



Instructions for Completing the Adoption Agreement for Lay Employee Participation in the United Methodist Personal Investment Plan (UMPIP) for Local Churches and Annual Conferences

Part I – General Information

Please provide all the information requested in Part 1 of the adoption agreement. Generally, organizations that share the same Federal Employer Identification Number (FEIN) are treated as one entity. Therefore, the provisions indicated on the agreement will apply to all employees of the entity, unless you have indicated otherwise in section 2.3(a) of the adoption agreement. If you have a related entity (such as a day care center) that has a separate FEIN, you should submit two adoption agreements if you wish to cover the eligible employees of both entities.

Part 2 – Plan Sponsor Elections

Note that plan provisions recommended by the 2004 General Conference are bolded and italicized in the adoption agreement.

- 2.1 Automatic Enrollment** – This feature allows plan sponsors to automatically enroll employees who do not otherwise enroll and who do not decline to contribute to the plan. If you choose this feature, new participants must be given a *Before-Tax and After-Tax Contributions Agreement/Automatic Enrollment Notice* upon hire. Using the form, the participant may elect to contribute on a before-tax and/or after-tax basis, at a rate of his or her choice, or to check the box to decline enrollment. If the participant fails to return the completed form within 30 days, however, you must submit an enrollment form to begin before-tax contributions from the participant's compensation at the rate you specify in the adoption agreement. General Conference made no recommendation concerning this provision; either choice is acceptable.
- 2.2 Plan Sponsor Contributions** – Although General Conference recommends a minimum plan sponsor contribution of 3% of compensation, a plan sponsor is not required to contribute to UMPIP and may instead sponsor the plan only with respect to participant contributions. If you have elected not to make plan sponsor contributions, skip to Part 3 of the adoption agreement. If your organization chooses to contribute, complete sections 2.3 through 2.8 of the adoption agreement to specify the terms of those contributions.

2.3 Eligibility Requirements for Plan Sponsor Contributions

- a) **Classification.** Permanent employees are those who work for an indefinite term and not on a seasonal or temporary basis. The term “permanent” is not meant to convey any guarantee of employment, but only to reflect the terminology used in General Conference legislation. If you do not want to provide plan sponsor contributions for all of your employees (or all of your permanent employees), you must specify the group for which you will provide plan sponsor contributions. If you want to provide different plan sponsor contribution formulas for different groups, then you must complete an adoption agreement for each group. Under the provisions of UMPIP, all participants must be covered for purposes of participant contributions. Therefore, by signing this adoption agreement, you agree to offer to all of your employees the ability to make participant contributions, even if they do not qualify for plan sponsor contributions.
- b) **Minimum Initial Eligibility Service.** You may require eligible participants to complete up to 12 months of service before qualifying for plan sponsor contributions.

- c) **Hours of Service.** If you choose to have an hours of service requirement, the participant will be eligible for the plan sponsor contribution in any year in which the participant is regularly scheduled to work at least the required number of hours. If the participant is regularly scheduled to work those hours, but fails to do so, the participant will still be entitled to the contribution for that year. However, if the participant is not scheduled to work a sufficient number of hours to qualify for a contribution for that year, but actually does work at least the minimum hours by the end of the year, he or she will be credited with that year's contributions at the end of the year.
- d) **Minimum Age.** You may require the participant to attain a specified age up to age 21 before qualifying for plan sponsor contributions.
- e) **Disability.** Long-term disability is defined as qualifying for a Social Security disability award or for benefits from the plan sponsor's long-term disability plan. If you elect to continue making plan sponsor contributions for disabled participants, they would cease when the participant attains age 65 or after 5 years, if later. In no event would they continue beyond attainment of age 70. General Conference made no recommendation concerning this provision; either choice is acceptable.

2.4 Entry Date for Plan Sponsor Contributions – This is the earliest date on which the participant can begin receiving plan sponsor contributions. The participant must meet eligibility requirements on or before this date. General Conference made no recommendation concerning this provision; either choice is acceptable.

2.5 Type of Plan Sponsor Contributions – Four types of contribution formulas are available. You may choose one or more types of contribution.

Matching. This type of contribution allows your organization to match participant contributions based on a specified formula. If you choose a matching contribution, you may select either of the two formulas provided or create a formula using the third, fill-in-the-blank alternative. Examples might be 25% of participant contributions up to 4% of a participant's compensation (maximum match of 1% of the participant's compensation), or 200% of participant contributions up to 3% of compensation (maximum match of 6%).

Non-matching. This type of contribution allows your organization to contribute a specified percentage of the participant's compensation regardless of whether or not the participant contributes to the plan. This formula, using at least a 3% rate, is used to comply with General Conference recommendations.

Conditional. This type of contribution allows your organization to contribute a specified percentage of the participant's compensation. This contribution may be conditional upon receipt of a specified participant contribution rate up to 4%, but not exceeding half of what your organization will contribute. Enter the percent of compensation that your organization will contribute. If you do not plan to require a participant contribution, enter zero on the second line. This contribution formula is the same as that offered under the predecessor plan, the Cumulative Pension and Benefit Fund. This formula can be used to comply with General Conference recommendations by entering a plan sponsor contribution of at least 3% and a 0% participant contribution. Alternately, a non-matching contribution of at least 3% achieves the same result.

Discretionary. This type of contribution allows your organization to reserve the right to make a contribution for the current or any future year. Your organization determines from year to year whether or not a discretionary contribution will be provided and under what formula. Upon request, the General Board will provide a form with available contribution formulas. These formulas may be changed or added to by the General Board from time to time. The contribution for a given year must be declared by submitting the form no later than May 1 following the year for which the contribution is to be made. All eligible participants must receive contributions, even if they work only a portion of the given year. The plan sponsor must calculate the contribution by participant and supply an electronic file for submission following General Board procedures. Contributions must be deposited no later than June 15 following the year for which the contribution is to be made.

2.6 Vesting Schedule – If a participant terminates employment without becoming 100% vested under the selected vesting schedule, the participant will forfeit the non-vested portion of his or her plan sponsor contribution account balance. Forfeitures are used to fund future plan sponsor contributions to other participants.

2.7 Contribution Calculation Period – Generally, the contribution calculation period will match your remittance frequency, which will usually be monthly. However, discretionary contributions may be made annually. Further, if you calculate a matching contribution by pay period and add the contributions for the pay periods to determine the monthly matching contribution amount, you may get a different amount than if you calculate the matching contribution for the month as a whole. Therefore, it is important to specify the contribution calculation period that you will be using.

Part 3 – Plan Sponsor Acknowledgements

This portion of the agreement outlines the plan sponsor’s responsibilities in the administration of the plan.

Part 4 – Effective Date

This is the effective date that you choose to sponsor UMPIP, or the effective date of an amendment to your initial agreement. If you previously sponsored the Cumulative Pension and Benefit Fund, indicate that this is an amendment of your prior agreement.

Part 5 – Adoption

An authorized representative of your organization must execute the adoption agreement.

Part 6 – General Board Signatures

This signifies acceptance of your completed adoption agreement and your organization’s sponsorship of the plan.

Please return the completed adoption agreement and the *Request for Employee Enrollment Materials* card (if applicable) to:

General Board of Pension and Health Benefits of
The United Methodist Church
1201 Davis Street
Evanston, Illinois 60201