A Guide to the Lay Defined Benefit Plan

Rules in effect as of January 1, 2018
Revised as of May 2018

CHURCH PENSION FUND
Passionate About Our Purpose

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Dear Friends:

As The Church Pension Fund looks ahead to its second century of administering pensions, we continue to be inspired by the audacious vision of our founder Bishop William Lawrence, who once said, “The object of pensions is security.”

We remain committed to helping you achieve financial security in retirement. As you review *A Guide to the Lay Defined Benefit Plan*, if you have any questions about your benefits, or are considering retiring in the near future, we encourage you to contact us at (866) 802-6333, Monday – Friday, 8:30AM – 8:00PM ET (excluding holidays) or at *benefits@cpg.org* to schedule a retirement discussion.

Thank you for your continued confidence and support.

Faithfully,

Mary Kate Wold
CEO and President
The Church Pension Fund

About This Guide

- This Guide is a summary of The Episcopal Church Lay Employees' Retirement Plan (the Plan), which covers all lay employees who are enrolled in the Plan by their *participating employer*.
- This Guide is intended to help you better understand your benefits and clarify what you need to do to ensure eligibility for the benefits provided by The Church Pension Fund (CPF) to members in the Plan. We encourage you to contact our *Client Services* group to establish a working relationship with us that begins at enrollment and continues through the retirement planning process and beyond.
- You will note that certain terms are capitalized throughout this Guide, which means they are proper names or are defined in our *Glossary of Terms*. Other more commonly used terms, such as *Assessments*, employer-provided housing, or participating employer, also appear in our Glossary of Terms because they have a very specific meaning for purposes of the Plan.
- This Guide uses "you" and "your" when referencing a lay employee who works for an Episcopal employer and is eligible to participate in and is enrolled in the Plan. Although the primary audience of this Guide is lay employees, your eligible spouse and other eligible beneficiaries may also use it as a reference.
- The Plan is only for lay employees of Episcopal employers that have adopted the Plan. In other words, an Episcopal employer must be a participating employer in the Plan. Episcopal clergy cannot participate in the Plan (unless they were a member of the Plan prior to being ordained).
- The official plan documents will govern the Plan and all the benefits provided by CPF. In the event of a conflict between this Guide and the official plan documents, the terms of the official plan documents will apply.
- Individual situations may differ from those described in this Guide. If you would like to discuss your specific circumstances, please contact our Client Services group.

Important Checklists

Even if retirement is years away, it is important to understand how the Plan works so that you can best prepare for your future, but the closer you are to retirement, the more important it is to start planning in detail. With that in mind, CPF has developed the checklists below to help you understand your options as you make decisions that may affect the rest of your life.

Checklist While You Are Working

✓ Make sure *Assessments* are paid in full and on time. (If they are not paid on time, interest may be charged.)

✓ Carefully review your annual Personal Information Summary, including the amount of your annual *Earnings*, and contact our *Client Services* group if there are any errors.

✓ Contact our Client Services group if any of the following occurs:

- Your address changes; or
- Your employment status changes; or
- Corrections need to be made to the amount of your reported earnings; or
- You get married or *divorced*; or
- Your spouse dies.

Checklist for an Upcoming Retirement

✓ Contact our Client Services group at least three months before you plan to retire.

✓ Carefully review the estimate of retirement benefits provided after contacting our Client Services group.

✓ Complete the retirement application provided after contacting our Client Services group.

✓ Choose a *form of payment* for a surviving spouse or other beneficiary (and obtain spousal consent, if required).

✓ Submit a completed retirement application and, if applicable, option election form to CPF prior to your planned retirement date. (Please note that retroactive retirements are not generally permitted.)

✓ Make sure Assessments are fully paid prior to your planned retirement date.
(In general, Assessments will not be accepted by CPF, and adjustments to your earnings record cannot be made after you retire.)

✓ Contact the Social Security Administration at (800) 772-1213 or *www.ssa.gov* for details about the benefits provided by Social Security.

Checklist for Retirees

✓ Notify our Client Services group of an address change or a change in banking relationship.

✓ Notify our Client Services group if you marry or divorce, or if your spouse or named beneficiary dies.

✓ Make sure your spouse or beneficiary knows how to contact our Client Services group in the event of your death.

✓ Contact the Social Security Administration at (800) 772-1213 or *www.ssa.gov* for details about the benefits provided by Social Security.

Retirement Plan

About the Plan

This is a defined benefit pension plan, which provides a benefit based on a predefined formula that takes into account your years of service with a participating employer and compensation history. Benefits are funded by employer contributions called *Assessments.*

Retirement Plan At-a-Glance

CPF is pleased to offer a defined benefit pension plan for eligible lay employees of the Episcopal Church. The main features of the Plan are described below.

Eligibility

You must be scheduled to work a minimum of 1,000 hours per year to be eligible to participate in the Plan. There is no minimum age or waiting period.

Portability

Vesting and *Credited Service* will be carried with you to any other participating employer.

How Benefits Are Calculated

Your retirement benefits are calculated using a formula that takes into account various factors, including:

	What is it?	Why is it important?
Credited Service	The period of years and months for which full Assessments have been paid while you are working for a participating employer.	Credited Service is used to *calculate* your retirement benefit.
Highest Average Compensation	If you earn Credited Service on or after January 1, 2018, *Highest Average Compensation* is the average of your seven highest-paid, non-overlapping 12-month periods during which you earned Credited Service over your entire career.	Highest Average Compensation is used to calculate your retirement benefit.

Earnings	The basis for the amount that your participating employer pays in *Assessments*. Specifically, your participating employer must pay 9% of your Earnings, which is the sum of the following annualized amounts: • Base salary (excluding housing) and scheduled taxable cash payments; plus • Cash housing allowance and/or utilities; plus • Employer contributions to a qualified and/or non-qualified plan; plus • One-time payments; plus • The value of *employer-provided housing* (in accordance with the Plan's formula). See *A Closer Look at Your Retirement Benefit* for more details.	Both Highest Average Compensation and *Credited Service* are dependent on your Earnings. For each month that your participating employer pays the full Assessment due, you will earn one month of Credited Service, and your Earnings for that month may be counted toward your Highest Average Compensation.

Please note:

- Your *Earnings* are taken into consideration when determining your Highest Average Compensation only if and when Assessments are paid in full.
- CPF reserves the right to request documentation, such as a Form W-2, at any time to support the amount of an individual's earnings that is reported to us.

Vesting

Vesting means you are entitled to receive a retirement benefit from the Plan upon your retirement. You become vested upon the first of the following to occur:

- You earn five years of Credited Service; or
- You reach age 55 or older while enrolled in the Plan; or
- You become eligible for *disability payments*.

In addition, if you were, became, or become an *Active* member in the Plan on or after January 1, 2013, your previous employment with any Episcopal employer (even one that does not participate in the Plan) will count toward vesting service under the Plan if you worked at least 1,000 hours per year for that previous employer and also provide verification of that prior employment to CPF.

If you are ordained:
If your enrollment in the Plan ends before you are vested and you later are ordained in the Episcopal Church, any future vesting service under the Clergy Pension Plan or the International Clergy Pension Plan will count toward the vesting requirement under this Plan, subject to the following: (1) your benefit has not previously been forfeited, and (2) you provide written notice to CPF.

Financial Protection While Working

If you are eligible, the Plan provides both survivor and disability benefit coverage from the time Assessment payments begin all the way through retirement, as long as *Assessments* are paid in full and on time. This includes:

- Disability payments for *Active* members who incur a serious and long-term disability before age 65. (See *Benefits If You Are Disabled Prior to Retirement* for more information.)
- A preretirement survivor benefit for your eligible surviving spouse if you die before you retire. (To be eligible, you and your spouse must have been married for at least 12 months, and your death must occur on or after age 55. Other eligibility requirements apply. See *Preretirement Survivor Benefit* for more information.)
- If you die after retirement, the Plan provides an automatic 50% survivor's benefit to your surviving spouse, unless it was waived by your spouse at the time you retired. (If you are not married at the time of retirement, the Plan provides several *payment options* that will provide a survivor's benefit to a named beneficiary after your death. If you are married, with spousal consent in certain cases, you may also elect one of these other options.)
- A *lump sum death benefit* is available in the event you die while an Active member. The benefit is equal to two times your *Earnings*, up to a maximum of $50,000.

Since there are no individual accounts, the Plan does not provide loans. A *lump sum payout* at retirement is available on a limited basis.

When You Can Begin Receiving Benefits

You can begin receiving your *vested* retirement benefit at the following point in time:

Early Retirement	At or after age 55
Normal Retirement	At or after age 65*

* *If you are vested and have not yet retired under the Plan, the Internal Revenue Service requires that you must begin receiving your retirement benefits by no later than April 1 of the year following the year in which you turn age 70½ (or, if later, by April 1 of the year following the year in which you stop working for a participating employer).*

Participation and Eligibility

Employer Participation

An Episcopal employer must file an adoption agreement with CPF to become a participating employer in the Plan. The Plan cannot be adopted retroactively.

Participating employers should report all lay employees to CPF and enroll them in the Plan as soon as they are scheduled to work 1,000 or more hours per year.

Employer Assessments

After an employer adopts the Plan, it must pay Assessments in full and on time for its members. These Assessments are a percentage (currently 9%) of each member's *Earnings*. Contributions from members are not permitted.

All Assessments are due on the last day of the month for which they are billed. This means that every month, your participating employer is required to pay a percentage of 1/12 of your projected annual Earnings. If a participating employer does not pay the full Assessment when it is due, interest will be applied as follows:

- Prior to January 1, 2019, interest will be charged on Assessments that are overdue by more than two calendar years. The annual rate used to calculate interest is the Plan's discount rate, which — as of April 1, 2018 — is 3.875%.
- Beginning on January 1, 2019, interest will be charged on Assessments that are three months or more overdue. In addition, the annual rate used to calculate interest will increase to 7%, which is consistent with CPF's investment objective. The rate is subject to periodic review.

Please note that CPF will not accept late Assessment payments unless the accrued interest is also paid. Once you retire under the Plan, however, no Assessments will be accepted.

Important note: We strongly encourage you to monitor whether your participating employer is paying Assessments in a timely manner. Late Assessment payments may accrue interest and also mean that you **will not:**

- Earn *Credited Service* unless and until Assessments are paid in full; and
- Receive all the benefits for which you and your family may be eligible because your member status under the Plan (*Active*/*Terminated*) may be impacted.

If Your Employer Stops Participating in the Plan

A participating employer can choose to stop participating in the Plan as of the end of a calendar year; however, CPF reserves the right to require a final contribution from the employer to ensure that the benefits of its members are fully funded, as determined by CPF in its sole discretion.

If you are actively working and enrolled in the Plan at the time your employer stops participating, you will become fully vested. You will not earn any additional benefits under the Plan while your employer is not a participating employer.

In keeping with the requirements of the Constitution and Canons of the Episcopal Church, an employer that chooses to stop participating in the Plan will be required to enroll eligible employees in The Episcopal Church Lay Employees' Defined Contribution Retirement Plan (or any other plan permissible under General Convention Resolution 2009-A138).

Employee Eligibility

To be eligible to participate in the Plan, you must be scheduled to work 1,000 hours or more per year at a *participating employer*. If you are scheduled to work less than 1,000 hours per year, you will become eligible on the first day of the month coinciding with or following the date on which you meet this requirement.

Part-time employees working less than 1,000 hours per year are not eligible. There is no minimum age or waiting period to be eligible to participate in the Plan.

Employee Participation

Your participating employer must enroll you in the Plan in order for you to become a member. Your employer can do this by filing an *Employee Application for Membership form* with CPF or by enrolling you online through the *Employee Roster*.

You will become a member in the Plan on the first day of the month following receipt by CPF of all required enrollment information and paperwork. If you feel that you have met the participation requirements but have not been notified of your Plan membership, please contact our *Client Services* group or your employer to confirm your enrollment.

Important Date Affecting Your Benefits

Date of participation:
Once your employer has adopted the Plan, your participation begins when your employer enrolls you in the Plan.

If you change jobs in the Church and move from one participating employer to another, your new participating employer may enroll you in the Plan if you meet the eligibility requirement described above.

Member Status

Eligibility for the benefits described in this Guide is based on your member status under the Plan as follows:

You Will Be…	If…
Active	• You are scheduled to work 1,000 hours or more per year at a participating employer; and • Your participating employer has enrolled you in the Plan; and • You earn at least one month of *Credited Service*; and • *Assessments* are not more than 24 months past due.
Terminated	• You are entitled to a *vested* benefit; and • Your enrollment in the Plan has ended because: – You are not employed by a *participating employer*; or – You are employed by a participating employer but are scheduled to work less than 1,000 hours per year; or – *Assessments* are more than 24 months past due (even though you are employed by a participating employer and are scheduled to work 1,000 hours or more per year).

Retired	• You have initiated retirement and started to receive your retirement benefit and have not subsequently *returned to active service* with a participating employer. • If you previously retired under the Plan and then later return to Active service, your retirement may be suspended unless you meet certain criteria. See *Returning to Work After Retirement* for more information.

The chart below shows the benefits you are eligible for based on your member status under the Plan. Please note that this is a high-level overview; **other eligibility requirements and conditions apply**. You will find summaries of these benefits in this Guide.

Benefit	**Active**	**Terminated**	**Retired**
Disability Payments	Yes (before age 65)	No	No
Preretirement Survivor Benefit	Yes, if you die after age 55 (benefit is based on a minimum of 10 years of *Credited Service*)	Yes, if you became a Terminated member after age 55 (benefit is based on actual Credited Service)	N/A
(Preretirement) Lump Sum Death Benefit	Yes	No	N/A
Post-Retirement Survivor Benefit	N/A	N/A	Yes, if elected at retirement
Monthly Retirement Benefit	N/A	N/A	Yes
Discretionary Cost-of-Living Adjustments	N/A	N/A	Yes

A Closer Look at Your Retirement Benefit

The following will help you understand the key components of the Plan and how your retirement benefits are calculated.

Credited Service

Beginning January 1, 2018, you will receive a month of Credited Service for each month that you are enrolled in the Plan and for which your participating employer pays the monthly *Assessment* (including interest, if applicable) in full. If your participating employer only partially pays (or does not pay) the Assessment due, you will not earn any Credited Service for that month.

Credited Service will vary depending on the length of your service while a member of the Plan. Service as an ordained Episcopal cleric or as an employee of the Church Pension Group Services Corporation does not count toward Credited Service under this Plan.

Highest Average Compensation

If you earn Credited Service on or after January 1, 2018, Highest Average Compensation is the average of the seven highest-paid, non-overlapping, 12-month periods for which you have earned Credited Service over your entire career. (The seven 12-month periods do not need to be consecutive; however, they cannot overlap.)

If you have less than seven years of compensated employment during which you earned Credited Service, then all of the months in which you earned compensation and Credited Service will be used to determine your "career average." This amount may fluctuate until a Highest Average Compensation is established.

Prior to January 1, 2018, the Plan used other definitions to determine Highest Average Compensation. If you established a Highest Average Compensation on or before December 31, 2017, then it can never be lower than that established amount.

Earnings

Earnings are used to calculate pension Assessments for your employer and your Highest Average Compensation.

Earnings* are the sum of the following annualized amounts:

1. Base salary (excluding housing) and scheduled taxable cash payments; plus
2. Cash housing allowance and/or utilities; plus
3. Employer contributions to a qualified and/or non-qualified plan; plus
4. One-time payments; plus
5. The value of *employer-provided housing*, which equals 30% of the sum of #1 – 4 above. However, if the sum of #1 – 4 above is less than the Clergy Pension Plan's Hypothetical Minimum Compensation ($18,000 per year beginning on January 1, 2018), the value of employer-provided housing equals 30% of the *Hypothetical Minimum Compensation*.

Earnings do **not include: (1) any form of severance (including pay continuation following a termination of employment), or (2) earnings above the Internal Revenue Code annual compensation limit.*

A Note About Housing

The types of compensation included in the definition of Earnings are consistent with the types of compensation that are assessed on behalf of clergy under the Clergy Pension Plan. As such, the terms "housing" and "cash housing allowance" are used in the definition of Earnings. However, CPF defines such terms as cash payments that are paid on a regular basis and are excludible from an employee's gross income for income tax purposes. As such, lay employees generally should not have any housing to exclude from their base salary or any cash housing allowance to report.

Note that, if the only type of compensation that your *participating employer* provides is housing, then your *Earnings* equal 30% of the Clergy Pension Plan's Hypothetical Minimum Compensation ($18,000 per year beginning on January 1, 2018).

Special Situations That Could Impact Your Retirement Benefit

Qualified Military Service

Qualified military service is covered by The Uniformed Services Employment and Reemployment Rights Act (USERRA), which provides important benefits for all Reserve and National Guard members who are called to active duty. This act requires employers to maintain pension coverage during the period of eligible military deployment and to guarantee equivalent employment after release from federal service. In accordance with USERRA, the Plan requires that pension *Assessments* be paid in full for the period of eligible active duty if you return to employment with your participating employer within the time period required by law.

Indianapolis Plan

Special rules apply if you previously participated in The Episcopal Diocese of Indianapolis Retirement Plan. Please contact our *Client Services* group for information.

When You Can Retire

Once *vested*, you can retire at one of the following times:

Early retirement:

- On or after age 55 but before age 65; and
- When you are no longer employed by a participating employer.

Normal retirement:

- On or after age 65; and
- When you are no longer employed by a participating employer or are scheduled to work less than 1,000 hours per year for a participating employer.

IRS required beginning date: If you are vested and stop working for a participating employer and have not yet retired under the Plan, you will be required to begin receiving your retirement benefit by no later than April 1 of the year following the year in which you turn age 70½ (or, if later, by April 1 of the year following the year in which you stop working for a participating employer).

How Your Retirement Benefit Is Calculated

At Early Retirement

If you are vested and retire on or after age 55 (and before age 65), your annual retirement benefit is subject to reduction and calculated as follows:

Highest Average Compensation x 1.5% x Credited Service
= Your Total Annual Normal Retirement Benefit
Less
5% x each year (approximately 0.4167% per month) your early retirement date is short of age 65, with a maximum total reduction of 50%
= Your Total Annual Early Retirement Benefit

Special Transition Rule for Grandfathered Members: If you were age 50 or older as of December 31, 2017, you will be grandfathered under the early retirement reduction factors that were in effect prior to January 1, 2018:

- If you retire on or after age 55 and before age 60, your benefit will be reduced according to a schedule (ranging from 0.2% to 0.6% per month) that your early retirement date occurs prior to age 65, with a maximum total reduction of approximately 40%.
- If you retire on or after age 60 and before age 65, your benefit will be reduced by 2.4% per year (or 0.2% per month) that your early retirement date occurs prior to age 65, with a maximum total reduction of 12%.

At Normal (or Late) Retirement

Here is how your annual retirement benefit is calculated if you are *vested* and retire at or after the normal retirement age of 65:

Highest Average Compensation x 1.5% x Credited Service

= Your Total Annual Normal Retirement Benefit

For example:
John has decided to retire at age 65. He has 10 years of Credited Service and his highest earnings for seven highest-paid, non-overlapping 12-month periods are:

$28,000
$30,000
$30,000
$32,000
$33,000
$35,000
$38,000

John's Highest Average Compensation = $32,286

John's annual normal retirement benefit equals:

Highest Average Compensation x 1.5% x Credited Service	$32,286 x 1.5% x 10 =
Total Annual Normal Retirement Benefit	**$4,842.90** (or $403.58 per month)

Benefit Payment Options

Listed below are all of the forms of payment available under the Plan. You choose a form of payment and, if applicable, name a beneficiary at the time you retire.

Important note: You may not change the form of payment or your beneficiary designation after your retirement date under any circumstances. In addition, if your beneficiary predeceases you after you retire, you cannot name a new beneficiary as a replacement. In this case, no survivor's benefit is payable, even if you later remarry.

Single life option:	Provides a monthly benefit for your lifetime only. No survivor's benefit is payable after you die. This is the normal form of payment (the default option) if you are not married at the time you retire.

Joint and survivor option:	Provides an actuarially reduced monthly benefit for your lifetime and, after your death, a monthly survivor's benefit to your named beneficiary for his or her lifetime. • The survivor's benefit can equal 50%, 75%, or 100% of your benefit. • Your benefit is actuarially reduced to pay for the cost of providing the survivor's benefit. • Upon your death, your beneficiary will receive the survivor's benefit that you elected at retirement. The 50% joint and survivor option is the normal form of payment (the default option) if you are married at the time you retire.
15-year certain and life option:	Provides a reduced monthly benefit for your lifetime and may or may not provide a survivor's benefit depending on when you die. If you die after receiving payments for 15 years, no further benefits will be paid after your death. However, If you die before receiving payments for 15 years, then your named beneficiary will receive a monthly benefit for the remainder of the 15-year period. If your beneficiary dies before the end of the 15-year period, the balance of any remaining payments will be paid to the estate of whoever is the last to survive.
Lump sum payment of small benefit:	Provides a single payment of your entire retirement benefit if the value is below a certain amount. A lump sum payment may be mandatory or optional, as further explained below. • If your monthly benefit is $50 or less and the actuarial equivalent value (that is, present value) of your total retirement benefit is $1,000 or less, your entire retirement benefit automatically will be paid in a single lump sum. • If the previous bullet does not apply and your monthly benefit is less than or equal to $100, you may elect to receive a single lump sum payment of your entire retirement benefit. If you are married, your spouse must provide consent. Lump-sum benefits generally may be rolled over to another eligible retirement plan or individual retirement account, unless the *IRS required beginning date* applies.

Spousal consent is not required if you are married and elect any of the joint and survivor options for your spouse. However, your spouse's consent will be required if you want to:

- Choose the single life option or 15-year certain and life option; and/or
- Name someone other than your spouse as your beneficiary.

Requesting Your Retirement Benefits

In general, you must file a retirement application with CPF about three months or more before the date you want to retire, although there is one application filing exception noted below. As part of the application process, you choose your *form of payment* and, if applicable, designate a beneficiary.

CPF must receive your completed application to retire prior to your anticipated retirement date in order for our *Client Services* group to process your retirement for that date. Retroactive retirements are not generally permitted.

Application Filing Exception: CPF recommends that you file a retirement application to ensure that you select the payment option that meets your needs. However, CPF will automatically begin your retirement benefit payments even if you do not complete a retirement application if you have reached your *IRS required beginning date* (typically, April 1 of the year following the year in which you attain age 70½). In this case, if CPF does not receive a completed retirement application on time, your retirement benefit will be based on the normal form of payment and your marital status in CPF's records at that time. If you want to choose your form of payment and designate a beneficiary, we encourage you to contact our Client Services group no later than three months after you turn age 70, if you are no longer working for a *participating employer* at the time.

Receiving Your Retirement Benefit Payments

CPF strongly encourages you to have all retirement benefit payments sent directly to your bank by electronic transfer. Using this method allows CPF to transmit retirement benefit payments directly to your bank account, which helps to ensure that they arrive safely and are deposited on time. All you need to do is complete a *Payment Method Authorization Form*. Once the banking relationship is established, there is no need for further maintenance, unless your banking information changes.

Taxes on Retirement Benefits

Benefits paid from the Plan are subject to federal income tax and possibly state and/or local taxes. Please note:

- If you receive a lump sum payment or any other payment that is eligible for rollover to another eligible retirement plan or an individual retirement account (IRA), no tax will be withheld if the payment is directly rolled over to that other plan or IRA. However, If the payment is not directly rolled over, 20% of the payment will be withheld for federal income tax.
- Periodic payments are treated like wages for withholding purposes. However, you may elect not to have taxes withheld.
- At retirement, you will receive a Form W4-P and a state withholding form to complete and return to CPF.
- Every January, retired members will receive a Form 1099-R, which reports the distributions from the Plan during the previous calendar year.

You should consult your tax advisor before making any federal, state, and/or local tax withholding elections.

Mistaken Payments

If you or your survivors receive incorrect payment(s) for any reason, overpayments may be charged against, and underpayments may be added to, any benefits otherwise payable to you or your survivors. Interest may be charged or paid, depending on the circumstances.

After You Retire

Discretionary Cost-of-Living Adjustments

Although not required by Plan rules, the CPF Board of Trustees has the discretion to grant a cost-of-living adjustment to retirement benefits when inflation justifies it and the financial condition of the Plan allows for it. To protect the long-term viability of the Plan and the continuity of retirement benefit payments to members and beneficiaries, a cost-of-living adjustment will not be granted unless the Plan is fully funded. As of September 30, 2017, the Plan was not fully funded.

Returning to Work After Retirement

If you retire and then return to work with a *participating employer*, your retirement benefits may be suspended, and you may earn an additional benefit under the Plan.

If you are scheduled to work 1,000 hours or more per year with a participating employer, your retirement benefits will be suspended unless you have reached your *IRS required beginning date*. If you have reached your IRS required beginning date, you will continue to receive your retirement benefits, even though you have returned to work. In either case, you will earn an additional benefit under the Plan.

Upon your subsequent retirement (or "re-retirement"), you will receive a retirement benefit that consists of the following:

- The retirement benefit that you were previously receiving, adjusted for cost-of-living increases, if any, paid in the *form of payment* that you previously elected; and
- The retirement benefit that you earned after your return to service, payable in the form of payment that you elect on your subsequent retirement date.

These restrictions on working after retirement apply only if you return to work with a participating employer and are scheduled to work 1,000 hours or more per year with that participating employer. If you are scheduled to work less than 1,000 hours per year with a participating employer, if you return to work with an Episcopal employer that does not participate in the Plan, or if you work outside the Episcopal Church, your retirement benefits will not be impacted.

Financial Protection While Working

Benefits If You Are Disabled Prior to Retirement

Eligibility for Disability Payments

If you are disabled before you retire and prior to age 65, you may be eligible to receive disability payments from the Plan. To qualify:

- You must be an *Active* member in the Plan; and
- You must file a written application for disability payments with the Plan Administrator; and
- CPF's Medical Board, designated as *Liberty Mutual*, must certify that you are disabled (as defined below).

You will be considered disabled under the Plan if you are unable to engage in substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or be of long, continued, and indefinite duration, as determined by Liberty Mutual. From time to time, you may be required to submit documents confirming your continuing disability to Liberty Mutual. In order to continue to receive disability payments, CPF reserves the right to require that you receive or undergo appropriate treatment as determined by an appropriate provider.

Important note: If you die after disability payments are approved but before choosing a *form of payment*, the Plan has certain default rules that apply. If you were married, your benefit as of the date of disability will be paid in the form of a 50% joint and survivor option. If you were not married, your benefit as of the date of disability will be paid in the form of a single life option, which means that no survivor's benefit will be payable following your death. Your marital status on record with CPF at the time of death will be used to determine the form of payment.

Amount of Disability Payments

Once approved for disability, you will become fully *vested* under the Plan (if you are not already), and you will receive disability payments determined using the formula for normal retirement based on your *Highest Average Compensation* and *Credited Service* earned through the date of disability, provided that you will always receive a minimum of 10 years of Credited Service for this purpose.

When you become eligible for disability payments, you choose a *form of payment* and, if applicable, designate a beneficiary.

Duration of Disability Payments

Disability payments will begin after Liberty Mutual has determined that you are *disabled* and entitled to disability payments.

Disability payments will end when the first of the following occurs:

- When you are no longer disabled or die; or
- If you fail to submit proof of your continuing disability; or
- When you turn age 65.

If you are receiving disability payments when you reach age 65, the disability payments will automatically convert to a normal retirement benefit, payable in the same amount and in the same form of payment as the disability payments.

Preretirement Survivor Benefit

If you die before you retire, your eligible spouse will receive a monthly preretirement survivor benefit for life if:

- You were an *Active* member in the Plan and died on or after reaching age 55; or
- You ended employment with a *participating employer* on or after reaching age 55 and were entitled to a *vested* benefit.

An eligible spouse is the person to whom you were legally married at the time of death and for at least 12 months prior to your death. If you do not have an eligible spouse at the time of your death, no preretirement survivor benefit will be payable from the Plan.

An eligible spouse's preretirement survivor benefit will be determined as follows:

- The amount of your *calculated retirement benefit* based on your *Credited Service* and *Highest Average Compensation* at the time of death; however, if you were an Active member who had not yet attained age 65, a minimum of 10 years of Credited Service will be used for this purpose.
- If applicable, the benefit, as calculated above, will be adjusted based on the Plan's *early retirement reduction factor* as if you had retired at the time of death.
- The benefit will be further adjusted as if you had elected the 50% joint and survivor option.

If You Die During Qualified Military Service

Special provisions may apply. Please contact our *Client Services* group.

Lump Sum Death Benefit (If You Die Prior to Retirement)

If you are an Active member in the Plan and die before you retire (regardless of your age at the time of death), then your designated beneficiary(ies) is eligible to receive a benefit from The Episcopal Church Lay Employees' Death Benefit Plan (the Death Benefit Plan).

The lump sum death benefit payable from the Death Benefit Plan is equal to two times your *Earnings*, up to a maximum of $50,000.

If you do not name a beneficiary, the Death Benefit Plan provides that the following will be your default beneficiary(ies):

1. Your spouse; or
2. If you were not married, your children; or
3. If you were not married and had no children, your estate.

Beneficiary information: Be sure to complete a beneficiary designation form for the lump sum death benefit when you first become a member of the Plan and update your beneficiary information as needed throughout your career. It is important that beneficiary information (including contact information) be kept up to date. If you name your spouse as a beneficiary, your spouse will remain your beneficiary even if you subsequently divorce or legally separate, unless you designate a new beneficiary, or revoke your designation in writing.

Life Event Changes

Changes to Your Personal Information

To ensure that you earn full benefits and that benefits are provided as you intend, it is your responsibility to make sure CPF receives accurate and up-to-date personal information regarding:

- *Earnings*; and/or
- Major life events (such as marriage, divorce, or birth/adoption of a child); and/or
- Any change in beneficiaries (including their contact information).

You should also review your annual Personal Information Summary (because it reflects the information on file with CPF) as well as your current Earnings and projected retirement benefits.

Monitoring Assessments: Your participating employer is required to regularly pay *Assessments* on your behalf. You should make sure that your employer is paying Assessments in full and on time. If Assessments are not paid, you will not earn *Credited Service* and may lose *eligibility* for certain benefits (such as disability benefits, the *preretirement survivor benefit*, and the lump sum death benefit). In addition, overdue Assessments may accrue interest. See *Employer Assessments* and *Member Status* for more information.

If You Divorce Before You Retire

If you divorce before retiring, the court that has jurisdiction over the dissolution of your marriage may require that your retirement benefit be divided with your former spouse because it constitutes marital property. The division of your retirement benefit may be determined by a divorce decree or marital property settlement agreement. In either case, if your former spouse is entitled to a share of your retirement benefit, and you would like CPF to pay that share directly to your former spouse, then you and your former spouse must file a qualified domestic relations order (QDRO) with the appropriate court. The QDRO also must be approved by CPF. Your divorce decree and/or marital property settlement agreement generally will not act as a QDRO because a QDRO must meet certain specific requirements before CPF will approve and implement it.

CPF has developed two different types of model QDROs that you may use as a template when preparing your own. (The type that you use will depend on your own personal situation.) Using a model can greatly speed approval of the QDRO by CPF, saving you both time and legal fees. We strongly recommend that you submit a draft QDRO to CPF for pre-approval before signing it and filing it with the appropriate court. If we receive an order that has been executed by both you and your former spouse (or your attorneys) or an order that has been certified by a court, CPF will place a hold on your account to prevent the payment of any retirement benefits until we either approve the order or the order is withdrawn.

Once a QDRO has been approved by CPF, you will not have to pay income taxes on any amounts paid from the Plan to your former spouse in accordance with the terms of the QDRO.

Unless a QDRO has been approved, CPF will not pay any portion of your retirement benefit to your former spouse. However, even if you do not have an approved QDRO, you may still be legally obligated to pay a portion of your retirement benefit directly to your former spouse, if required by your divorce decree and/or marital property settlement agreement.

If you are about to enter or have entered the divorce process, we recommend that you contact our *Client Services* group well before your court date. In addition, in the event of your divorce, you should also consider whether to update your beneficiary designation for the *lump sum death benefit*, if necessary.

If You Divorce After You Retire

If you divorce after retiring, the person whom you designated as your beneficiary (if any) remains eligible for the survivor's benefit elected at retirement. This cannot be changed.

You may enter into a qualified domestic relations order (QDRO) in order to divide your retirement benefit with your former spouse, *as described above*.

If You Marry After You Retire

If you marry after retirement, your new spouse is not considered a beneficiary of the Plan and will not be entitled to a benefit. You may not change the *form of payment* that you elected at retirement under any circumstances; therefore, whomever you designated as your beneficiary at that time, if you did so, will receive the survivor benefit that you elected in the event of your death.

If your beneficiary predeceases you and you marry after retirement, you cannot substitute your new spouse as the beneficiary, even though the person whom you designated at retirement is no longer living. In this case, no survivor benefit is payable following your death.

In addition, because your eligibility for the Death Benefit Plan ends at retirement, a new spouse whom you marry after retirement will not be entitled to a *lump sum death benefit* following your death.

The Appeals Process

Appeal Not Related to a Disability

First Level Appeal

If you, your beneficiary, or any other person (a "claimant") believes that he or she has been denied benefits under the Plan or the Death Benefit Plan, the claimant may file an appeal with CPF, which will be subject to a full and fair review. A filed appeal must:

- Be in writing;
- Be submitted either by the claimant or by his or her authorized representative; and
- Provide detailed reasons, including any supporting evidence, about why the claimant believes that CPF's initial decision was incorrect.

You should submit a first level appeal to:	Church Pension Group P.O. Box 2745 New York, NY 10163-2745 Attn: Appeals — First Level Review

The claimant generally will receive a written response to his or her appeal within 60 days after the appeal is received by CPF. If CPF needs additional time (up to 60 days) to review the appeal, the claimant will be notified of the reason(s) for the delay and the anticipated response date, which may not exceed a total of 120 days from the date CPF receives the appeal.

If CPF denies the appeal, in whole or in part, CPF's written response to the claimant will include:

- The specific reason(s) for the denial;
- Specific reference to the applicable plan's provision(s) on which the denial is based; and
- A description of the applicable plan's procedures for filing a second level appeal.

Second Level Appeal

Within 60 days following the date the claimant receives CPF's denial letter for the first level appeal, the claimant, or his or her authorized representative, may submit a second level appeal to CPF. (CPF may, in its sole discretion, extend the 60-day period to file a second level appeal.)

The appeal letter must be in writing and should give a detailed explanation of why the claimant believes the first level appeal should not have been denied. It should also include any other documents or supporting information that may have a bearing on the appeal. The second level appeal will be subject to a full and fair review that does not give deference to the determination of the first level appeal. You should submit a second level appeal to:

Church Pension Group
P.O. Box 2745
New York, NY 10163-2745
Attn: Benefit Appeals Committee

The claimant will generally receive a written response to his or her second level appeal within 90 days after it is received by CPF. If CPF needs additional time (up to 90 days) to review the second level appeal, the claimant will be notified of the reason(s) for the delay and the anticipated response date, which may not exceed a total of 180 days from the date CPF receives the second level appeal.

If the second level appeal is denied, CPF's written response will give the specific reason(s) for the denial and the applicable plan's provision(s) on which the final denial decision is based.

Appeal Relating to a Disability

First Level Appeal

If an appeal relates to whether or not a claimant is disabled under the Plan, the first level appeal should be submitted to the Medical Board, Liberty Mutual. Liberty Mutual will provide a description of its appeals procedures if and when a disability claim is denied.

If a disability claim is denied, disability benefits will be suspended. However, if the denial is subsequently overturned, disability benefits will be paid retroactively.

Second Level Appeal

After Liberty Mutual's appeals procedures have been exhausted and the denial determination has been upheld, the claimant, or his or her authorized representative, may submit a second level appeal to CPF. This must be done within 180 days after the date the claimant receives Liberty Mutual's denial letter for the first level appeal. (CPF may, in its sole discretion, extend the time period to file a second level appeal.)

The appeal letter must be in writing and should give a detailed explanation of why the claimant believes the first level appeal should not have been denied. It also should include any other documents or supporting information that may have a bearing on the appeal. You should submit a second level appeal to:

Church Pension Group
P.O. Box 2745
New York, NY 10163-2745
Attn: Benefit Appeals Committee

The second level appeal will be subject to a full and fair review that does not give deference to the determination of the first level appeal. CPF may, in its sole discretion, consult with an independent expert of its choosing when it reviews the second level appeal.

The claimant will generally receive a written response to his or her second level appeal within 90 days after it is received by CPF. If CPF needs additional time (up to 90 days) to review the second level appeal, the claimant will be notified of the reason(s) for the delay and the anticipated response date, which may not exceed a total of 180 days from the date CPF receives the second level appeal.

If the second level appeal is denied, CPF's written response will give the specific reason(s) for the denial and the applicable plan's provision(s) on which the final denial decision is based.

After CPF's Final Determination

A claimant may not file a civil suit until he or she has exhausted the appeals procedures outlined above. If a claimant is not satisfied with CPF's final determination (of the second level appeal), the claimant must file a civil suit within 180 days after receiving CPF's final determination. As a participant or beneficiary in a CPF benefit plan, the claimant has consented to the venue and exclusive jurisdiction of the courts located in New York City. Therefore, any civil action must be filed in New York City.

Glossary of Terms

Active member
A member who meets **all** of the following requirements:
- Is scheduled to work 1,000 hours or more per year at a participating employer; and
- Is enrolled in the Plan by that participating employer; and
- Has earned at least one month of Credited Service; and
- *Assessment* payments are not more than 24 months past due.

Assessment(s)
This is the contribution amount that your *participating employer* is required to pay CPF on your behalf. As of 2018, the contribution amount is equal to 9% of your *Earnings*.

Church (or the Episcopal Church)
The Episcopal Church

Clergy Pension Plan
The Church Pension Fund Clergy Pension Plan, as amended from time to time.

CPF
The Church Pension Fund, a New York State corporation.

CPF is the plan administrator of the benefit plans explained in this Guide. As the plan administrator, CPF is responsible for the operation of the plans, including interpreting plan provisions and authorizing benefit payments. The plan administrator has the power and authority to interpret and construe the provisions of a plan and has sole discretion in making determinations under a plan. This includes but is not limited to determinations of fact and eligibility for benefits, and deciding any dispute that may arise regarding the rights of participants or their beneficiaries under a plan.

All interpretations and decisions of the plan administrator are final and binding on all interested parties. The plan administrator may delegate any or all of this authority to a third party. To the extent that the plan administrator has delegated its authority, the third party has all of the powers and responsibility of the plan administrator.

Credited Service
The years and months for which full Assessments have been paid to CPF on your behalf. Credited Service only includes service as a lay employee of a participating employer and generally requires completion of 1,000 hours of service in a 12-month period.

Death Benefit Plan
The Episcopal Church Lay Employees' Death Benefit Plan, as amended from time to time.

Disabled A disability that results in the inability to engage in substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or be of long, continued, and indefinite duration, as determined by *Liberty Mutual*. In order to continue to receive disability payments, CPF reserves the right to require that a member receive or undergo appropriate treatment as determined by an appropriate provider.

Early retirement age Age 55 through age 64

Earnings The sum of all the following annualized amounts* on which your participating employer is required to pay Assessments:

1. Base salary (excluding housing) and scheduled taxable cash payments; plus
2. Cash housing allowance and/or utilities; plus
3. Employer contributions to a qualified and/or non-qualified plan; plus
4. One-time payments (applies to month when paid); plus
5. The value of *employer-provided housing*, which equals 30% of the sum of #1 – #4 above. However, if the sum of #1 – #4 above is less than the Clergy Pension Plan's Hypothetical Minimum Compensation ($18,000 per year beginning on January 1, 2018), the value of employer-provided housing equals 30% of the *Hypothetical Minimum Compensation*.

* *Any form of severance (including pay continuation following a termination of employment) should be excluded in all cases.*

Note that if the only type of compensation that your employer provides is housing, then your Earnings equal 30% of the Clergy Pension Plan's *Hypothetical Minimum Compensation*.

Employer-provided housing A physical residence that is provided to you by your participating employer, such as a dormitory. This includes (1) housing that is owned or rented directly by your employer or (2) housing that your employer arranges to provide cost-free to you but that is not owned or rented directly by either you or your employer.

Highest Average Compensation The average of the seven highest-paid, non-overlapping, 12-month periods during which you earned Credited Service over your entire career.

Hypothetical Minimum Compensation An amount established by the Clergy Pension Plan to determine the value of your employer-provided housing in certain cases. Beginning January 1, 2018, the amount is $18,000 per year (or $1,500 per month).

Liberty Mutual Liberty Life Assurance Company of Boston, which is the organization designated as CPF's Medical Board.

Member Any person who is an *Active* member, Terminated member, or Retired member of the Plan. You are no longer considered a member when you die, your accrued benefit has been forfeited, or you have received a lump sum distribution of your entire retirement benefit.

Normal retirement age Age 65 (or, if later, your age when your participating employer adopts the Plan).

Participating employer An Episcopal organization that has adopted the Plan in accordance with the requirements set by CPF and that has not terminated its participation in the Plan.

Plan The Episcopal Church Lay Employees' Retirement Plan, as amended from time to time.

Qualified Domestic Relations Order (QDRO) A court order that has been approved by CPF that is used to divide your retirement benefit with an alternate payee (usually your former spouse). See *If You Divorce Before You Retire* for more information.

Retired member A member who has begun receiving a retirement benefit from the Plan and has not subsequently *returned to active service* with a participating employer.

Terminated member A member who is entitled to a *vested* benefit under the Plan and whose enrollment in the Plan has ended because of any of the following situations:

- The member is not employed by a participating employer; or
- The member is employed by a *participating employer* but is scheduled to work less than 1,000 hours per year; or
- *Assessments* are more than 24 months past due (even though the member is employed by a participating employer and is scheduled to work 1,000 hours or more per year).

Contacts

Client Services	For assistance with the following: • Pensions • Life insurance • Annuities • Retirement savings • Disability	(866) 802-6333 Monday – Friday, 8:30AM – 8:00PM ET (excluding holidays) *benefits@cpg.org* The Church Pension Fund 19 East 34th Street New York, NY 10016
Financial and Life Planning	For planning your financial future, including reviewing your retirement needs and goals and understanding your benefit choices	(888) 735-7114 Monday – Friday, 8:30AM – 8:00PM ET (excluding holidays)
Health Plans	For assistance with medical, dental, and vision plans	(800) 480-9967
Liberty Mutual		To report a claim: (877) 225-1740 To check the status of your claim: (800) 210-0268 *www.mylibertyconnection.com* (first-time users must register using Company Code **CPG-EE**)

This Guide is provided for informational purposes and should not be viewed as investment, tax, or other advice. This Guide reflects the rules in effect as of January 1, 2018. In the event of a conflict between this Guide and the official plan documents, the terms of the official plan documents will govern. CPF and its affiliates reserve the right to amend, terminate, or modify the terms of any benefit plans described in this Guide at any time, without notice, and for any reason.

The Plan is a qualified plan under section 401(a) of the Internal Revenue Code, but as a church plan, it is not subject to the Employee Retirement Income Security Act of 1974, as amended. The Plan's financial condition is disclosed in the Church Pension Group Annual Report, which is located on our website at www.cpg.org. CPF, as sponsor of the Plan, continues to monitor the funding status closely. Like many defined benefit plans, the Plan currently is not fully funded.

Revised as of May 2018