



Comprehensive Protection Plan

A Church Welfare Benefits Plan for Clergy Associated
with a Jurisdictional Conference of
The United Methodist Church

As Adopted by the 2000 General Conference and
Amended by the 2016 General Conference and the
General Board of Pension and Health Benefits of
The United Methodist Church, Incorporated in Illinois (Wespath)
Effective January 1, 2017

COMPREHENSIVE PROTECTION PLAN

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COMPREHENSIVE PROTECTION PLAN

A CHURCH WELFARE BENEFITS PLAN
FOR CLERGY ASSOCIATED WITH A JURISDICTIONAL CONFERENCE OF
THE UNITED METHODIST CHURCH

ARTICLE I – THE PLAN

- 1.01 The Plan.** The General Conference of The United Methodist Church established a program providing certain benefits for participating clergy and their beneficiaries, effective as of January 1, 1982, that has been known as the Comprehensive Protection Plan (hereinafter referred to as the “Plan”). Effective January 1, 1997, the Plan was amended and restated. Effective January 1, 2002 the Plan was again amended and restated. Effective January 1, 2005, the Plan was again amended and restated. Effective January 1, 2007, the Plan was again amended and restated. Effective January 1, 2009, the Plan was again amended and restated. Effective January 1, 2012, the Plan was again amended and restated. Effective January 1, 2014 the Plan was again restated. Effective January 1, 2015, the plan was again amended and restated. Effective January 1, 2016 the Plan was again amended and restated. Effective January 1, 2017 (the “Effective Date”), General Conference 2016 amended the Plan as provided herein. This most recent statement of the Plan as amended constitutes the official plan document for the Plan.
- 1.02 Applicability.** The provisions set forth in this statement of the Plan are applicable only to those persons associated with a Jurisdictional Conference, or with the Puerto Rico Methodist Church, who initially met the requirements for participation in the Plan, or who were receiving a continuing benefit under the Plan, or who became due to receive a benefit under the Plan, on or after the Effective Date. The benefits previously provided under the Plan, prior to the Effective Date, were determined under the prior versions of the Plan. Except where provided otherwise in this Plan, the Plan provisions contained herein are effective on and after the Effective Date.

ARTICLE II – DEFINITIONS

Each word and phrase defined in this Article II shall have the following meaning whenever such word or phrase is capitalized and used herein, unless a different meaning is clearly required by the context of the Plan.

- 2.01 “Active Participant”** shall mean a Participant, other than a Retired Participant, who meets the eligibility requirements and who is enrolled in the Plan pursuant to the terms of Article III hereof.
- 2.02 “Administrator”** shall mean the General Board of Pension and Health Benefits of The United Methodist Church, Incorporated in Illinois, and any successors.
- 2.03 “Adoption Agreement”** shall mean the agreement executed by a Plan Sponsor in accordance with Article XI.
- 2.04 “Age”** shall mean the age of the Participant at the last birthday, except as otherwise noted herein.
- 2.05 “Approved Conference-Elective Extension Ministry List”** shall mean a list of extension ministries reported periodically to the Administrator by a Conference. By reporting any such extension ministry, a Conference agrees to make contributions for Clergypersons under episcopal appointment by that Conference’s bishop to that extension ministry. A Conference may add extension ministries to, or remove them from, the Approved Conference-Elective Extension Ministry List periodically as of a date specified from time to time by the Administrator during such reporting period as the Administrator may designate from time to time; but once an extension ministry is reported for the Approved Conference-Elective Extension Ministry List, it will remain on the list until it is removed, prospectively, by a Conference.
- 2.06 “Beneficiary”** shall mean the person(s) designated as set forth in Sections 9.04 or 9.05 who is receiving, or entitled to receive, a deceased Active Participant’s, a Retired Participant’s, or a Surviving Spouse’s residual interest in the Plan which is non-forfeitable upon, and payable in the event of, such Active Participant’s, Retired Participant’s, or Surviving Spouse’s death. A Beneficiary may be one or more legal persons, namely, individual(s), trust(s), estate(s) or other legal person(s).
- 2.07 “Book of Discipline”** (*The Book of Discipline*) shall mean the body of church law as established by the General Conference of The United Methodist Church, as amended from time to time.
- 2.08 “Church”** shall mean any local church, conference, board, agency, commission, organization, or unit eligible to participate in a “church plan,” as defined under Section 414(e) of the Code.

- 2.09** “**Clergy**” or “**Clergyperson**” shall mean a person who is (a) a bishop, (b) a clergyperson who is a member in full connection, a provisional member or an associate member, of a Conference, or (c) a full-time local pastor (as these terms are described in either Chapter Two or Three of *The Book of Discipline*).
- 2.10** “**Code**” shall mean the Internal Revenue Code of 1986, as amended from time to time.
- 2.11** “**Conference**” shall mean the following entities: (a) within a Jurisdictional Conference: an Annual Conference, Provisional Conference or Missionary Conference; or (b) the Puerto Rico Methodist Church.
- 2.12** “**Conference Average Compensation**” shall mean the Denominational Average Compensation, but computed by the Administrator with respect only to a specific Conference, and Clergypersons (not including Bishops or Clergy serving General Agencies) appointed to that Conference or its conference-responsible units or conference-controlled entities. Compensation will not be included in the computation of the Conference Average Compensation unless it is reported in a timely fashion to the General Board.
- 2.13** “**Conference Board**” and “**Conference Board of Pensions**” shall mean the Board of Pensions of a Conference.
- 2.14** “**Conference-Elective Entity**” shall mean any extension ministry (such as an agency, a camp, or a foundation) that is on a Conference’s Approved Conference-Elective Ministry List.
- 2.15** “**Contribution Base**” shall mean the Active Participant’s Plan Compensation for a Plan Year, not to exceed 200% of the Denominational Average Compensation.
- 2.16** “**Denominational Average Compensation**” shall be determined in accordance with the provisions of Section A2.44 of the Clergy Retirement Security Program (or any applicable successor plan or provision, as amended from time to time).
- 2.17** “**415 Compensation**” shall, with respect to any Participant, be determined in accordance with the provisions of the Clergy Retirement Security Program Section A2.31 (or any applicable successor provision), as amended from time to time.
- 2.18** “**Participant**” shall mean a Clergyperson who has become eligible to participate in the Plan and has been enrolled in the Plan, pursuant to Article III, and who is either: (a) an Active Participant, or (b) a Retired Participant.
- 2.19** “**Plan**” shall mean the Comprehensive Protection Plan which is maintained by The United Methodist Church, which is represented by this amended and restated plan document, and which includes certain death benefits and disability benefits.
- 2.20** “**Plan Compensation**” shall mean for an Active Participant the sum of the following amounts paid by his/her Salary-Paying Unit or Plan Sponsor for a Plan Year:

- a. the Participant's 415 Compensation, (including, in the case of a self-employed Clergy person, such Clergy person's 415 Compensation earned in the course of such self-employment), but not including any 415 Compensation paid to the Participant in lieu of Plan Sponsor-provided group health plan coverage, including coverage of the Participant's family members, as determined by the Plan Sponsor in accordance with procedures that may be established by the Administrator;
- b. cash excluded from taxable cash salary pursuant to Code Section 107(2); and
- c. when a parsonage is provided to the Participant as part of his or her compensation, 25% of the sum of: (i) Participant's 415 Compensation; and (ii) cash excluded from taxable cash salary pursuant to Code Section 107, as defined in Section 2.20b.

2.21 "Plan Sponsor" shall mean an entity that has adopted the Plan, pursuant to Article X, and that thereby is the source of Participants in the Plan, pursuant to Article III, and that is one of the entities described below:

- a. the General Council on Finance and Administration, if the Participant is a bishop;
- b. the Conference, if the Participant is a Clergy person under episcopal appointment serving that Conference or a Conference-Controlled Entity of that Conference;
- c. the general agency to which the Participant is appointed, if the Participant is appointed to serve a general agency that has a voting representative on the Committee on Personnel Policies and Practices which is a committee of the General Council on Finance and Administration; or
- d. the Salary-Paying Unit, if the Participant is classified in a category not described above. However, a Salary-Paying Unit that is an entity which is subject to the provisions of Code section 79(d) or is an entity other than an exempt organization described in Code section 501(c)(3) may not be a Plan Sponsor for clergy who are not full participants in the itinerant system of clergy service that is maintained by The United Methodist Church.

2.22 "Plan Year" shall mean the calendar year.

2.23 "Program" shall mean any of the benefit programs provided to Plan Sponsors and/or Participants hereunder, which include, but are not limited to, the disability benefit program under Section 5.04 and the death benefit program under Section 5.03.

2.24 "Retired Participant" shall mean any person who meets the requirements of Section 3.01d hereof.

2.25 "Salary-Paying Unit" shall mean one of the following units associated with The United Methodist Church:

- a. General Conference;

- b. a general agency of The United Methodist Church;
- c. a Jurisdictional Conference;
- d. a Conference;
- e. a Conference board, agency, or commission;
- f. a local church located in a Conference;
- g. a Clergy person under episcopal appointment who is his or her own Salary-Paying Unit by reason of being self-employed, but is treated as an employee of the Church within the meaning of Code Section 414(e)(5)(A)(i)(I) and the regulations promulgated thereunder;
- h. any other organization located in a Jurisdictional Conference which is eligible to participate in a church plan in accordance with applicable federal law; or
- i. any other entity to which a Clergy person under episcopal appointment is appointed.

2.26 **“Spouse”** shall mean a person who is in a marital relationship with a Participant (or with a Surviving Spouse) that is in accordance with the law of the jurisdiction in which the Spouse resides, except that a person who is a “common-law” spouse shall not be a Spouse, as that term is used herein. A person who is a Spouse, as defined above, shall still be a spouse even if the person is geographically or legally separated (but not yet divorced) from the person to whom he or she is married.

2.27 **“Surviving Spouse”** shall mean the widow or widower of a deceased Active Participant or Retired Participant who was married to the Participant on the date of the Participant’s death. To be a Surviving Spouse, a person must have been the “Spouse” of the Participant, as that term is defined above.

2.28 **“Trustee”** shall mean the UMC Benefit Board, Inc., and any successors.

ARTICLE III – PARTICIPATION

3.01 General Rule.

- a. Full-time participation. A person shall be an Active Participant in this Plan on a given date, subject to the rules for such persons described below, if, on such date, the person is eligible to participate in a “church plan,” as defined under Section 414(e) of the Code, and the person is:
- (1) a bishop of The United Methodist Church elected by a Jurisdictional Conference;
 - (2) a bishop of the Puerto Rico Methodist Church;
 - (3) a Clergy member (including a deacon) who is:
 - (i) in full connection,
 - (ii) a provisional member,
 - (iii) an associate member of a Conference, or
 - (iv) a clergy member or provisional member of an Other Methodist Denomination appointed to a Conference;
 - (4) a local pastor of The United Methodist Church or the Puerto Rico Methodist Church under episcopal appointment;
 - (5) a clergy member of a central conference who is appointed to a Conference or General Agency; or
 - (6) a clergyperson of another denomination and appointed to a charge of a United Methodist Church or the Puerto Rico Methodist Church if such person is not participating in a similar program of the denomination to which such person belongs;

provided that such person is (i) serving under full-time episcopal appointment and (ii) receiving Plan Compensation at least equal to 25% of the Denominational Average Compensation. Provided further that the Church contributions required under this Plan on such person’s behalf are not delinquent under Section 4.04 hereof, and that such person has satisfied the equivalent of either a certificate of good health or such other tests as provided for in Paragraph 315.6 of *The Book of Discipline*.

- b. Part-time Participation. A person described in Section 3.01a(1-6) above, but who is serving under episcopal appointment at three-quarters time and receiving Plan Compensation at least equal to 25% of the Denominational Average Compensation, shall be an Active Participant in this Plan on a given date, if the Plan Sponsor has

elected through its Adoption Agreement to cover the applicable three-quarters time appointments in the Plan.

- c. After the Effective Date, and subject to the rules herein, a person shall become an Active Participant in this Plan on the date of an assignment or appointment that meets the conditions of paragraph (a) or (b) above. A person who was already an Active Participant on the Effective Date shall continue to be an Active Participant, subject to the rules contained herein.
- d. A person who becomes an Active Participant shall continue to be an Active Participant until such person no longer meets the conditions of this Article III or becomes a Retired Participant.
- e. A person shall be a Retired Participant in this Plan if the individual:
 - (1) was an Active Participant in this Plan on or after January 1, 1987, and during such period of participation he or she retired and was eligible to receive a benefit on the date of retirement from the Clergy Retirement Security Program or, if serving a General Agency or extension ministry and not participating in the Clergy Retirement Security Program at the time of retirement, he or she retired at age 62 or older with at least 30 years of service, provided that (A) such person had been an Active Participant in this Comprehensive Protection Plan for at least nine (9) of the last 12 years immediately preceding such retirement, or (B) such person has or had been an Active Participant in this Comprehensive Protection Plan for at least 25 years. Effective for calendar years 2017, 2018 and calendar years after 2018, the nine (9) of the last 12 years requirement described in (A) will be replaced by 10 of the last 13 years, 11 of the last 14 years, and 12 of the last 15 years, respectively;
 - (2) was an Active Participant in this Plan prior to January 1, 1987, and during such period of participation retired and entered into an annuity under the Clergy Retirement Security Program;
 - (3) was receiving an annuity benefit on January 1, 1982, from a Conference and such person had lump-sum death benefit coverage from any such Conference on December 31, 1981 (and in the event a Conference did not have a death benefit plan on December 31, 1981, a person shall be a Retired Participant in this Plan on January 1, 1982, if on such date the person was receiving an annuity benefit from a Conference and such person received pension credit from any such Conference in the year the person entered into an annuity); or
 - (4) is a bishop elected by a Jurisdictional Conference who retired prior to January 1, 1982; or
 - (5) notwithstanding the above, was an Active Participant on December 31, 2016 (but is excluded from continued eligibility due to the amendment of Article III of the Comprehensive Protection Plan effective January 1, 2017) and as of

June 30, 2017:

(a) would be at least 60 years old, having been an Active Participant in this Comprehensive Protection Plan for any 8 of the 11 years immediately preceding June 30, 2017;

or

(b) would be at least 57 years old, having been an Active Participant in this Comprehensive Protection Plan for at least 20 years.

e. A Retired Participant under this Plan is eligible only for the Plan benefits that are expressly described in the Plan as pertaining to Retired Participants. The disability benefits described in Section 5.04 below are available for Active Participants and not for Retired Participants. Church contributions under Article IV below shall not be required to be made on behalf of a Retired Participant.

3.02 Exceptions.

a. A person described in Section 3.01a or 3.01b who is not eligible to continue as an Active Participant, may nevertheless do so for a limited time no greater than 12 months, as described below and in accordance with the Plan Sponsor's Adoption Agreement, if he or she receives an appointment to one of the following categories or is granted:

(1) sabbatical leave under ¶351 of *The Book of Discipline*,

(2) voluntary leave of absence under ¶353 of *The Book of Discipline*,

(3) attending school as a provisional member, or

attending school after having served under appointment (other than to attend school as a full or associate member), or

(4) medical leave under ¶356 of *The Book of Discipline* not approved for benefits from this Plan;

however, such person may continue to participate in the Plan for an additional 90 days beyond the 12-month limit described above if he or she is appealing the denial of a disability benefit claim pursuant to Section 8.09 of the Plan.

b. A person who has been an Active Participant and who begins to receive disability benefits under Section 5.04 below shall continue as an Active Participant, but only for the period during which the disability benefits are paid, and ending on the date as of which the last disability payment is owed. Church contributions under Article IV below shall not be required to be made on behalf of such a person during such a period of disability.

- c. A person described in Section 3.01a(3) who has received an appointment beyond the local church, to a Salary-Paying Unit for which the Conference does not assume Plan Sponsor responsibility, may become an Active Participant in the Plan only if his or her Salary-Paying Unit has made arrangements with the Administrator, pursuant to an appropriate Adoption Agreement, to enroll persons in that category into the Plan, and the Salary-Paying Unit then enrolls such person in the Plan; i.e. the Salary-Paying Unit adopts the Plan as a Plan Sponsor.

3.03 [Reserved]

3.04 Mistaken Participation.

- a. Inclusion of Ineligible Clergy. If any person who should not have been enrolled as a Participant in the Plan is erroneously enrolled, that person shall have no right to benefits under the Plan.
 - (1) The Administrator shall send a written notice to any such person, informing him or her that the inclusion in the Plan was erroneous and that there is no right to any benefits.
 - (2) If the discovery of any such erroneous inclusion occurs after contributions have been made to the Plan with respect to such a person, the amounts contributed shall constitute a mistake of fact and shall be returned (unless benefit payments have been made from the Plan with respect to such a person, in which case no such amounts shall be returned unless and until the Administrator obtains reimbursement of such mistaken payments).
 - (3) If the discovery of any such erroneous inclusion occurs after benefit payments have been made from the Plan with respect to such a person, the Administrator shall have the right to obtain reimbursement of such mistaken payments from the recipient of such payments.
- b. Omission of Eligible Clergy. If any person who should have been enrolled as a Participant in this Plan is erroneously omitted, that person shall not have any rights under the Plan until he or she is properly enrolled.
 - (1) If the discovery of the omission is made before the contributions for such person would have been due, had the person been properly enrolled, the person shall be allowed to enroll retroactively.
 - (2) If the discovery of the omission is not made until after the contributions for such person would have been due, had the person been properly enrolled, the person shall be allowed to enroll retroactively, subject to the payment of a fee determined by the Administrator.

ARTICLE IV – CHURCH CONTRIBUTIONS

4.01 Church Contributions.

- a. The annual Church contribution on behalf of an Active Participant who is enrolled under Section 3.01 or Section 3.02 above shall be equal to 4.4% of such Active Participant's Contribution Base for that Plan Year.
- b. One-twelfth of this annual Church contribution shall be payable to the Plan for each month of coverage provided under the Plan, and the due date for each monthly payment shall be the last day of each such month.
- c. The Administrator may, in its sole discretion, reduce the percentages specified in Section 4.01a, provided that any such reduction is in accordance with and justified by commonly accepted actuarial principles and practices. Any such reduction shall not affect the Administrator's right to subsequently increase the percentages, up to the amounts specified in Section 4.01a, at any time.

4.02 Source of Contributions. Except as provided in Section 4.03 below, the obligation to make the Church contribution on behalf of such an Active Participant shall fall upon, and be restricted to, the applicable unit as follows.

- a. The local church, if the Active Participant is serving a local church.
- b. The applicable Conference, if the Active Participant is a district superintendent or a Conference staff member.
- c. The General Council on Finance and Administration from the Episcopal Fund, if the Active Participant is a bishop.
- d. The applicable general board or agency, if the Active Participant is on the payroll of a board or agency.
- e. The applicable Conference or local church, if the Active Participant is appointed to sabbatical leave or to attendance at school.
- f. The Active Participant's Plan Sponsor, if the Active Participant is other than described in items (a) through (e) above.

4.03 Alternative Sources. The following alternative sources of Church contributions shall also be permissible:

- a. The applicable Plan Sponsor, in the case of Active Participants in items (a) and (b) in Section 4.02 above, or the applicable unit, in the case of Active Participants in items (c), (d), (e), or (f), may annually elect to require each Active Participant for that Plan Sponsor or unit to contribute an amount up to 1% of such Active Participant's Contribution Base. Any contributions made pursuant to this section

4.03a shall be counted toward meeting the required Church contribution under Section 4.01a.

- b. If appropriate contributions are not remitted to the Plan by the responsible party listed in items (a) or (e) in Section 4.02 above, and the Administrator sends a written notice to the relevant Plan Sponsor regarding the overdue contributions, then the contributions owed shall also be the responsibility of the Plan Sponsor.
- c. A Conference may annually elect to have the contributions for the entities described in items (a), (b) and (e) in Section 4.02 above contributed monthly to the Plan through such Conference pursuant to a system of collection determined by the Conference. In such a case, the amount required for each Active Participant shall be credited to the Plan monthly and the Conference charged accordingly.

4.04 Delinquent Contributions.

- a. In the event that any significant portion of the Church contributions that are required under this Article IV on behalf of any person are in arrears, the following provisions shall apply:
 - (1) If the required contributions are more than 30 days in arrears, the participation of, and the benefits related to, any such person under this Plan shall be suspended, until arrangements have been made for the resumption and retroactive payment of the contributions in a manner satisfactory to the Administrator.
 - (2) If the required contributions are more than six consecutive calendar months in arrears, the participation of, and the benefits related to, any such person under this Plan shall be terminated, as of the last day of that six-month period, until arrangements have been made for the resumption and retroactive payment of the contributions pursuant to Section 4.04c below.
- b. If the death of a Participant occurs within the first 180 days of his or her participation, and the Salary-Paying Unit has failed to make any Church contributions on behalf of such Participant during that time, all Plan benefits will be withheld until the required contributions are paid.
- c. When the participation of, and the benefits related to, any person under this Plan have been terminated due to an arrearage described in Section 4.04a(2) above, the termination shall remain in effect until: (1) the overdue Church contributions for the period of Plan coverage leading up to the termination have been paid, (2) the current month's contribution, for the renewed Plan coverage has been paid, and (3) evidence of good health has been established by the Participant. Such evidence of good health will be established by the submission of a medical report which demonstrates to the Administrator that the individual is then in a state of good health. Following any such reinstatement after any such suspension, a new 180-day waiting period, as provided for in Section 5.04a, shall become effective before the Active Participant will be eligible to receive disability benefits.

4.05 Protection Benefit Trust. Church contributions pursuant to this Article IV shall be credited, as of the date of receipt by the Plan, to the Protection Benefit Trust. Said Trust shall be maintained and invested by the Trustee to provide for the benefits and the expenses of administration hereunder such that the Trust is for the exclusive benefit of the Participants of the Plan and their Beneficiaries.

ARTICLE V – PROTECTION BENEFITS

5.01 Minimum Surviving Spouse Annuity Benefits.

- a. The Surviving Spouse of an Active Participant who dies prior to entering into an annuity under the Clergy Retirement Security Program shall be entitled to a single-life annuity in an annual amount equal to (1) less (2), where:
 - (1) is 20% of the Denominational Average Compensation in effect on the date of the Active Participant's death, and
 - (2) is the annuity benefit (calculated as a single-life annuity increasing 2% annually, regardless of the annuity form actually paid) payable from the Clergy Retirement Security Program and from all other Church-related sources including the annuity equivalent value of account balances in the Ministerial Pension Plan, pension benefits for service prior to January 1, 1982, and the annuity equivalent value of account balances in the United Methodist Personal Investment Plan that are attributable to Plan Sponsor contributions. Social Security benefits are not considered.
 - (3) Effective January 1, 1989, the amount of the benefit payable under (a) to persons receiving such benefits on that date shall be based upon an amount at least equal to 20% of the Denominational Average Compensation for 1989 less (2) above.
- b. The amount of any benefit payable under paragraph (a) above shall be increased by 2% on July 1 of each year through 1988, provided the benefit was in effect on the previous December 31. Effective January 1, 1990, this percentage increase shall be 3% on the anniversary date of the first payment of benefits.
- c. Any benefit payable under this Section 5.01 shall cease upon the remarriage of the Surviving Spouse. The benefit shall be reinstated effective the first day of the month following receipt by the Administrator of evidence that such remarriage has dissolved either by death or legal process.
- d. Notwithstanding the terms of Section 5.01c, on and after January 1, 2009, any benefit payable under this Section 5.01 shall not cease if a Surviving Spouse remarries. In addition, beginning January 1, 2009, benefits may be reinstated for a Surviving Spouse who had his or her benefit payable under this Section 5.01 terminated on account of remarriage pursuant to Section 5.01c, above, effective prospectively the first day of the month following receipt by the Administrator of a request for such reinstatement. In no event will the Administrator be under any obligation to pay retroactive benefits to Surviving Spouses affected by the remarriage limitations of Section 5.01c. Furthermore, the Administrator will not have any obligation to reinstate benefits under this Section 5.01d in the absence of a request from the Surviving Spouse.

5.02 Surviving Children Benefits.

- a. In the event of the death of an Active Participant or a Retired Participant, the surviving natural and adopted children of such Active Participant or Retired Participant shall be entitled to the benefits described in this Section 5.02 (to the extent that they meet the requirements described below), provided that, in the case of adopted children of a Retired Participant, the date of legal adoption must have preceded the date of the Retired Participant's retirement.
- b. Any child under age 18 years who is described in paragraph (a) above shall receive, in monthly installments, an annual benefit of 10% of the Denominational Average Compensation in effect on the date of the Active Participant's or Retired Participant's death. The payment of this monthly amount will continue up to, and including, the month in which the child attains age 18.
- c. Any child age 18 years or older, but under age 25 years, who is described in paragraph (a) above shall be eligible to receive an annual educational benefit, as described below, equal to the specified percentage of the Denominational Average Compensation in effect on the later to occur of the date of death of the Active Participant or Retired Participant or the date such child attains age 18 years.
 - (1) Ten percent (10%) of Denominational Average Compensation is payable for each year during attendance as a full-time student at a secondary school. The annual benefit shall be payable in monthly installments.
 - (2) Twenty percent (20%) of Denominational Average Compensation is payable for each academic year (not to exceed four years) that the child is in full-time attendance at a university, college, vocational school, or other postsecondary educational institution up to age 25 years. If such child completes the secondary education level and enrolls in an institution of higher education prior to attaining age 18 years, the educational benefit may be effective at the time of such enrollment and shall be based on the Denominational Average Compensation in effect on the date of such enrollment. The annual benefit shall be paid in equal installments, not to exceed four per academic year, to match the academic calendar of post-secondary school attended, e.g. semesters, trimesters, or quarters. The first installment shall be paid before the start of the first academic time period of the academic year provided that the Administrator has received a certificate of enrollment pursuant to subsection (3) below. The second and any other successive installments for each academic year shall be paid at the close of each academic time period once the Administrator has received evidence of an average of passing grades or marks for the coursework completed in that academic time period.
 - (3) Satisfactory certificate of enrollment and attendance in secondary school, post-secondary school or college shall be provided periodically, as required by the Administrator, in order for any such educational benefit to be paid, as shall evidence of passing average grades or marks to progress toward graduation or successful completion of course of study.

- d. The amount of any benefit payable under this Section 5.02 shall be increased by 2% on July 1 of each year through 1988, provided the benefit was in effect on the previous December 31. Effective January 1, 1990, this percentage increase shall be 3% on the anniversary date of the first payment of benefits. Effective January 1, 1989, the amount of the benefits payable under Sections 5.02b and 5.02c to persons receiving such benefits on that date shall be based upon the Denominational Average Compensation for 1989.

5.03 Death Benefits.

- a. In the event of the death of an Active Participant or a Retired Participant, death benefits shall be payable in accordance with the provisions of this Section 5.03.
- b. Active Participants who are receiving disability benefit payments in accordance with Section 5.04 shall continue to be eligible for the death benefit coverage set forth in this Section 5.03.
- c. An Active Participant who ceases to be an Active Participant for any reason other than retirement shall continue to be eligible for this death benefit coverage, as if he or she was still an Active Participant, for a period of 31 days following the date on which participation was terminated.
- d. Upon the death of an Active Participant or a Retired Participant eligible for death benefit coverage hereunder, a benefit shall be paid as follows:
 - (1) For an Active Participant, the benefit shall be \$50,000.
 - (2) For a Retired Participant, who has retired on or before December 31, 2012, the benefit shall be 30% of the Denominational Average Compensation in effect at the time of death. For a Retired Participant, who has retired on or after January 1, 2013, the benefit shall be \$20,400.
- e. A benefit payable due to the death of an Active Participant shall be paid to the Beneficiary in a single sum, unless the Beneficiary elects to have the benefit paid in 12 equal monthly installments. A benefit payable due to the death of a Retired Participant shall be paid to the Beneficiary in a single-sum. Any benefit payable to the estate of a deceased Participant shall be paid in a single sum.
- f. Upon the death of the Spouse of an Active Participant eligible for death benefit coverage hereunder, a single-sum spouse death benefit equal to 20% of the Denominational Average Compensation at the time of death shall be paid to the Participant. Upon the death of a Spouse of a Retired Participant, who has retired on or before December 31, 2012 and is eligible for death benefit coverage hereunder, a single-sum spouse death benefit equal to 20% of Denominational Average Compensation at the time of death shall be paid to the Participant. Upon the death of a Spouse of a Retired Participant, who has retired on or after January 1, 2013 and is eligible for death benefit coverage hereunder, a single-sum spouse death benefit equal to \$15,300 shall be paid to the Participant.

- g. Upon the death of: (1) a Surviving Spouse of a deceased Active Participant or deceased Retired Participant, who retired on or before December 31, 2012, (2) a Surviving Spouse who was receiving a pension benefit from a Conference on December 31, 1981, or (3) a Surviving Spouse of a bishop elected by a Jurisdictional Conference or the Puerto Rico Methodist Church, a death benefit shall be payable as follows. The benefit shall be a single-sum Surviving Spouse death benefit equal to 15% of the Denominational Average Compensation at the time of death, and it shall be paid to the Beneficiary. Upon the death of a Surviving Spouse of a deceased Retired Participant, who retired on or after January 1, 2013, a single-sum death benefit equal to \$10,200 shall be payable to the Surviving Spouse's Beneficiary.
- h. Any death benefit payable to a Beneficiary shall be paid pursuant to the rules regarding Beneficiaries contained in Sections 9.04 and 9.05, as applicable.
- i. Upon the death of a Child of an Active Participant, deceased Active Participant, Retired Participant, or deceased Retired Participant, who retired on or before December 31, 2012, and such Participant is, or was at the time of his or her death, eligible for death benefit coverage hereunder, and upon the receipt of a death certificate for the Child:
 - (1) if the Participant survives the Child, a single-sum death benefit equal to 10% of the Denominational Average Compensation at the time of death shall be paid to the Participant; or
 - (2) if the Participant predeceases the Child, a single-sum death benefit equal to 10% of the Denominational Average Compensation at the time of death shall be paid, in the following order of preference, to either:
 - (i) the Surviving Spouse of the deceased Participant, if the Surviving Spouse was the guardian of the Child at the time of the Child's death, or if the deceased Child was dependent upon the Surviving Spouse; or
 - (ii) the guardian of the deceased Child, if any; or
 - (iii) the person paying the funeral expenses of the deceased Child.

Upon the death of a Child of a Retired Participant or deceased Retired Participant, who retired on or after January 1, 2013, and such Participant is, or was at the time of his or her death, eligible for death benefit coverage hereunder, and upon receipt of a death certificate for the Child:

- (3) if the Participant survives the Child, a single-sum death benefit equal to \$8,160 shall be paid to the Participant; or
- (4) if the Participant predeceases the Child, a single-sum death benefit equal to \$8,160 shall be paid, in the following order of preference, either:

- (i) the Surviving Spouse of the deceased Participant, if the Surviving Spouse was the guardian of the Child at the time of the Child's death, or if the deceased Child was dependent upon the Surviving Spouse; or
 - (ii) the guardian of the deceased Child, if any; or
 - (iii) the person paying the funeral expenses of the deceased Child.
- j. For purposes of Section 5.03i above, the term "Child" shall mean a person who is a natural or legally adopted child of an Active Participant or Retired Participant and who, at the time of his/her death satisfies one of the following:
 - (1) was under age 19; or
 - (2) was age 19 or older, and was dependent upon the Participant or upon the Surviving Spouse of the Participant due to a behavioral or physical disability that existed prior to age 19; or
 - (3) was receiving a Surviving Child benefit in accordance with Section 5.02.
- k. For any death benefit that is payable upon the death of a Participant, the benefit shall not be paid until the relevant Conference or Plan Sponsor delivers a written notice to the Administrator confirming the death of the Participant. For any death benefit that is payable upon the death of a Surviving Spouse or a Child, the Administrator may accept a death certificate from the Beneficiary in lieu of such a written notice.
- l. On January 1, 2017, and on January 1 every fourth year thereafter, the Administrator shall adjust the fixed-dollar death benefits for Retired Participants and their Children and Surviving Spouses in Sections 5.03d(2), 5.03f, 5.03g, and 5.03i, by increasing those amounts by no more than 2% rounded to the next highest \$100, to reflect the rate of inflation over the four-year period as indicated by the consumer price index (CPI) published by the U.S. Bureau of Labor Statistics of the Department of Labor.
- m. In paying death benefits under this Section 5.03, the Administrator may rely on the small estate statute in the state in which the deceased Participant, Retired Participant or Surviving Spouse resided or in which probate is being adjudicated; provided that the heir or heirs (claimants) submit affidavits in accordance with such state law and agree to indemnify and hold harmless the Administrator and its agents.
- n. Forfeiture of Death and Survivor Benefits. Notwithstanding anything to the contrary herein, any benefits payable under this Section 5.03 or Section 5.01 or Section 5.02 of the Plan, because of the death of any individual (Active Participant, Retired Participant, Spouse, Surviving Spouse, or child) i.e., a decedent ("Decedent" for purposes of this subsection), shall not be payable to any claimant, whether Active Participant, Retired Participant, Spouse, Surviving Spouse, or child (Intended Recipient) who is convicted of intentionally killing the

Decedent or determined in a civil proceeding to have intentionally killed the Decedent. Benefits are not payable to such Intended Recipients even though a criminal conviction or civil determination is pending appeal. Benefits under Section 5.03 not payable to one or more Intended Recipients under this subsection shall be payable, as determined by the Administrator in its sole discretion, to the following person or persons who are surviving on the date of the Decedent's death in the following order of precedence, provided such person or persons are not disqualified under this subsection, in which case the Administrator will treat such person or persons as having predeceased the Decedent.

- (1) To the next eligible Beneficiary designated by the Decedent in a writing received by the Administrator before the Decedent's death; or
- (2) To the duly appointed executor or administrator of the Decedent's estate.

During the pendency of any criminal or civil proceedings against an Intended Recipient related to this subsection, the Administrator, in its discretion, may suspend payment of any death and survivor benefits under Sections 5.01, 5.02 and 5.03 of the Plan and await the outcome of criminal or civil proceedings. Payment of any death or survivor benefits by the Administrator under this subsection to any person listed above shall bar recovery of those benefits or proceeds by any other person.

5.04 Disability Benefits.

- a. Eligibility. An Active Participant who becomes disabled as defined in paragraph (b) below shall be entitled to a disability benefit under this Section 5.04 (and shall thereby continue to have the status of an Active Participant) under the following conditions:
 - (1) If the disability results from sickness:
 - (i) the Active Participant must have been an Active Participant for at least 180 days before the date that the disability is determined to have initially occurred; and
 - (ii) no disability benefit shall be payable in the event that the Active Participant becomes disabled within the two-year period beginning on the date that he or she first became an Active Participant, and as the result of any pre-existing conditions. A pre-existing condition is any condition of health or sickness for which the Active Participant received medical treatment or consultation within 365 days prior to the date the person became an Active Participant, and which then is the condition (or is related to the condition or is the cause of the condition) that is the basis for the claim for disability benefits under the Plan. No condition will be considered pre-existing if the disability is determined to have begun after the end of the two-year period.

- (2) If the disability instead results from an accident, as determined by the Administrator, disability benefits shall be payable without regard to the passage of the 180-day period referenced in subsection (1)(i) above.
- (3) If the disability results from sickness but the Active Participant has been enrolled for coverage through another long-term disability benefits plan maintained by the Plan Administrator without a break in coverage of more than 30 days; and provided the coverage under the other long-term disability plan combined with the coverage under this Plan is equal to at least 180 days with respect to subsection (1)(i) above or twenty-four months with respect to subsection (1)(ii) above; then disability benefits shall be payable without regard to the passage of the 180-day period described in section (1)(i) above, and without regard to the two-year period described in subsection (1)(ii) above.
- (4) No disability benefits shall be payable for any period of time when the Active Participant is still receiving a salary from his/her Salary-Paying Unit.
- (5) Even if a disabled person is otherwise eligible to receive disability benefits under this Section 5.04, no disability benefit shall be approved:
 - (i) for a disabled person who submits his or her application for benefits within 180 days of his or her disability date as determined by the Administrator, on a retroactive basis for any period of time in excess of 365 days from the date the payment of disability benefits is approved, or
 - (ii) for a disabled person who submits his or her application for benefits more than 180 days but no more than 365 days after his or her disability date as determined by the Administrator, on a retroactive basis for any period of time more than 180 days after the disability date as determined by the Administrator.

In addition, even if a disabled person is otherwise eligible to receive disability benefits under this Section 5.04, to actually receive such benefits he or she (or his or her representative) must submit a written application for such benefits to the Administrator within 365 days from the date that his or her disability is determined to have begun.

- (6) No disability benefits shall be payable under this Section 5.04 for any person who, on the date that his or her disability is determined to have begun, was: (i) a Retired Participant, or (ii) not an Active Participant still receiving taxable cash salary from his or her Salary-Paying Unit or Plan Sponsor.

- b. (1) Definition of Disability. A Participant will be considered disabled for purposes of the Plan as of the date the Administrator determines, on the basis of medical evidence, that such person is unable to perform the usual and customary duties of a United Methodist Clergy person by reason of a bodily injury, a disease, or a behavioral illness or disorder, that, in any of these cases, the Administrator determines is expected to last for at least six continuous months, exclusive of any disability resulting from:
- (A) service in the armed forces of any country;
 - (B) warfare;
 - (C) intentionally self-inflicted injury; or
 - (D) participation in any criminal or unlawful act.

In addition, after having received disability benefit payments from the Plan or 24 consecutive months, the Participant shall be considered disabled only if he or she is unable to engage in substantially all of the usual and customary duties pertaining to any employment for remuneration or profit in any occupation for which he or she is reasonably qualified by training, education, or experience. The Administrator shall have the responsibility for determining whether a person has incurred a disability, and, before approving payment of any disability benefit, may require medical proof of such disability including, but not limited to, a requirement that the person submit to medical examination at the request of the Administrator. The Plan shall pay all reasonable medical fees, as determined by the Administrator, for any medical examinations requested more frequently than annually.

- (2) Proof of Claim. Proof of claim for disability benefits must show:
- (A) that the claimant is under the regular care of a physician;
 - (B) the appropriate documentation of the claimant's monthly earnings;
 - (C) the date the disability began;
 - (D) the cause of the disability;
 - (E) the extent of the disability, including restrictions and limitations preventing the claimant from performing the usual and customary duties of a United Methodist Clergy person (or, after 24 consecutive months of disability payments, substantially all of the usual and customary duties pertaining to any employment for remuneration or profit in any occupation for which the claimant is reasonably qualified by training, education or experience; and

- (F) the name and address of any hospital or institution where the claimant received treatment, including all attending physicians.

The Administrator may request that a claimant send proof of continuing disability indicating that the claimant is under the regular care of a physician. The proof must be received within 60 days of a request by the Administrator for initial claims or 90 days of a request by the Administrator for ongoing claims. In some cases, the claimant will be required to give the Administrator authorization to obtain additional medical information and to provide non-medical information as part of a claimant's proof of claim (or proof of continuing disability). The Administrator will deny a claim, or stop payment of benefits, if the appropriate information, i.e. proof of claim is not submitted within 60 days or 90 days of any request, as applicable.

- c. Amount and Payment of Disability Benefit. The Administrator shall grant disability benefits to an Active Participant under this Plan who is determined by the Administrator to be disabled pursuant to Section 5.04b above, as follows:
 - (1) General Amount. An annual disability benefit, payable in monthly installments, shall be paid from the Protection Benefit Trust to the Participant in an amount equal to 70% of the annualized Plan Compensation for that Participant for the Plan Year in which the first payment becomes due and effective (with the annualized Plan Compensation calculated as of the effective date of that first payment).
 - (i) Benefits Approved Before January 1, 2002. Any persons already receiving a disability benefit before January 1, 2002 shall continue to receive the amount previously awarded to them, which was based on 40% of the Denominational Average Compensation for the Plan Year in effect on the date of first payment (as adjusted for the increases provided in Section 5.04c(3) below), for as long as they remain disabled or otherwise eligible under other provisions of the Plan.
 - (ii) Benefits Approved January 1, 2002 through December 31, 2016. Any persons already receiving a disability benefit before January 1, 2017 shall continue to receive the amount previously awarded to them, which was based on 70% of Plan Compensation for the Plan Year in effect on the first payment subject to certain reductions and offsets and limits to those reductions and offsets, i.e., a general benefit floor of 40% of the Denominational Average Compensation, for as long as they remain disabled or otherwise eligible under other provisions of the Plan.
 - (iii) The Plan Compensation that is considered for this disability benefit

shall be limited to an amount that is not greater than 200% of the Denominational Average Compensation for the Plan Year in which the Plan Compensation is being determined.

- (iv) This disability benefit is subject to the reductions and offsets described in Section 5.04c(7), Section 5.04c(8), and Section 5.04c(9).
- (2) Retirement Contribution. In addition, during the Participant's disability, an annual allocation from the Protection Benefit Trust, made in monthly installments, shall be credited to the Participant's defined contribution account in the applicable clergy retirement plan maintained by the Administrator in an amount equal to the Plan Sponsor's nonmatching and matching contribution obligations with respect to the Participant, limited in aggregate to no greater than 3% of the Participant's compensation as defined by the applicable clergy retirement plan, including any increases, imputed or otherwise, to such compensation as determined under the applicable clergy retirement plan. Notwithstanding the foregoing, any allocation described in this Section 5.04(c)(2) shall cease for any Participant who (i) is retired pursuant to ¶357.3 of *The Book of Discipline* or (ii) severs his or her Conference relationship by honorable location or administrative location as described in ¶358 and ¶359 of *The Book of Discipline*, or terminates or has terminated his or her Conference relationship in any manner, thereby ceasing to be a member of the Conference as of the date of such termination.
 - (3) Annual Increases. The resulting dollar amount of the benefits payable in accordance with Section 5.04c(1) above shall be increased by 2% on July 1 of each year through 1988, provided the benefit was in effect on the previous December 31. Effective January 1, 1990, this percentage increase shall be 3% on the anniversary date of the first payment of the disability benefit and annually thereafter, provided the benefit was in effect on the previous December 31. Effective January 1, 1989, the amount of the benefit payable under (1) and (2) to persons receiving disability benefits on that date shall be based upon the Denominational Average Compensation for 1989. As of the Effective Date, the amount of the benefit payable to persons receiving benefits immediately prior to that date shall be the greater of: (i) the amount based on the Denominational Average Compensation in effect as of the Effective Date, or (ii) the existing disability benefit.
 - (4) Beginning Date. The effective date for the resulting disability benefit payments for a given Participant shall be the first day of the month beginning on or following the date of the Participant's initial loss of income, due to his or her disabling condition, and this date will be determined by the Administrator. The determination of eligibility for the disability payments will not be influenced by any determinations by the Participant's Conference or Salary-Paying Unit or Plan Sponsor as to the

starting date for any “incapacity leave” or related status for the Participant.

- (5) **Payment Dates.** The actual payment of disability benefits for a given Participant will begin as soon as practicable. The ongoing payments of benefits will be made as of the first day of each applicable month.
- (6) **Partial Years.** In the event that the effective date and/or the date of discontinuance of disability benefit payments hereunder for a given Participant occurs other than on January 1 of the Plan Year, the amount of the annual disability benefit otherwise owed for that initial or final year shall be prorated based upon the number of days of disability during the Plan Year.
- (7) **Social Security Offset.** The disability benefit payable under this Section 5.04 shall be reduced on a dollar-for-dollar basis by any benefits received by the Participant under the Social Security Act with regard to his or her disability (unless the Social Security benefits are forwarded to the Plan).
 - (i) The amount of this reduction will be based on the total benefit payable with regard to the Participant under the Social Security Disability Insurance Program, including amounts payable to the Participant and amounts payable to his or her spouse or children (including any common-law spouse).
 - (ii) The amount of this reduction will include a reduction for any retroactive awards of Social Security disability benefits (unless the benefits are forwarded to the Plan). To the extent requested by the Administrator, the Participant shall have an obligation to reimburse the Plan for the amount of any overpayment of disability benefits from the Plan that results from any retroactive awards of Social Security disability benefits.
 - (iii) To effectuate these provisions on Social Security disability payments, the Participant shall take all needed steps to obtain such Social Security benefits. The Administrator may supply the Participant with such aid as it deems appropriate with regard to the Participant’s application for Social Security benefits. The Participant shall supply the Administrator with all relevant information that is requested regarding his or her eligibility and application for such Social Security benefits, whenever it is requested. If a Participant fails, without good cause, to furnish such information, the disability benefits otherwise payable to the Participant from the Plan may be suspended (and ended), pursuant to Section 5.04d(5) below.
 - (iv) If the Participant does not receive such Social Security benefits, for the reasons described in Section 5.04c(7)(v) below, then the benefit payable under this Section 5.04 shall still be reduced, on a

similar dollar-for-dollar basis, by looking to the imputed benefits that the Participant would have received under the Social Security Act. For this purpose, it will be assumed that: (a) the Participant would have had his or her application for Social Security disability benefits approved, (b) the Participant would have received the maximum benefits available under Social Security for that Participant's circumstances and level of compensation, and (c) there would not have been any retroactive award of Social Security benefits.

(v) For the application of the reduction described in item (iv) above, it will be assumed that the payment of imputed amounts began: (a) immediately after the date the Participant refused to apply for Social Security benefits, if the Participant has refused to apply, or (b) six months after the date the Participant's disability was determined by the Administrator to have commenced, if the Participant has elected under Code Section 1402(e) not to be covered by Social Security. The Administrator shall begin applying the reduction described in Section 5.04c(7)(iv) above, after 12 months of disability benefit payments to the Participant, in all cases where the Participant has applied for Social Security benefits. The application of this offset will reduce the likelihood of a substantial overpayment to the Participant as a result of a retroactive award of Social Security benefits. In the event that the Administrator applies this offset and the Participant is denied benefits under the Social Security Act (for reasons other than those in clause (b), e.g., an election under Code Section 1402(e)), the Administrator shall make the Participant whole for this applied offset.

(8) Other Income Offset. After the application of the Social Security reduction described above in Section 5.04c(7), the amount of the disability benefit payable under this Section 5.04 shall also be reduced as described below.

(a) During the first 24 months of disability, the disability benefit payable shall be reduced on a dollar-for-dollar basis when the sum of the amounts specified in items (i), (ii), (iii), (iv) and (v) below exceeds 100% of the Plan Compensation of the Participant at the time the disability occurred, as increased annually by 3%.

(b) After the first 24 months of disability, the amount of the disability benefit payable under this Section 5.04 shall be reduced on a fifty cents on the dollar basis (\$0.50) when the sum of the amounts in items (i), (ii), (iii), (iv) and (v) below exceeds 70% of the Plan Compensation of the Participant at the time the disability occurred, as increased annually by 3%; and the amount of disability benefits payable shall be reduced on a dollar-for-dollar basis when the sum of the amounts in items (i), (ii), (iii), (iv) and (v) exceeds 100% of Plan Compensation of the Participant at the time the disability

occurred, as increased annually by 3%. The amount of this reduction shall be the amount by which the sum of items (i), (ii), (iii), (iv) and (v) exceeds the amount described in (a) or (b) as applicable.

- (i) The amount of gross income resulting from earned income of the Participant, or from payments received by the Participant that, by their nature, are a substitute for earned income. The sources of gross income are limited to: (a) compensation for services, including fees, commissions and similar items, and gross income derived from a business, as provided in section 61(a) of the Code; (b) compensation payments received from Worker's Compensation Insurance in respect to lost earnings; (c) payments received from any branch of the United States Armed Forces, excluding veteran's disability compensation and pension benefits; (d) payments received from any other agency of the United States Government;—(e) payments received from any State of the United States, in respect to disability; and (f) disability benefits payable under this Plan. Notwithstanding the foregoing, the Plan Administrator will not reduce a Participant's disability benefits under this Section 5.04c(8) by amounts that a Participant receives from a Plan Sponsor in lieu of coverage in a group health plan, for the Participant or his or her family, even if such amount is considered taxable income or compensation for services.
- (ii) The amount that the Participant received as retirement benefits, or the amount that the Participant's spouse and children received as retirement benefits because of the Participant's receipt of retirement benefits under the Social Security Act.
- (iii) The amount of the reduction for Social Security disability benefits as described in Section 5.04c(7).
- (iv) The above amounts (other than the disability benefits payable under this Plan) shall constitute the "Other Income Benefits" referred to below.
- (v) If a Participant engages in a return to work program employment under Section 5.04f of the Plan during the time that he or she is receiving disability payments under the Plan, and is actively participating in a return to work program approved by the Administrator at that time, the earnings from such employment shall be a part of the Other Income Benefits on the following basis:

- A. During the first 24 months of disability payments, only 50% of such earnings shall be included in the Other Income Benefits.
 - B. After the first 24 months, 100% of such earnings shall be included in the Other Income Benefits.
 - (vi) To enable the Administrator to make all of these calculations, the Participant shall supply all relevant information and documentation that is requested, whenever it is requested. If a Participant fails, without good cause, to furnish such information or documentation, the disability benefits otherwise payable to the Participant may be suspended (and ended), pursuant to Section 5.04d(5) below.
 - (9) Other Disability Grants. In addition, the disability benefit payable to a Participant under this Section 5.04 shall be reduced on a dollar-for-dollar basis by the amount of any grant of disability benefits that the Participant receives from his or her Conference. In the event of any such reduction, the Administrator may reimburse the payor for the amount of the grant.
 - d. Discontinuance of Disability Benefits. A Participant's disability benefit will be payable pursuant to paragraph (c) above, subject to the following:
 - (1) Medical Examinations. If the Participant refuses to submit to a medical examination or deliver any related documentation that, in either case, is requested by the Administrator for purposes of verifying the continuance of disability, the disability benefits otherwise payable to the Participant may be suspended (and ended), pursuant to Section 5.04d(6) below.
 - (2) Medical Treatment. If the Administrator determines the Participant is not under the Appropriate Available Treatment as defined below, the disability benefits otherwise payable to the Participant under the Plan may be suspended (and ended), pursuant to Section 5.04d(5) below. Regardless of the type of disabling condition, a physician who is a member of the Participant's family is not an acceptable treating physician. For this purpose, a member of the family shall include parents and stepparents, children and stepchildren, spouses, former spouses, siblings and step-siblings, mothers-in-law, fathers-in-law, brothers-in-law, sisters-in-law, grandparents, uncles, aunts and cousins.
 - (A) "Appropriate Available Treatment" means care or services which are:
 - (i) generally acknowledged by Physicians to cure, correct, limit, treat or manage the disabling condition;
 - (ii) accessible within a reasonable geographic area of the Participant;

- (iii) provided by a physician who is licensed and certified by the American Board of Medical Specialties or the American Board of Physician Specialties (osteopaths) and qualified in a discipline suitable to treat the disabling injury or sickness; and
- (iv) in accordance with generally accepted medical standards of practice.

(B) In addition, “Appropriate Available Treatment” with respect to a Mental Illness (as defined below) means care or services which are:

- (i) generally acknowledged by Psychiatrists and Psychologists to cure, correct, limit, treat or manage the disabling condition; utilizing both psychotherapy and psychopharmacology modalities when indicated, occurring with a regular frequency, as defined by accepted guidelines, as long as the condition is significantly decreasing capacity, including the obtaining of second opinions when there is little clinical improvement after six months;
- (ii) accessible within a reasonable geographic area of the Participant;
- (iii) provided by a provider who is a licensed psychologist, psychiatrist, or both; and
- (iv) in accordance with generally accepted American Psychological and Psychiatric Association’s standards of practice.

(C) In addition, for the purposes of this subparagraph Mental Illness means a psychiatric or psychological condition classified in the *Diagnostic and Statistical Manual of Mental Health Disorders (DSM)*, published by the American Psychiatric Association, most current as of the start of a disability. Such disorders include, but are not limited to, psychotic, emotional or behavioral disorders, or disorders relatable to stress. If the DSM is discontinued or replaced, these disorders will be those classified in the diagnostic manual then used by the American Psychiatric Association at the start of a disability.

- (3) Administrator Determinations. If the Administrator determines at any time that the Participant is no longer disabled, payment of all disability benefits shall cease, as provided in Section 5.04d(4) below (irrespective of the period that has elapsed since the Participant first became disabled).
- (4) General Time of Cessation. If the disability benefits for a Participant are ended for the reasons described in Section 5.04d(3) (regarding Administrator determinations), the cessation of benefits shall be subject to the following provisions:

- (i) In such a case, the payment of the disability benefits shall cease as of the June 30 next following the final day of the regular session of such person's Conference, if the final day falls in the month of May or June, or, otherwise, as of the last day of the month in which the closing day of such Conference session occurs, based, in either case, on the session that occurs at the time or immediately after the time (whichever is applicable) of the date that the Administrator sends a written notice to the Participant regarding the cessation of the disability benefits.
 - (ii) For a cessation of disability benefits that is instead due to a lack of cooperation from the Participant that is described in the Plan with reference to Section 5.04d(5) below, the cessation shall be subject to the provisions of 5.04d(5).
- (5) Suspensions and Related Cessations. If the disability benefits for a Participant are to be suspended due to a lack of cooperation from a Participant with regard to a requirement for benefits that is described in the Plan with an express reference to this Section 5.04d(6), the following provisions shall apply:
- (i) Any such suspension shall become effective as of the last day of the month in which a 90-day period expires, with the 90-day period beginning on the date that a written notice is sent from the Administrator to the Participant explaining the required actions and the potential benefit suspension.
 - (ii) If appropriate actions are then undertaken by the Participant, conforming to the actions requested by the Administrator and supplying (as needed) appropriate documentation on the relevant points, all within the nine-month period following the effective date of such a suspension, the disability benefits for that Participant shall be prospectively reinstated. In addition, if it is demonstrated to the satisfaction of the Administrator that the lack of cooperation from the Participant was due to matters reasonably beyond the Participant's control (such as incapacity without a guardian), the Administrator may also make retroactive benefit payments to the initial date of suspension.
 - (iii) If appropriate actions are not undertaken by the Participant, however, or appropriate documentation is not supplied to the Administrator, all within the nine-month period following the effective date of such a suspension, the Participant's rights to disability benefits under the Plan shall cease altogether, effective as of the last day of that nine-month period.
 - (iv) Notwithstanding the foregoing, in the event that the Plan Administrator or its agents have received evidence that a

Participant has committed fraud or misrepresentation, the Plan Administrator shall have the authority to suspend benefits immediately, and the power and authority to investigate such fraud or misrepresentation and terminate benefits for such Participant if the evidence supports a finding of fraud or misrepresentation.

- (7) Disability Prior to Age 62. If the Participant becomes disabled prior to the date he or she attains age 62, and the disability continues, then the benefits will terminate on June 30 that follows the earlier of (i) the date on which the Participant retires pursuant to ¶357.1 or ¶357.2 of *The Book of Discipline* or (ii) the date on which the Participant reaches his or her Social Security full retirement age under the Social Security Act.
- (8) Disability On or After Age 62. If the Participant becomes disabled on or after the date he or she attains age 62, and the disability continues, then the benefits will terminate on the earlier to occur of:
 - (i) the June 30 on or following the last day of the eligibility established in the age benefit reduction table below; or
 - (ii) June 30 following such person’s retirement date if the individual retires pursuant to ¶357.1 or ¶357.2 of *The Book of Discipline* provided the final day of the regular session of such person’s Conference falls in May or June, or otherwise on the last day of the month in which the closing day of such Conference session occurs.

Age Benefit Reduction Table	
Age at CPP Disability Date	Benefit Duration
62	60 Months
63	48 Months
64	42 Months
65	36 Months
66	30 Months
67	24 Months
68	18 Months
69 or over	12 Months or until Age 72, whichever occurs earlier

- (9) Death of Participant. If disability benefits do not end on an earlier date, all disability benefits for a given Participant shall cease upon the death of that Participant, with the cessation effective as of the last day of the month in which the death occurs.
- (10) Incarceration. Notwithstanding anything else to the contrary herein, disability benefits under this Plan shall not be payable for any months in which a Participant is incarcerated for conviction of a crime that is a felony classified by the statute under which the Participant was charged. A Participant’s benefits can be reinstated, if he or she remains otherwise

eligible, starting with the month following the month he or she is released from incarceration. However, disability benefits will not be payable for any month before the Participant has affirmatively notified the Administrator of such release.

- e. Administrator Authority. The Administrator shall have full authority to determine application procedures, eligibility for benefits, amounts of benefits, the commencement or discontinuance dates of any benefit payments, the development of any applicable earnings tests, the offset and recovery of any overpayments, and any related matters, for the disability benefits provided under this Plan. The Administrator shall similarly have full authority to arrange for agents and service providers to assist with the administration of these disability benefits, and to offset or recover any overpayments of disability benefits that are made from the Plan for any reason, including any overpayments related to amounts received by a Participant under the Social Security Act. The Administrator, in the exercise of any of the above authority, shall follow the provisions of the Plan and principles consistent with *The Book of Discipline*. In addition, if a claimant knowingly defrauds or deceives the Administrator by providing materially false, incomplete or misleading information, the Administrator will deny his or her claim and the claimant may be subject to prosecution and punishment to the full extent under state and federal law. The Administrator has the full authority to pursue all appropriate legal remedies in the event of fraud.
- f. Return to Work Plans. The Administrator is authorized to establish “Return to Work” processes and transitional and rehabilitation disability benefit plans to better transition claimants back into working. The Administrator may establish and maintain such programs involving itself, Plan Sponsors and the claim administrator or other agent. In addition, to increase the effectiveness of such programs, the Administrator may utilize the following incentives and disincentives.
 - (1) Claimant Disincentives. The Administrator may reduce a Participant’s disability benefits payable by 10% if the Participant has been identified as a candidate for a Return to Work process and he or she refuses to participate in such program or fails to comply with the Administrator or its agents in the implementation of such Return to Work process.
 - (2) Plan Sponsor Incentives. The Administrator is authorized to allocate an amount equal to the lesser of 50% of the Participant’s Plan Compensation on the date of disability or 40% of the Denominational Average Compensation, annually, as a grant to a Conference or other Plan Sponsor as an incentive to reappoint or re-employ a Participant in a Return to Work process as a means of assisting the Conference/Plan Sponsor in compensating the Participant. The grants will continue as long as the Participant is disabled and otherwise eligible under the Plan and complies with the Return to Work process, ceasing on the June 30 that follows the end of such disability.

ARTICLE VI – VOLUNTARY TRANSITION PROGRAM

- 6.01 In General.** The purpose of the Voluntary Transition Program (Program) described in this Article VI is to enable The United Methodist Church to provide transitional benefits to certain clergypersons (deacons and elders) (“Clergy members”) in full connection and in good standing who agree to exit ministry. The Transition Benefits under this Program are employee welfare benefits, specifically unemployment or severance benefits, described in §3(1) of the Employee Retirement Income Security Act of 1974 (ERISA) provided through a church plan as defined in §3(33) of ERISA.
- 6.02 Sunset of Program.** Notwithstanding anything to the contrary in the Plan, this Voluntary Transition Program will begin effective January 1, 2013 and remain in effect through December 31, 2020, at which time the Program will terminate. The Voluntary Transition Program will no longer be available as a benefit program under the Plan as of January 1, 2021. Notwithstanding the foregoing, Transition Participants who are receiving Transition Payments on December 31, 2020 shall remain eligible for Transition Benefits beyond January 1, 2021 for the appropriate number of weeks as determined by this Article. The Administrator shall have the authority to accelerate Transition Payments due after December 31, 2020 for administrative ease to a date on or before December 31, 2020.
- 6.03 Definitions.** For purposes of this Article, the following special definitions shall apply:
- a. “Transition Benefits” means severance benefits (“Transition Payments”), death benefits continuation, health plan continuation coverage, and outplacement and career counseling services (“Transition Services”) as described in Section 6.05 of the Plan. Transition Benefits shall not include those Plan benefits described in Section 6.05g.
 - b. “Transition Participant” means an Active Participant in the Plan as of the date of Separation from Service who satisfies the requirements of Section 6.04 of the Plan. In no event shall a Retired Participant in the Plan be considered a Transition Participant.
 - c. “Separation from Service” means the end of an Active Participant’s appointment that results in the Active Participant’s severance from employment under the common-law test for employment status with the Salary-Paying Unit, or results in the Active Participant no longer serving in any capacity at the Salary-Paying Unit. The date of Separation from Service is generally the last day for which the Active Participant received compensation or remuneration for services performed.

6.04 Eligibility.

- a. *Generally.* To be considered a Transition Participant eligible for this Voluntary Transition Program, an individual must be a clergy member in full connection or an associate member of a Conference and an Active Participant in the Plan under the terms of Section 3.01a(3) as of the date of Separation from Service. However, Active Participants who are bishops, provisional members, members of Other Methodist Denominations, members of the Puerto Rico Methodist Church, or clergypersons of other denominations may not be Transition Participants; such individuals are not eligible for Transition Benefits. An Active Participant enrolled under Section 3.02 because he or she is granted a voluntary leave of absence that is a personal leave or a transitional leave, or former Active Participant who, within the last 24 months, has ceased to be an Active Participant because he or she is appointed part-time or granted a voluntary leave of absence that is a personal leave or a transitional leave, may be a Transition Participant provided that he or she has been an Active Participant for at least five years preceding the part-time appointment, personal leave, or transitional leave.
- b. *Minimum Service.* A Transition Participant must have served at least five years as a Clergy member in full connection with an Annual Conference or more than one Annual Conference, and must have been covered as an Active Participant in the Plan for at least five years immediately preceding Separation from Service to be eligible for Transition Benefits under this Voluntary Transition Program.
- c. *Not Within Two Years of Retirement.* An Active Participant may not be a Transition Participant if he or she is within two years of eligibility to enter the retired relationship under ¶357.2(b) or ¶357.2(c) of *The Book of Discipline*. Such individuals shall not be eligible for Transition Benefits.
- d. *Conference Agreement.* To be eligible for benefits under the Voluntary Transition Program, i.e., to become a Transition Participant, an Active Participant shall consult with his or her district superintendent, the bishop, and conference relations committee of the Annual Conference board of ordained ministry. Only if the Active Participant, bishop, district superintendent, and conference relations committee of the board of ordained ministry agree that the Active Participant shall become a Transition Participant upon Separation from Service, and that Transition Benefits under the Voluntary Transition Program are appropriate, will the Plan pay such benefits.
- e. *Termination and Withdrawal.* The Active Participant must incur a Separation from Service and agree to surrender his or her credentials and terminate his or her membership in the Annual Conference, as soon as administratively feasible, but no later than the next following session of the Annual Conference, to be a Transition Participant. A Transition Participant may not be granted sabbatical leave under ¶352 of *The Book of Discipline*, voluntary or involuntary leaves of absence under ¶354 and ¶355 of *The Book of Discipline*, medical leave under ¶357

of *The Book of Discipline*, or placed on honorable location under ¶358 of *The Book of Discipline*, or administrative location under ¶359 of *The Book of Discipline*.

- (i) The Active Participant must agree, as part of (iv) below, to withdraw from the ordained ministerial office in accordance with ¶360.2 (a) of *The Book of Discipline*, and so withdraw;
- (ii) The Active Participant must surrender his or her credentials;
- (iii) The Active Participant must terminate his or her membership with the Annual Conference; and
- (iv) The Active Participant must execute a Voluntary Transition Program agreement (a severance agreement) approved by the Annual Conference and the Administrator that acknowledges understanding of the terms of this Voluntary Transition Program and the meaning of his or her withdrawal, and that binds the Active Participant to withdraw and surrender credentials.

Any Active Participant who receives Transition Payments and, for any reason, does not satisfy the requirements of this Section 6.04e shall be required to repay the Transition Payments received under this Program. Such amount shall be considered an overpayment under this Plan.

6.05 Benefits.

- a. *Commencement Date.* A Transition Participant will not be eligible to begin receiving Transition Benefits as long as he or she is receiving a salary from his or her Salary-Paying Unit. Transition Benefits will begin no later than the 15th day of the month that follows the month in which the Administrator approves such benefits, but no earlier than the date of Separation from Service.
- b. *Transition Payments.* A Transition Participant will be paid Transition Payments in accordance with the following formula: two weeks of Transition Payments, equal in value to two weeks' worth of the Transition Participant's Plan Compensation as of the date of Separation from Service, for each full year of continuous service in the Annual Conference or Annual Conferences (with partial years not counted), limited to a maximum of 26 weeks. In no event will Transition Payments exceed 26 weeks. At its discretion, the Administrator may pay Transition Payments in a single lump-sum payment to the Transition Participant; or the Administrator instead may pay Transition Payments monthly, semi-monthly, or biweekly. The Administrator shall have the authority to adjust the timing of Transition Payments as necessary to comply with applicable laws governing severance, post-employment payments, and deferred compensation, including §409A of the Code. If the Transition Participant dies while receiving Transition Payments, the Administrator may accelerate any remaining Transition Payments by paying such amount in a lump-sum to the estate or Beneficiaries of the Transition Participant.

- c. *Health Insurance Continuation Coverage.* Clergypersons terminating their Annual Conference relationship generally are eligible for continuation coverage (COBRA-like coverage) under their Annual Conference's group health plan, if they were covered in such plan while serving; typically for a limited duration up to 18 months. Normally, a terminated Active Participant who was covered in the Annual Conference's health plan must pay the full cost of this coverage, meaning that he or she pays the "employee portion" plus the portion that the Annual Conference or Salary-Paying Unit previously paid during active service. Under this Voluntary Transition Program, the Annual Conference agrees that it will pay the "employer portion" (the Salary-Paying Unit portion) of the contribution or premium for continuation coverage under its group health plan for eligible Transition Participants for a number of weeks equal to the number of weeks for which the Transition Participant is eligible for Transition Payments, rounded up to the next nearest whole month. If the Annual Conference group health plan does not accommodate such continuation coverage, the Annual Conference agrees to provide a stipend toward the purchase of individual health insurance in the market that is equal in amount to the lesser of the following: the amount that the Annual Conference or Salary-Paying Unit paid for its portion of the cost of group health plan coverage for the Transition Participant when the Transition Participant was in active service, or the equivalent percentage share of the cost of the average small group market premium in the state in which the Transition Participant resides as published by the U.S. Department of Health and Human Services. Upon the expiration of Transition Payments, Transition Participants shall remain eligible for continuation coverage under the applicable group health plans in accordance with the terms of, and for a remaining number of months as determined by, the group health plan or policy in which they were enrolled and the terms of the Annual Conference's policies regarding cost sharing, generally at the Transition Participant's own expense.
- d. *Death Benefits Continuation.* A Transition Participant shall remain eligible for the death benefits described in Section 5.03d(1) of the Plan, only for the number of weeks following the Commencement Date described in Section 6.05a equal to the number of weeks for which he or she is eligible for Transition Payments, rounded up to the next nearest whole month. Death benefits under Section 5.03d(1) payable on account of the death of a Transition Participant under this Section 6.05d shall be paid to the Spouse or Beneficiary of the Transition Participant in accordance with Section 9.04 of the Plan. Transition Participants are not eligible for any other death benefits under the Plan. The Spouse, Children, and Beneficiaries of a Transition Participant shall not be eligible for any other benefits under the Plan.
- e. *Transition Services.* The Administrator will make available to Transition Participants outplacement and career counseling services and assistance ("Transition Services") for up to 90 days provided that the Transition Participant requests and begins utilizing Transition Services during the time in which he or she is receiving Transition Payments. Generally, the Transition Services provider and the particular services and assistance provided will be determined by the

Administrator. In no circumstances shall the value of the Transition Services be converted to or otherwise paid to a Transition Participant as cash or in any other manner.

- f. *Moving Expenses.* The Annual Conference will agree to be responsible for providing the Transition Participant reimbursement of final moving expenses, limited to the reasonable average cost of relocation within the same geographic region, in accordance with applicable Annual Conference policies.
- g. *Exclusion from Other Benefits.* A Transition Participant, and the Spouse, Children, and Beneficiaries of a Transition Participant, shall not be eligible for any other benefits under the Plan, including minimum surviving spouse annuity benefits described in Section 5.01, surviving child benefits described in Section 5.02, death benefits described in Section 5.03 (other than those under Section 5.03d(1)), and disability benefits described in Section 5.04.

6.06 Return to Ministry. If a former Transition Participant returns to ministry at any time, he or she shall be required to repay the Transition Payments received under this Voluntary Transition Program. Such amount shall be considered an overpayment under this Plan and subject to recovery by the Administrator as of the date that the Annual Conference board of ordained ministry approves a return to active ministry.

6.07 Appeals. With respect to the duties and responsibilities of the Administrator as applied to Transition Benefits for any Transition Participant, the appeals procedure described in Section 7.09 and Section 7.10 of the Plan shall apply. With respect to the determinations of the Annual Conference under Section 6.04d and Section 6.04e, however, the Administrator does not have the authority to hear appeals of such determinations, and shall not hear such appeals.

6.08 Procedures. The Plan Administrator shall establish necessary procedures for the proper administration of this Program.

6.09 Powers and Responsibilities of the Plan Administrator. The Administrator of the Plan shall be the Administrator of this Program. The Administrator shall have the following powers, duties and responsibilities with respect to this Program, in addition to those described in Section 7.01 of the Plan.

- a. Calculating and distributing Transition Payments and certain other Transition Benefits to Transition Participants;
- b. Completing necessary tax reporting and information returns related to Transition Payments;
- c. Developing, maintaining and distributing necessary forms, documents and information for Transition Participants and Annual Conferences;
- d. Determining and overseeing Transition Services and the provider thereof; and

- e. Providing service support to Transition Participants and Annual Conferences.

6.10 Powers and Duties of the Annual Conference. The Annual Conference shall be the Plan Sponsor of the Program and shall have the following powers, duties and responsibilities with respect to the Program, in addition to those described in Section 7.03 of the Plan.

- a. Ensuring consultation between the Active Participant and Annual Conference leadership about eligibility to become a Transition Participant and appropriateness of Transition Benefits;
- b. Recommending to the Administrator which Active Participants should be Transition Participants upon Separation from Service;
- c. Executing Voluntary Transition Program agreements to be signed by the Transition Participant, bishop and Annual Conference leadership as determined under Section 6.04d.
- d. Overseeing the Annual Conference process for withdrawal from ordained ministerial office under ¶360.2 of *The Book of Discipline*, and surrender of credentials;
- e. Administering health insurance continuation coverage and moving expense reimbursement under Section 6.05c and Section 6.05f; and
- f. Submitting necessary and appropriate forms, information and evidence to the Administrator.

6.11 Delegation of Duties. The Administrator, in its discretion, may delegate administrative duties with respect to the Voluntary Transition Program to a paying agent or service provider.

ARTICLE VII – TRUSTEE

7.01 Responsibilities of the Trustee. The Trustee shall have the following categories of responsibilities in addition to those responsibilities set out in Article VIII:

- a. To invest, manage and control the Plan assets;
- b. At the direction of the Administrator, to pay benefits required under the Plan to be paid to Participants, or, in the event of their deaths, to their Beneficiaries;
- c. To maintain records of receipts and disbursements, and to furnish to the Administrator for each Plan Year a written annual report;
- d. To invest the assets of the trust for the exclusive purpose of providing benefits to Participants and Beneficiaries and defraying reasonable expenses of the Plan. Such investing shall be done in accordance with investment policies that reflect the Social Principles of The United Methodist Church.

7.02 Investment Powers and Duties of the Trustee.

- a. The Trustee shall invest and reinvest the assets of the Plan to keep the assets of the Plan invested without distinction between principal and income and in such securities or property, real or personal, wherever situated, as the Trustee shall deem advisable, including, but not limited to, stocks, common or preferred, bonds and other evidences of indebtedness or ownership, and real estate or any interest therein. The Trustee shall at all times in making investments of the assets of the Plan consider, among other factors, the short and long-term financial needs of the Plan on the basis of information furnished by the Plan Sponsor. In making such investments, the Trustee shall not be restricted to securities or other property of the character expressly authorized by the applicable law for trust investments; however, the Trustee shall give due regard to any limitations imposed by the Code or the Employee Retirement Income Security Act.
- b. The Trustee may employ a bank or trust company pursuant to the terms of its usual and customary bank agency agreement, under which the duties of such bank or trust company shall be of a custodial, clerical and record-keeping nature.
- c. The Trustee may create a trust to hold and invest all or any part of the assets of the Plan. The Trustee shall have the right to determine the form and substance of each trust agreement under which any part of the assets of the Plan is held, subject only to the requirement that they are not inconsistent with the terms of the Plan.

7.03 Other Powers of the Trustee. The Trustee, in addition to all powers and authorities under common law, statutory authority, including the Act, and other provisions of the Plan, shall have the following powers and authorities, to be exercised in the Trustee's sole discretion:

- a. To purchase, or subscribe for, any securities or other property and to retain the same. In conjunction with the purchase of securities, margin accounts may be opened and maintained;
- b. To sell, exchange, convey, transfer, grant options to purchase, or otherwise dispose of any securities or other property held by the Trustee, by private contract or at public auction. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity, expediency, or propriety of any such sale or other disposition, with or without advertisement;
- c. To vote upon any stocks, bonds, or other securities; to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options, and to make any payments incidental thereto; to oppose, or to consent to, or otherwise participate in, corporate reorganizations or other changes affecting corporate securities, and to delegate discretionary powers, and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities, or other property;
- d. To cause any securities or other property to be registered in the Trustee's own name or in the name of one or more of the Trustee's nominees, and to hold any investments in bearer form, but the books and records of the Trustee shall at all times show that all such investments are part of the assets of the Plan;
- e. To borrow or raise money for the purposes of the Plan in such amount, and upon such terms and conditions, as the Trustee shall deem advisable; and for any sum so borrowed, to issue a promissory note as Trustee, and to secure the repayment thereof by pledging all, or any part, of the assets of the Plan; and no person lending money to the Trustee shall be bound to see to the application of the money lent or to inquire into the validity, expediency, or propriety of any borrowing;
- f. To keep such portion of the assets of the Plan in cash or cash balances as the Trustee may, from time to time, deem to be in the best interests of the Plan, without liability for interest thereon;
- g. To accept and retain for such time as the Trustee may deem advisable any securities or other property received or acquired as trustee hereunder, whether or not such securities or other property would normally be purchased as investments hereunder;
- h. To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;

- i. To settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Plan, to commence or defend suits or legal or administrative proceedings, and to represent the Plan in all suits and legal and administrative proceedings;
- j. To employ suitable agents and counsel, and to pay their reasonable expenses and compensation, and such agent or counsel may or may not be agent or counsel for the Plan Sponsor;
- k. To invest in Treasury Bills and other forms of United States government obligations;
- l. To sell, purchase and acquire put or call options if the options are traded on and purchased through a national securities exchange registered under the Securities Exchange Act of 1934, as amended, or, if the options are not traded on a national securities exchange, are guaranteed by a member firm of the New York Stock Exchange;
- m. To deposit monies in federally insured savings accounts or certificates of deposit in banks or savings and loan associations;
- n. To pool all or any of the assets of the Plan, from time to time, with assets belonging to any other employee benefit plan created by a unit of The United Methodist Church or an affiliated unit of The United Methodist Church, and to commingle such assets and make joint or common investments and carry joint accounts on behalf of this Plan and such other trust or trusts, allocating undivided shares or interests in such investments or accounts or any pooled assets of the two or more trusts in accordance with their respective interests;
- o. To do all such acts and exercise all such rights and privileges, although not specifically mentioned herein, as the Trustee may deem necessary to carry out the purposes of the Plan.

7.04 Funding Through Insurance Contracts. The Trustee may, in lieu of paying benefits to a Participant or a Participant's Beneficiary from assets held by the Trustee, in order to comply with federal and state regulations, enter into a contract (or contracts) or an agreement (or agreements) with due notice to the participants involved with one or more insurance companies for the purchase (from such assets) of one or more insurance contracts which provide benefits which are substantially the actuarial equivalent of those provided for such Participant or Beneficiary under the Plan.

7.05 Services. Nothing herein shall prevent the Trustee from contracting for services with another entity, including one that is, with the Trustee, part of a controlled group.

ARTICLE VIII – ADMINISTRATION

8.01 Powers and Duties of the Administrator. The primary responsibility of the Administrator is to administer the Plan for the benefit of the Participants and their Beneficiaries, subject to the terms of the Plan. The Administrator shall administer the Plan in accordance with its terms and shall have the power and discretion to construe the terms of the Plan and to determine all questions arising in connection with the administration, interpretation, and application of the Plan. Any such determination by the Administrator shall be conclusive and binding upon all persons. The Administrator, in addition to all powers and authorities under common law, statutory authority, and other provisions of the Plan, shall have the following powers and authorities, to be exercised in the Administrator's sole discretion:

- a. To establish procedures, correct any defect, supply any information, or reconcile any inconsistency in such manner and to such extent as shall be deemed necessary or advisable to carry out the purpose of the Plan;
- b. To determine all questions relating to the eligibility of Clergypersons to participate or remain a Participant hereunder and to receive benefits under the Plan;
- c. To compute, certify and direct the Trustee with respect to the amount and the kind of benefits to which any Participant shall be entitled hereunder (and to offset or recover any mistaken or overpaid benefits that are paid by the Plan);
- d. In its sole discretion, to construe and interpret the Plan and make administrative rules in accordance therewith, and to resolve or otherwise decide matters not specifically covered by the terms and provisions of the Plan;
- e. To maintain all necessary records for the administration of the Plan;
- f. To interpret the provisions of the Plan and make and publish such rules for regulation of the Plan as are consistent with the terms hereof;
- g. To file, or cause to be filed, all such annual reports, returns, schedules, descriptions, financial statements and other statements as may be required by any federal or state statute, agency, or authority;
- h. To obtain from the Plan Sponsors and Clergypersons such information as shall be necessary to the proper administration of the Plan;
- i. To specify actuarial assumptions and methods for use in determining contributions and benefits under the Plan;
- j. To assist any Participant regarding his or her rights, benefits or elections available under the Plan.

- k. To establish and utilize early intervention procedures through which the Administrator or its agents may evaluate Participants demonstrating characteristics representative of a claimant for disability benefits (such as absenteeism, being placed on short-term disability or salary continuation) prior to such Participant filing a claim for disability benefits and recommend a course of action for an at-risk Participant and his or her Plan Sponsor, which course may include, but shall not be limited to, integration with an employee assistance program under Section 8.01l of the Plan, and health and wellness initiatives.
- l. To establish and administer an employee assistance program for the benefit of Participants who are identified by the Administrator as potential claimants for disability benefits through early intervention procedures described in Section 8.01k or otherwise, for Participants who have submitted claims for disability benefits, and for Surviving Spouses and Beneficiaries who might need such services. The employee assistance program (“EAP”) may provide counseling, condition management and assistance, employment assistance and other similar aid. The Administrator may delegate administration of the EAP to an agent, and the Trustee may pay such agent reasonable fees for administration of the EAP.

8.02 Records and Reports. The Administrator shall keep a record of all actions taken and shall keep all other books of account, records, and other data that may be necessary for proper administration of the Plan and shall be responsible for supplying all information and reports to appropriate government entities, Participants, Beneficiaries and others as required by law.

8.03 Duties of the Plan Sponsor. The Plan Sponsor shall assume the following duties with respect to the Plan:

- a. To enroll Clergypersons, as applicable;
- b. To maintain records of a Participant’s Compensation;
- c. To remit contributions to the Trustee;
- d. To provide the Administrator with the statistical data and other statistical information satisfactory to the Administrator within a reasonable time after a request by the Administrator sufficient to enable the Administrator to discharge its duties under the Plan;
- e. To register with and report to government agencies, as appropriate;
- f. To properly notify Clergypersons of their rights and obligations under the Plan.

8.04 Fees and Expenses. All expenses incurred by the Administrator and Trustee in connection with the administration of this Plan shall be paid by the Plan.

- a. The Trustee has the authority to determine administrative and expense charges and the methods for applying such charges.
- b. The Trustee is authorized to deduct from the Plan's reserves, funds, contributions, and/or earnings thereon, the expenses and fees necessary or appropriate to the administration of the Plan, including an allocable share of the Administrator's operating expenses.
- c. The Administrator is authorized to determine a reasonable charge for providing non-routine reports and services for Plan Sponsors and Participants and to require the Plan Sponsor or Participant to pay for such non-routine reports and service.

8.05 Attorney Fees and Costs. The Trustee may assess, to the extent permitted by law, against the assets it manages for any Participant, reasonable attorney fees and charges to reimburse the Administrator or Trustee for expenses incurred by the Administrator or Trustee, through no fault of its (their) own, in responding to pleadings, retaining counsel, entering an appearance or defending any case in any action in civil law, in the event the Administrator or Trustee is served with a levy, subpoena, summons or other similar pleading by the Internal Revenue Service or by any other party in litigation or legal proceedings in which the Administrator or Trustee is not a party, or is a party only by virtue of its (their) role as a fiduciary in administering assets on behalf of a Participant.

8.06 Delegation of Authority. The Administrator may authorize one or more of its number, or any agent, to carry out its administrative duties, and may employ such counsel, auditors and other specialists and such clerical, actuarial, and other services as it may require in carrying out the provisions of this Plan. The Administrator may rely on any certificate, notice or direction, oral or written, purporting to have been signed or communicated on behalf of the Plan Sponsor, Participant, or others which the Administrator believes to have been signed or communicated by persons authorized to act on behalf of the Plan Sponsor, Participant or others, as applicable. The Administrator may request instructions in writing from the Plan Sponsor, Participant or others, as applicable, on other matters, and may rely and act thereon. The Administrator may not be held responsible for any loss caused by its acting upon any notice, direction or certification of the Plan Sponsor, Participant or others, which the Administrator reasonably believes to be genuine and communicated by an authorized person.

8.07 Submission of Claims. In its discretion, the Administrator may authorize the payment of a benefit that is otherwise authorized by this Plan without the formal submission by a claimant (or by his or her appropriate representative) of a claim for benefits. In the alternative, the Administrator may require the submission of a formal claim for benefits for any benefit that is otherwise authorized by this Plan. Any claims for benefits under the Plan shall be filed with the Administrator by a claimant (or his or her representative) on forms supplied by the Administrator. Written notice of the disposition of such a claim shall then be furnished by the Administrator to the Plan Sponsor and to the claimant,

within 45 days after all required forms and materials related to the claim have been properly filed and received by the Administrator. The claim and appeal procedures described herein shall apply both to claims for initial benefits under the Plan, and also to claims regarding any benefits under the Plan that a claimant (or his or her appropriate representative) believes are still owed after the payment of benefits under the Plan has begun, or has been completed. In any case where benefit payments have otherwise been completed, the resulting cessation of benefits shall continue unless and until there has been an official reversal of the cessation of benefits, pursuant to a decision that has been made under the Plan's claim and appeal procedures.

8.08 Denial of Claims. Except with respect to Sections 6.04d and 6.04e of the Voluntary Transition Program (claims under those sections are not subject to the determination of the Administrator), if any claim for benefits under the Plan is wholly or partially denied, the claimant shall be given notice in writing, within a reasonable period of time after receipt of the claim by the Plan, written in a manner calculated to be understood by the claimant, setting forth the following information:

- a. the specific reasons for such denial;
- b. specific reference to pertinent Plan provisions on which the denial is based;
- c. a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and
- d. an explanation of the Plan's appeals procedures.

A "reasonable time" for such notice shall not exceed 45 days after the filing of the original claim or 45 days after the request for or submission of any additional data or documents requested by the Administrator, or, if special circumstances require an extension of time, written notice of the extension shall be furnished to the claimant and an additional 90 days will be considered reasonable.

8.09 Appeals from Denial of Claims. If a claimant is denied benefits hereunder, the claimant shall have the right to appeal the decision in accordance with the following procedures:

- a. Intermediary Appeal Procedure. The Administrator shall establish an intermediary appeals procedure containing no more than a three-level process.
- b. Final Procedure.
 - (1) There shall be an Appeals Committee of the Administrator nominated by its President and elected by the Administrator which shall hear and decide appeals after the intermediary appeal procedure has been followed.
 - (2) The Appeals Committee decision shall be final and not subject to action of the Administrator.

- (3) After the final intermediary process has been completed and if the Participant's claim is still fully or partially denied, the claimant shall be advised that he/she may, in writing, request a review by the Appeals Committee of the decision denying the claim by filing with the Appeals Committee, on forms supplied by it, within 90 days after such notice has been received by the claimant.
- (i) The Notice of Appeal shall be executed by the claimant.
 - (ii) After filing the Notice of Appeal, the claimant may submit issues and comments and other relevant, supporting documents to the Appeals Committee for its consideration.
 - (iii) If such Notice of Appeal is timely filed, the appeal will be heard by the Appeals Committee at its next meeting, unless special circumstances require an extension of time for processing, in which case the claimant shall be so notified and the appeal will be heard at the subsequent meeting of the Appeals Committee.
 - (iv) To allow sufficient time for handling and processing, all Notices of Appeal and supporting documents must be filed with the Appeals Committee at least 30 days prior to the next meeting of the Appeals Committee, and no documents submitted to the Appeals Committee after that time can or will be considered by the Appeals Committee except by its leave and discretion.
 - (v) The claimant, his or her duly authorized representative, or a representative of the Plan Sponsor, may request permission to appear personally before the Appeals Committee to present evidence with respect to the claim, subject to conditions and time limitations set by the Appeals Committee, but the expense for any such personal appearance must be borne by the claimant or the Plan Sponsor.
 - (vi) The claimant shall be given written notice of the decision resulting from an appeal. Such notice shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, and specific references to the pertinent Plan provisions on which the decision is based, and such written notice shall be mailed to the claimant by the staff of the Administrator within 15 days following the action by the Appeals Committee.

8.10 Appeal a Condition Precedent to Civil Action. No cause of action in law or equity with respect to any alleged violation of the terms and conditions of this Plan, or otherwise regarding the benefits under this Plan, shall be commenced or maintained by any claimant (or his or her representative) unless and until such claimant (or the representative) has initiated and completed the process of an Appeal as set forth in Sections 8.07 to 8.09 of this Plan. In addition, any such cause of action with respect to this Plan must be commenced by the claimant (or the representative) within 12 months of the date of the written notice sent by the Administrator to the claimant (or the representative) regarding the final denial of the Appeal. The notice sent out by the Administrator should describe this time limit.

8.11 Limitation of Liability. All benefits hereunder are contingent upon, and payable solely from, such contributions as shall be received by the Trustee and investment results of the Trustee. No financial obligations, other than those which can be met by the contribution actually received and the investment results, shall be assumed by the Administrator or the Trustee. The members of the Administrator shall not personally be responsible or otherwise liable for the payment of any benefits hereunder.

ARTICLE IX – AMENDMENT AND TERMINATION

9.01 Amendment of the Plan. The General Conference may amend any or all provisions of this Plan at any time by written instrument identified as an amendment of the Plan effective as of a specified date. In addition, the Board of Directors of the Administrator may amend any or all provisions of this Plan at any time by resolution, effective as of a specified date:

- a. to conform the Plan to any applicable state or federal law and/or regulations promulgated thereunder;
- b. to conform the Plan to *The Book of Discipline* or changes therein.

9.02 Termination of the Plan. The General Conference shall have the right to terminate the Plan at any time in a manner and to the extent not inconsistent with *The Book of Discipline*. Upon termination of the Plan, the assets remaining in the Plan after all obligations of the Plan have been satisfied shall be distributed pursuant to action decided upon by the General Conference.

ARTICLE X – MISCELLANEOUS

10.01 Non-Alienation of Benefits.

- a. Except where provided otherwise in the Plan, no benefits payable at any time under the Plan shall be subject in any manner to alienation, sale, transfer, pledge, attachment, garnishment, or encumbrance of any kind, except to the extent that a Participant or claimant has received an overpayment under this Plan or any other plan administered by the Administrator, and any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber such benefit, whether presently or thereafter payable, shall be void.
- b. No benefit nor the fund under the Plan shall in any manner be liable for, or subject to the debts or liabilities of, any Active Participant, Retired Participant or other person entitled to any benefit.

10.02 Unclaimed Benefits and Incapacity.

- a. If an Active Participant, Retired Participant or Beneficiary fails to claim a benefit payment to which the Active Participant, Retired Participant or Beneficiary is entitled, and if such Participant's or Beneficiary's whereabouts are unknown to the Administrator after the Administrator has made inquiry of the last-known applicable unit of the Church, the Administrator shall send notice of such benefit payment due by a certified letter return receipt requested to such Participant's or Beneficiary's last known address. If the Participant or Beneficiary fails to contact the Administrator within 12 months after being sent notification of a benefit payment due, the benefit payment shall be permanently forfeited and shall be maintained in the Protection Benefit Trust and invested by the Trustee to provide for the expenses of administration and the other benefits payable under the Plan. Any forfeitures made in accordance with this subsection shall fully discharge the Plan, Trustee and the Administrator of all liability with respect thereto.
- b. Whenever in the Administrator's opinion a person entitled to receive any payment of a benefit under the Plan is under a legal disability or is incapacitated in any way so as to be unable to manage his or her financial affairs, the Administrator may direct the Trustee to make payments directly to the person, or to the person's legal representative, or to a relative or friend of the person (to be used exclusively for the benefit of the person), in such manner as the Administrator deems advisable. The decision of the Administrator in any such case shall be final, binding and conclusive upon all interested persons, and the Administrator shall not be obligated to see to the proper application or expenditure of any payment so made. Any payment made in accordance with this subsection shall completely discharge the obligation for making such payment under the Plan.

10.03 Relinquishment or Refusal of Benefits.

- a. An Active Participant, Retired Participant or Beneficiary may voluntarily relinquish in writing, for not more than a year at a time, all or any part of any benefit payments that are in pay status under this Plan. Benefit payments that are relinquished shall not thereafter be recoverable by the Active Participant, Retired Participant or Beneficiary. Amounts that are not used to pay benefits, because of any such relinquishment, shall remain in the appropriate fund and be used for the payment of subsequent Plan benefits.
- b. A Beneficiary shall have the right to refuse or disclaim a benefit which he or she is otherwise entitled to receive under the Plan. Any such refusal must be of the entire benefit. The effect of such a refusal will be to treat the Beneficiary as if he or she had predeceased the Participant.

10.04 Beneficiary Designation. Each Participant may designate, in such form as required by the Administrator, a Beneficiary who is to receive the Participant's interest in the Plan in the event of the Participant's death, but the designation of a Beneficiary shall not be effective for any purpose unless and until it has been filed by the Participant with the Administrator during the Participant's lifetime.

- a. Each Participant may designate, in such form as required by the Administrator, a primary and contingent Beneficiary who is to receive the Participant's interest in the Plan in the event of the Participant's death. In the event a Participant's designated primary Beneficiary is not available (for any reason such as one noted below in this Section 10.04) as of the Participant's death, the death benefit hereunder shall be paid to a Participant's designated contingent Beneficiary. The designation of a Beneficiary shall not be effective for any purpose unless and until it has been filed by the Participant with the Administrator during the Participant's lifetime.
- b. A Participant may, from time to time, in such form as required by the Administrator, during the Participant's lifetime, change the Beneficiary. Notwithstanding a Participant's Beneficiary designation to the contrary, if the Spouse of a deceased Participant survives him or her, the Participant's surviving Spouse will be his or her Beneficiary and benefits will be paid to that Spouse unless:
 - (1) the Spouse consents in writing after the Participant's death, or had consented in writing before the Participant's death, to the Participant's designation of another Beneficiary, witnessed in either case by a Plan Sponsor or an Administrator representative (other than the Participant) or a notary public. The Spouse must consent as specified above to each change in Beneficiary unless the original consent expressly permits the Participant to further change his or her Beneficiary without the requirement of further consent by the Spouse;

- (2) the Participant is legally separated from his or her Spouse or has been abandoned (within the meaning of local law) by his or her Spouse, and, in either case, the Participant has a court order to such effect;
- (3) the Spouse disclaims the Participant's Account, before receiving it, in writing in a form acceptable to the Administrator. The disclaimer must be of the entire benefit. The effect of such disclaimer is to treat the Spouse as if he or she had predeceased the Participant; or
- (4) neither the Participant's survivors nor the Administrator can locate the Spouse (provided, however, that the Administrator will have no obligation to search for such Spouse).

If the Spouse is legally incompetent to give consent, the Spouse's legal guardian, even if such guardian is the Participant, may give consent. Such consent shall not be required if it is established to the satisfaction of the Administrator that the required consent cannot be obtained because there is no Spouse, the Spouse cannot be located, or due to other relevant facts and circumstances. A former Spouse's waiver shall not be binding on a current Spouse.

- c. A Participant may designate multiple Beneficiaries who will divide any benefit payable under Section 5.03 in equal shares, per capita, unless the Participant clearly specifies another division. Any election made by a Participant and consented to by his or her Spouse may be revoked by the Participant in writing without the consent of the Spouse, provided such revocation is filed by a form provided by the Administrator and filed with the Administrator during the Participant's lifetime.
- d. A Participant's divorce shall revoke any Beneficiary designation in favor of the Participant's Spouse made prior to the divorce. Until such time as a new designation of Beneficiary is filed with the Administrator in accordance with the provisions of this Section, benefits will be payable as if the former Spouse had predeceased the Participant.
- e. In the event a Participant shall not designate a Beneficiary in the manner heretofore stated, or if for any reason such designation shall be legally ineffective, or if such Beneficiary predeceases the Participant, then the Beneficiary shall be deemed to be the estate of the deceased Participant.

10.05 Surviving Spouse Beneficiary Designation. Each Surviving Spouse as provided in Section 5.03g may designate, in such form as required by the Administrator, a Beneficiary who is to receive the Surviving Spouse's interest in the Plan in the event of the Surviving Spouse's death, but the designation of a Beneficiary shall not be effective for any purpose unless and until it has been filed by the Surviving Spouse with the Administrator during the Surviving Spouse's lifetime in such form as required by the Administrator.

- a. Each Surviving Spouse may designate, in such form as required by the Administrator, a primary and contingent Beneficiary who is to receive the Surviving Spouse's interest in the Plan in the event of the Surviving Spouse's death. In the event a Surviving Spouse's designated primary Beneficiary is not available (for any reason such as one noted below in this Section 9.05) as of the Surviving Spouse's death, the death benefit under Section 5.03g hereof shall be paid to the Surviving Spouse's designated contingent Beneficiary. The designation of Beneficiary shall not be effective for any purpose unless and until it has been filed by the Surviving Spouse with the Administrator during the Surviving Spouse's lifetime.
- b. A Surviving Spouse may, from time to time, in such form as required by the Administrator, during the Surviving Spouse's lifetime, change the Beneficiary.
- c. A Surviving Spouse may designate multiple Beneficiaries who will divide any benefit payable under Section 5.03g in equal shares, per capita, unless the Surviving Spouse clearly specifies another division. Any election made by a Surviving Spouse may be revoked by the Surviving Spouse in writing, provided such revocation is filed by a form provided by the Administrator and filed with the Administrator during the Surviving Spouse's lifetime.
- d. A Surviving Spouse's divorce shall revoke any Beneficiary designation in favor of the Surviving Spouse's Spouse made prior to the divorce. Until such time as a new designation is filed with the Administrator in accordance with the provisions of this Section, benefits will be payable as if the former Spouse had predeceased the Surviving Spouse.
- e. In the event a Surviving Spouse shall not designate a Beneficiary in the manner heretofore stated, or if for any reason such designation shall be legally ineffective, or if such Beneficiary predeceases the Surviving Spouse, then the Beneficiary shall be deemed to be the estate of the deceased Surviving Spouse.

10.06 Construction. The Plan and each of its provisions shall be construed and their validity determined by the laws of the State of Illinois, other than its laws respecting choice of law, to the extent such laws are not preempted by any federal law.

10.07 [Reserved]

10.08 Alternative Dispute Resolution. If a dispute arises out of or related to the relationship between the Plan Sponsor and the Administrator or Trustee, the parties agree first to try in good faith to settle the dispute by mediation through the American Arbitration Association, or another mediation/arbitration service mutually agreed upon by the parties, before resorting to arbitration. Thereafter, any remaining unresolved controversy or claim arising out of or relating to the relationship between the Plan Sponsor and the Administrator or Trustee shall be settled by binding arbitration through the American Arbitration Association, or the other mediation/arbitration service which had been mutually agreed upon by the parties.

- a. The site of the mediation and/or arbitration shall be in a city mutually agreed to by the parties which is not located within the boundaries of the Plan Sponsor.
- b. The laws of the State of Illinois shall apply in situations where federal law is not applicable. The applicable rules of the selected service shall apply. If the service allows the parties to choose the number of arbitrators, unless another number is mutually agreed to, any arbitration hereunder shall be before at least three arbitrators, and the award of the arbitrators, or a majority of them, shall be final, and judgment upon the award rendered may be entered in any court, state or federal, having jurisdiction.
- c. The fees and costs for mediation shall be borne equally by the parties. The fees and costs of arbitration shall be allocated to the parties by the arbitrators.

10.09 Titles and Headings. The titles and headings of the Articles and Sections of this instrument are placed herein for convenience of reference only, and in the case of any conflicts, the text of this instrument, rather than the titles or headings, shall control.

10.10 Number. Wherever used herein, the singular shall include the plural and the plural shall include the singular, except where the context requires otherwise.

ARTICLE XI – ADOPTION AGREEMENT

11.01 Completion. A Plan Sponsor shall annually complete an Adoption Agreement in which the Plan Sponsor shall indicate the various elections which it is required to make pursuant to the provisions of the Plan. If a Plan Sponsor does not wish to make any changes to its prior year Adoption Agreement elections, it may elect to have its prior year elections remain in full force and effect for subsequent years until it completes a new Adoption Agreement. The Administrator may provide a reasonable method for allowing such evergreen elections.

11.02 Form. The Adoption Agreement shall be in a form prescribed by the Administrator.

11.03 Effectiveness. The Adoption Agreement shall not become effective until it is accepted by the Administrator.

11.04 New Agreements. If a Plan Sponsor fails to complete a new Adoption Agreement for the next Plan Year at least 30 days prior to the beginning of the next Plan Year, the current Adoption Agreement would remain in force until 60 days after such time as a new Adoption Agreement is accepted by the Administrator, unless earlier terminated in accordance with Section 11.05 or Section 11.06.

11.05 Voluntary Adoptions. If a Plan Sponsor is described in Section 2.21d above, and it is adopting the Plan with respect to Participants whose participation in the Plan is not required, then the Plan Sponsor may subsequently terminate its Adoption Agreement, subject to the following requirements:

- a. the Plan Sponsor must give a written notice to the Administrator clearly stating the Plan Sponsor's intention to terminate its Adoption Agreement;
- b. the written notice must be received by the Administrator at least 60 days prior to the proposed date of termination of the Adoption Agreement; and
- c. the written notice must include documentation satisfactory to the Administrator showing that the covered Participants have been properly notified of the upcoming termination of the Adoption Agreement.

11.06 Termination by Administrator.

- a. If a Plan Sponsor is described in Section 2.21d above, and it is adopting the Plan with respect to Participants whose participation in the Plan is not required, the Administrator may subsequently terminate the Plan Sponsor's Adoption Agreement for the breach of any duty described in Section 8.03 of the Adoption Agreement, subject to the following requirements:
 - (1) the Administrator must give written notice to the Plan Sponsor clearly stating: (i) the Administrator's intention to terminate its Adoption Agreement; and (ii) the facts upon which the claim of breach is made;

- (2) the written notice must be given to the Plan Sponsor at least 90 days prior to the proposed date of termination of the Adoption Agreement; and
- (3) the Administrator must provide the Plan Sponsor with an opportunity to cure the breach during the 60-day period following the Administrator's written notice of termination to the Plan Sponsor.

If the Administrator determines, in its sole discretion, that the Plan Sponsor has failed to cure the breach within the 60-day period described above, the Plan Sponsor's Adoption Agreement shall terminate, effective as of the proposed date of termination. In the event of such termination, the Plan Sponsor shall provide covered Participants with a written notice of the upcoming termination of the Adoption Agreement.

- b. If at any time after adopting the Plan for Participants whose participation in the Plan is not required, a Plan Sponsor ceases to satisfy the definition of Plan Sponsor as described in Section 2.21d, the Plan Sponsor's Adoption Agreement shall terminate, effective as of the date it ceases to satisfy Section 2.21d, or such later date as the Administrator, in its sole discretion, shall prescribe. In the event of such termination, the Plan Sponsor shall provide affected Participants with a written notice of termination of the Adoption Agreement.

ARTICLE XII – PRIOR PLAN BENEFITS

12.01 Amendment of Prior Plan. Effective as of January 1, 1982, this Article XII shall supersede and replace the provisions of the Ministers Reserve Pension Fund relating to the Disability and Survivor Benefit Fund with respect to all persons who, on December 31, 1981, were receiving or are entitled to receive future benefits from the Disability and Survivor Benefit Fund of the Ministers Reserve Pension Fund (hereinafter referred to as the Prior Plan).

12.02 Transfer of Assets. The assets of the Prior Plan shall be transferred to this Plan as soon as administratively feasible after January 1, 1982.

12.03 Disability Benefits.

- a. All persons who, as of December 31, 1981, were receiving a disability benefit under the Prior Plan, effective January 1, 1982, shall be entitled to an annual disability benefit, payable in monthly installments, equal to 40% of the Denominational Average Compensation in effect as of January 1, 1982.
- b. In addition, all such persons shall have credited to an Account established on their behalf under the Clergy Retirement Security Program an annual amount equal to 3% of compensation as defined by the applicable clergy retirement plan. Such amount shall be credited, commencing January 1, 2007, in monthly installments.
- c. The amount of the benefit payable in accordance with (a) and (b) shall be increased by 2% on July 1 of each year through 1988. Effective January 1, 1990, this percentage increase shall be 3% on the anniversary date of the first payment of the disability benefit and annually thereafter, provided the benefit was in effect on the previous December 31. Effective January 1, 1989, the amount of the benefit payable under (a) and (b) to persons receiving disability benefits on that date shall be based upon the Denominational Average Compensation for 1989.
- d. Payment of the disability benefits set forth in this Section 12.03 shall be subject to the other applicable provisions of Section 5.04 of this Plan.

12.04 Surviving Spouse Benefits. All Surviving Spouses who, as of December 31, 1981, were receiving Surviving Spouse benefits from the Prior Plan shall thereafter continue to receive such benefits from this Plan. These persons shall be entitled to a minimum single-life annuity in an annual amount equal to (a) less (b), where:

- a. is 20% of the Denominational Average Compensation in effect on January 1, 1982; and
- b. is the annuity benefits (calculated on a single-life basis, regardless of the annuity form actually paid) otherwise payable from this Plan and from all other Church-related sources, except Social Security benefits.

- c. Effective January 1, 1989, the amount of the benefit payable under this Section 11.04 to persons receiving such benefits on that date shall be based upon an amount at least equal to 20% of the Denominational Average Compensation for 1989 less (b) above.
- d. The amount determined above shall be increased by 2% on July 1 of each year, provided the benefit was in effect on the previous December 31. Effective January 1, 1990, this percentage increase shall be 3% on the anniversary date of the first payment of benefits.
- e. A Surviving Spouse who had remarried prior to December 31, 1981, and who was not receiving a Surviving Spouse benefit on that date will be eligible for the above benefits at the time of the dissolution of the marriage or upon attainment of age 65 years. Upon the death of such Surviving Spouse, a Surviving Spouse death benefit shall be payable in accordance with Section 5.03g, provided that the Surviving Spouse was receiving a Surviving Spouse monthly benefit at the time of death.
- f. Notwithstanding the terms of Section 12.04e, on and after January 1, 2009, any benefit payable under this Section 12.04 shall not cease if a Surviving Spouse remarries. In addition, beginning January 1, 2009, benefits may be reinstated for a Surviving Spouse who had his or her benefit payable under this Section 12.04 terminated on account of remarriage pursuant to Section 12.04e above, effective prospectively the first day of the month following receipt by the Administrator of a request for such reinstatement. In no event will the Administrator be under any obligation to pay retroactive benefits to Surviving Spouses affected by the remarriage limitation of Section 12.04e. Furthermore, the Administrator will not have any obligation to reinstate benefits under this Section 12.04f in the absence of a request from the Surviving Spouse.

12.05 Surviving Children Benefits. All surviving children of deceased former members of the Prior Plan who, as of December 31, 1981, were receiving or could in the future receive surviving children benefits under the Prior Plan shall, effective January 1, 1982, be entitled to the following benefits from this Plan:

- a. Any such surviving child under age 18 years shall receive in monthly installments an annual benefit of 10% of the Denominational Average Compensation in effect as of January 1, 1982.
- b. Any such surviving child age at least 18 years but under age 25 years shall receive an annual educational benefit equal to 10% of the Denominational Average Compensation in effect on the later to occur of January 1, 1982, or the date such child attains age 18 years. Such benefit is payable for each year during attendance as a full-time student at a secondary school and, in addition, for each year not to exceed four years during attendance as a full-time student at a standard school or college beyond the secondary school level. The annual benefit shall be payable in monthly installments.

- c. Satisfactory certificate of enrollment and attendance in school or college shall be provided periodically as may be required by the Administrator in order for an educational benefit to be paid.

- d. The amount of any benefit payable under this Section 12.05 shall be increased by 2% on July 1 of each year, provided the benefit was in effect on the previous December 31. Effective January 1, 1990, this percentage increase shall be 3% on the anniversary date of the first payment of benefits. Effective January 1, 1989, the amount of the benefits payable under Sections 12.05a and 12.05b to persons receiving such benefits on that date shall be based upon the Denominational Average Compensation for 1989.

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