deadly trauma, some organisms are strong enough to survive. The weak and average often don’t. The survivors can produce offspring that are more likely to be strong and resistant to the trauma. This has been happening in the war between disease-causing bacteria and antibiotics for a long time. Many strains of resistant bacteria now exist and pharmaceutical research laboratories are scrambling to keep ahead of the advance of newer, more aggressive disease-causing bacteria.

Inappropriate use and overuse of antibiotics have contributed to the

development of resistant disease-causing bacteria. For example:

- using antibiotics when they aren’t really needed, as for minor infections where alternate treatment is available or by routinely using antibacterial soap.
- taking antibiotics for diseases such as the flu and the common cold, that aren’t caused by bacteria and won’t be eradicated by a bacteria-fighting antibiotic.
- discontinuing antibiotic treatment mid-stream when symptoms begin to disappear, leaving the most resistant bacteria behind to re-infect the person and possibly spread to others.

Second Thought: What Do You Need to Survive?

Research suggests that up to 50% of prescriptions filled outside of hospitals may be unnecessary. On the up side, other studies indicate that the correct use of antibiotics could begin to decrease or even reverse the onslaught of resistant disease-causing bacteria.

What’s being done? Many knowledgeable individuals and organizations have taken steps to broadcast this information

to everyone, especially to the doctors who prescribe antibiotics. You can help by not coaxing your doctor to give you an antibiotic and becoming more aware of how many products you use that are unnecessarily antibacterial. Here at Christian Brothers Services, dispensers containing antibacterial hand soap have been refilled with a pleasant alternative. More than 25,000 doctors have been contacted, so far, with information, questionnaires and handouts to help them address the problem by Merck-Medco Managed Care, L.L.C., the pharmacy benefit manager used by Christian Brothers Prescription Drug Program, the Employee Benefit and Religious Medical Trusts.

Christian Brothers Prescription Drug Program provides access to timely health information on this topic, as well as many others. In addition, the Program offers significant retail and mail discounts on prescription drugs and invaluable service that meets your organization’s needs. We all need to think twice about those antibiotics!

If you would like to receive a bibliography of sources on this topic, contact Sr. Rosemary Ward, SP at 800-807-0100 ext. 2941, or Fr. Fran Dyer, OP ext. 2940.

INSURANCE CRISIS

Magnifies Importance of a Catholic Church Trust

By Diane Engstrom, Director of Operations, Risk Management Services

During the last decade of the 20th century, the property and casualty insurance industry experienced a “soft” market cycle. To those unfamiliar with the term “soft”, this meant that for the buyer, ample coverages and limits were available and pricing, depending upon the risk, was very reasonable. Early last year, the cycle began to turn and buyers gradually started to see some “firming” in the property/casualty market place. Most coverages and limits were still available, but the costs began to rise. After the tragic events of September 11th, the “firming” that was already taking place, accelerated rapidly and it soon became a very “hard” market.

September 11th Accelerated a Hard Market

The losses and claims sustained in the New York City tragedy became a world-wide insurance industry event, involving domestic as well as international insurance and reinsurance markets. It is now the largest single-event loss in the history of insurance. All forms of insurance coverage, from property/casualty, including workers compensation, to health, life, and disability have been affected, and some severely. Insurance losses at this time are estimated to be anywhere between \$30 and \$58 billion, with the possibility of still going higher.

The losses sustained from this catastrophe have resulted in a drain on the insurance industry’s financial capacity. Organizations which purchase traditional commercial insurance are likely to experience significant premium increases, along with possible coverage and limit restrictions, at their next renewal. The extent of the increase will primarily depend on the type of risk an organization is exposed to and its loss experience.

Searching for Alternatives in a Hard Market

Historically a hard insurance market is a time when an alternative insurance mechanism, like a risk pooling trust, utilizing self insurance, retention and risk management disciplines, provides significant

advantages. The Christian Brothers Risk Pooling Trust Plan does it all. It is a collaborative Catholic Church program which engages the use of both self-insurance and traditional insurance to stabilize cost. Members of the Trust “pool” their financial resources in a trust fund, administered by Trustees who decide how much to retain or transfer to insurance carriers to protect financial risk. Excess insurance is purchased to cover losses and claims that exceed the self-insured specific and aggregate limits. This combination of self-insurance and excess insurance allows Trust members to feel confident and secure with the selection of the broad scope of coverages and limits they have on their risk. Each member has the opportunity to obtain substantial protection at an affordable cost. This is something that the average Catholic Church organization can have difficulty accomplishing if it is purchasing insurance in this current property/casualty insurance marketplace on its own.

Fortunately, because of the Trust’s administration and aggressive use of highly professional principles of risk management and the good stewardship on behalf of the members, it has been able to maintain a 23 year history of overall good loss and claim experience. A significant advantage for the Trust’s continuing growth is that its members are homogeneous and their risk and sites are spread across almost all states. These factors and more make the Trust a very attractive risk and one that is highly respected in the insurance markets. During this hard market, which is expected to last a minimum of 3 years, the Risk Pooling Trust is well positioned and prepared to meet the difficult challenges ahead.

If you would like more information on the membership benefits and coverages provided by the Risk Pooling Trust, you can visit our web site at www.cbseices.org/rpt. You may also contact Br. Mark Emken, OSA at 800-807-0100 ext. 3053, or mark_emken@cbservices.org.

Welcome Aboard!



Employee Benefit Trust

Angela House, NY
A Friendly Manor/A Friendly Place, CA
De Marillac Middle School, CA
Jesuit Volunteer Corps. South, TX
St. LaSalle Auxiliary, MD
St. Peter the Apostle, GA
St. Thomas/St Joseph Parish, TX

Employee Retirement Plan

Church of St Michael, MN
Marian House of Studies, OH
Mt. Alvernia Day Care, PA
Sisters of St. Francis of Millvale, PA
Good Shepherd Programs of
St. Louis, MO
Cathedral of Our Lady of
Guadalupe, KS

Prescription Drug Program

Sisters of St. Charles, IL

Religious Comprehensive Trust

Missionary Servants of the Most
Holy Trinity, MD

Religious Community Deductible Trust

Cordi-Marion Sisters, TX
Daughters of Mary Immaculate, TX
Franciscan Hospitaller Sisters, CA
Little Sisters of the Holy Family, MA
Sisters of St. Francis, IL

403(b) Plan

Church of St. Joseph, MN
Little Sisters of the Poor, CO
Mother Seton Academy, MD
National Association of Catholic
Family Ministers, OH
Ss. Joseph and Paul Church, KY
Sisters of the Good Shepherd, MO

Risk Pooling Trust

Ancilla Domini Sisters, Inc., IL
De Marillac Middle School of
San Francisco, CA
Felician Sisters, MI
Franciscan Monastery of St. Clare, TX
Motherhouse of the Sisters of Mercy, NH
Salesian Sisters of Tampa, Inc., FL

Sisters of Mercy-Allegheny, PA
Sisters of Mercy-Chicago, IL
Sisters of Mercy Community, MO
Sisters of Mercy Merion Community, PA
Sisters of Mercy of Auburn, CA
Sisters of Mercy of Connecticut, CT
Sisters of Mercy of New Jersey, NJ
Sisters of Mercy of Rochester, NY
Sisters of Mercy of the Americas,
IA, NC, NE, NY, OH
Sisters of Mercy of the Diocese of
Burlington, VT
Sisters of Mercy U.S. Province, CA
Sisters of Mercy-Burlingame, CA
Sisters of the Order of St Benedict, IL
Sisters of St. Chretienne, MA
Sisters of St. Francis of Millvale, PA
Sisters of the Holy Names, Inc., WA
St. Joseph's Convent & Hospital, ME

Information & Communication Services

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Conference (DISC), OH
Bethlehem University, Bethlehem

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888-470-4636

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fname_lname@cbservices.org
(i.e. john_doe@cbservices.org)

WEB
www.cbservices.org

From the Members:

"Being a member of the Christian Brothers Risk Pooling Trust gives a Catholic institution like ours the peace of mind of knowing that its patrimony — that is, the facilities we've worked years to put into place — is protected in the most effective way possible. The big plus of belonging to the Trust is that it works so proactively to ensure that maximum protection is provided to each of its members. In my view, there's nothing comparable to it out there in the insurance market."

~Br. Francis David, SC
Catholic High School of Baton Rouge, LA



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This year, four Church denominations and Christian Brothers Services joined their 88,000 members in a single group to purchase pharmaceuticals from Merck-Medco

Managed Care, LLC. The purchasing group anticipates annual savings of almost \$4 million, through the great discounts available at retail pharmacies and through the Home Delivery Pharmacy Services. As our membership grows to 100,000 and beyond, the discounts and savings will grow as well.

If you would like to pursue any of the options noted in the box on the right, please contact Fr. Fran Dyer, OP at 800-807-0100 ext. 2940, fran_dyer@cbservices.org or Sr. Rosemary Ward, SP ext. 2941, rosemary_ward@cbservices.org.

Control Your Pharmacy Costs

by Fr. Fran Dyer, OP, Managing Director, Health Management Services for Religious

- **If you participate in a medical Program administered by Christian Brothers Services, you are already benefitting from this coalition.**

- **Self-funded Dioceses, Catholic Employers or Religious Orders have several options:**

1. If you are already using Merck-Medco as your pharmacy manager, you can simply ask to be part of the purchasing group.
2. If you have a group of at least 4,000 employees or members, you can contract directly with Merck-Medco in order to join the purchasing group.
3. If your group is smaller, you can benefit by participating in a simple pharmacy purchasing cooperative administered by Christian Brothers Services.