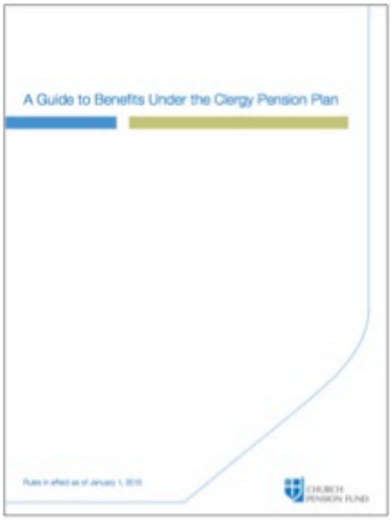
Benefits Provided to Clergy Pension Plan Participants
and Lay Employee Plan Changes

Expected Effective Date: January 1, 2018

Current as of October 13, 2017

CHURCH PENSION GROUP
Passionate About Our Purpose



Expected to be effective January 1, 2018*

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*This presentation includes descriptions of the changes that are currently proposed to the Clergy Pension Plan and other clergy benefits provided by The Church Pension Fund; however, these provisions are subject to modification prior to the effective date of the revised plan. These provisions are for clergy who are canonically resident in the Episcopal Church and working in a domestic diocese — that is, the qualified Clergy Pension Plan.

Reflection Leads to Clergy Pension Plan Revision

Goals to...

- **Provide flexibility**
- **Promote consistency**
- **Simplify communication and improve administration**

And at the same time…

- **Maintain overall value of benefits**
- **Ensure CPF's financial sustainability**

Clergy Pension Plan is a Defined Benefit Plan

Employer pays assessments

Plan sponsor controls investment decisions

Employee's pension benefit is based on a formula regardless of investment performance

Eligibility

- **Mandatory Criteria:** Ordained, scheduled to be "regularly employed" for 5+ consecutive months and compensated (no dollar amount for pension benefit eligibility)
- **Regularly Employed:** Meet one or more of the following:
  - Letter of Agreement (contract of employment), OR
  - Duly called by bishop, vestry or rector, OR
  - Formal title indicating substantial ongoing relationship, OR
  - Issued Form W-2, OR
  - Scheduled to work 20+ hours per week
- **Exception for Short-term Service:** Participation is optional if there is a letter of agreement directing payment of assessments for services of less than five months

Assessments on Compensation

18% of Total Assessable Compensation (TAC)

- Total Assessable Compensation* is the annual sum of the following:
  1. Base salary (excluding housing) & scheduled taxable cash payments
  2. Cash housing allowance and/or utilities
  3. Employer contributions to a qualified or non-qualified plan
  4. One-time payments
  5. Value of employer-provided housing, which equals 30% of the sum of #1 through #4 above or, if higher, 30% of the Hypothetical Minimum Compensation, (HMC)**.

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

**Hypothetical Minimum Compensation is expected to be $1,500 per month beginning on the effective date of the revised plan.

Assessments on Church-provided Housing

- **Cleric with Multiple Employers:** Housing assessments no longer allocated between employers. Only the employer providing the housing will be assessed
- **Clergy whose only compensation is church-provided housing must now participate in the plan**
- **May be different than IRS housing allowance used for tax purposes**

Total Assessable Compensation (TAC) Example

The Rev. John Black works for St. Mark's Episcopal Church. His compensation package provides him with a rectory, cash salary of $40,000, equity allowance of $3,000, and a cash housing allowance of $5,000. Below is a calculation of Father Black's TAC under the old versus revised plan

Old Plan		**Revised Plan**	
Cash	$40,000	Cash	$40,000
Cash Housing Allowance	$ 0*	Cash Housing Allowance	$ 5,000
Equity Allowance	$ 3,000	Equity Allowance	$ 3,000
Housing (.30 x 40,000*)	$12,000	Housing (.30 x 48,000)	$14,400
TAC	**$55,000**	**TAC**	**$62,400**

*Assessable housing is the greater of (a) 30% of the sum of the cash stipend, Social Security tax reimbursements, tuition for dependents, and utilities or (b) cash housing allowance.

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Implications of the Total Assessable Compensation Definition

- **Clergy whose only compensation is church-provided housing must now participate in the plan**
- **Cash housing allowance is assessable in all situations**
- **The assessable value of housing is the same whether clergy receive only church-provided housing or both room and board**
- **Severance payments are not included in Total Assessable Compensation, but bonus payments still are**
- **Tuition for dependents that is not taxable income is no longer assessed**

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Billing and Assessment of Interest

- **Billing:** Billing will transition to monthly by the effective date of the revised plan. The due date will be the last day of the month
- **Assessment of Interest:** Charge interest on assessments that are overdue for a shorter time period than currently used (for example, 3 months) at CPF's investment objective rate, currently a 7% annual rate. The new assessment of interest is targeted for 1/1/19

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Basic Benefit Formula

The clergy pension benefit is based on the cleric's Highest Average Compensation (HAC) and Credited Service (CS)

Total basic benefit is calculated in two steps

Step 1: **HAC x 1.6% x CS**

Step 2: **First $10,000 of HAC x 1.15% x CS**

Total Basic Benefit = Step 1 + Step 2

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Highest Average Compensation (HAC)

- **Highest paid seven 12-month periods over cleric's career**
  - 12 consecutive months are used for each 12-month period
  - 12-month periods need not be consecutive and cannot overlap
  - Career average if Credited Service is less than 7 years
- If a cleric has established a HAC as of December 31, 2017, then his or her HAC calculated under the revised plan can never be lower than that established HAC

Credited Service for Pension Benefits

- **A cleric earns a full month of Credited Service (CS) for pension benefits when**
  - Eligibility criteria are met, and
  - Full assessments are paid on 1/12th of the cleric's Total Assessable Compensation (no minimum dollar limitation; no CS is earned for partial assessment payment)
- **Enrollment in the plan will only occur on the 1st of the month** (e.g., if a cleric begins employment on the 15th, he/she will not start earning CS until the 1st of the following month)

Credited Service (CS) for Medicare Supplement Health Plan (MSHP) Subsidy

- **If Total Assessable Compensation (TAC) is Equal to or Above the Monthly Hypothetical Minimum Compensation (HMC)*:** Full assessments paid on 1/12th of the cleric's TAC earns CS for the MSHP subsidy
- **If TAC is Below the Monthly HMC:** Full assessments paid on 1/12th of the cleric's TAC does not earn CS for the MSHP subsidy
- **Medicare Make-Up Account:** If the cleric is earning less than the monthly HMC, the cleric has the option to make personal assessment payments on a make-up account based on the difference between HMC and his/her TAC in order to earn CS for the MSHP subsidy

*HMC is expected to be $1,500 per month beginning on the effective date of the revised plan.

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Credited Service (CS) Example

The Rev. Jane Smith's Total Assessable Compensation (TAC) for Jan – Dec is listed below. All assessments are fully paid. Let's look at how many months of Credited Service for pension benefits and Credited Service for the Medicare Supplement Health Plan subsidy Mother Smith earned

Month	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Total
TAC	$1,000	$1,000	$1,000	$1,500	$1,550	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$2,000	$20,050
CS for P*	1 month	1 month	1 month	1 month	1 month	1 month	1 month	1 month	1 month	1 month	1 month	1 month	12 months
CS for MSHPs**	0 month	0 month	0 month	1 month	1 month	1 month	1 month	1 month	1 month	1 month	1 month	1 month	9 months

The monthly HMC for 2018 is expected to be $1,500 a month

The cleric can pay personal assessments on a Medicare make-up account, 18% of the difference between the monthly HMC and TAC ($1,500 – $1,000 = $500; 18% x $500 = $90) in Jan, Feb, and Mar to earn CS for MSHPs

*Credited Service for pension benefits
**Credited Service for the Medicare Supplement Health Plan subsidy

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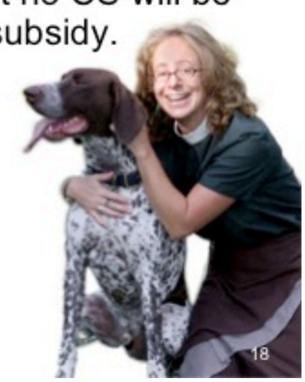
Vesting

- **Vest at earlier of**
  - Five years of Credited Service (60 months)
  - Age 65+ (if Active)
- **Eliminate age 67+ restriction on participation**

Special Situations

- **Personal Assessments:** If a cleric has a break in service, the cleric may pay personal assessments on either the Hypothetical Minimum Compensation (HMC) or Highest Average Compensation (HAC), cleric's choice, for up to 24 months. If the cleric pays on his/her HAC and it is less than HMC, full Credited Service (CS) will be earned toward the pension benefits, but no CS will be earned toward the Medicare Supplement Health Plan subsidy. This provision applies to:
  - Clergy between cures
  - Clergy taking any unpaid leave, such as Family Medical Leave
  - Graduate school



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Special Situations

- **Extension of Ministry:** Clergy must be in good standing and exercising active, ordained ministry outside of the Episcopal Church (TEC) in a position that is pastoral, educational or social work. The work is not secular and furthers the mission of TEC. The application must be approved by the canonical bishop and geographic bishop, if applicable, and CPF. Approval needed every 2 years
- **Military Agreements, Appointed Missionaries, Religious Orders, and Christian Communities**

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Participant Status

- **Active:**
  - Regularly employed, earned at least 1 month of Credited Service (CS) and assessments are no more than 24 months overdue, or
  - Not regularly employed and no more than 6 months have elapsed following your termination of employment (the "6-month grace period"), or
  - If the 6-month grace period has expired, the cleric has earned at least 6 months of CS through payment of personal assessments and assessments are current, or
  - Earned 25+ years of CS, or
  - Is classified as Deemed Active immediately prior to the effective date of the revised plan

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Participant Status

- **Inactive:** Less than 25 years of Credited Service, and
  - Regularly employed, but assessments are more than 24 months overdue, or
  - Not regularly employed by the Church, the 6-month grace period has expired and personal assessments payments are not current
    - There is no additional grace period. If personal assessments are not paid from end of employment date through the current month, the cleric will become Inactive immediately
- **Retired:** Commenced benefit and not returned to active ministry under terms of the Clergy Pension Plan

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Participant Status

- **Potential Benefits Lost Going from Active to Inactive**
  - Projection of Credited Service (CS) for the Preretirement Survivor Benefit (if not vested, no benefit will be paid)
  - Eligibility for Short and Long Term Disability Benefits (STD and LTD)
  - Resettlement Benefit
  - Group Life Insurance
  - Child Benefit if not vested
- **Return to Active Status**
  - Cleric earns at least 1 month of CS upon the return to active ministry that meets eligibility requirements
  - Once you earn 25 years of CS, you will always be Active under the Clergy Pension Plan whether or not assessments are paid

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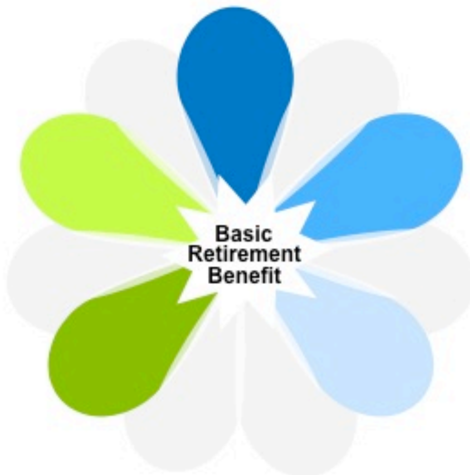
Basic Retirement Benefit Plus* . . .



Ongoing benefit

- Christmas Benefit

Discretionary benefits

- 65+ Medicare Supplement Health Plan Subsidy
- COLA Increases

One-time benefits

- Resettlement Benefit
- Group Life Insurance

*Eligibility requirements may apply.

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Christmas Benefit

- **Use the same formula for retired clergy, survivor beneficiaries, and eligible children receiving a child benefit**
  - $25 x Credited Service, removing the restriction for a maximum of 40 years of Credited Service
  - Current retirees' and survivor beneficiaries' Christmas benefit will change to the new formula once the revised plan becomes effective

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The Episcopal Church Medical Trust's Medicare Supplement Health Plans

- **Supplement Plans augment Medicare covered services**
  - Additional benefits cover some services not covered by Medicare
- **Three Plan Choices (with prescription drug benefit)***
  - Comprehensive Plan ($340)
  - Plus Plan ($465)
  - Premium Plan ($540)
- **Must be an eligible retiree, eligible spouse, eligible surviving spouse, eligible former spouse, or eligible dependent; and enrolled in Medicare Parts A and B**

Supplemental Services Include:

- Hospital costs
- Prescription costs
- Doctor and outpatient care

*2017 costs
*Cleric must be vested under The Church Pension Fund Clergy Pension Plan in order to purchase.

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Medicare Supplement Health Plan Subsidy (MSHPs) for Clergy Eligible to Retire prior to July 1, 2013*

Medicare Supplement Health Plan Subsidy

20+ Years of Credited Service (CS) for the MSHPs

Covers full cost of Comprehensive Plan

10 to 20 Years of Credited Service for MSHPs

Monthly subsidy reduced by $2 per year of CS for MSHPSs under 20 years

Full subsidy cost to "buy up" in 2017 (per month/per person)

- Plus Plan with Rx $125
- Premium Plan with Rx $200

Subsidy can only be applied to Episcopal Church Medical Trust plans

***Age 55+ with 30+ years of CS for MSHPs or 60+ with 5 – 29 years of CS for MSHPs as of June 30, 2013**

Disclaimer: Please note that The Church Pension Fund plans to continue to provide the Medicare Supplement Health Plan subsidy. However, given the rising cost of medical care coupled with the uncertainty regarding the structure of Medicare in the future, this should not be viewed as a guarantee of the Medicare Supplement Health Plan subsidy in perpetuity.

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Medicare Supplement Health Plan Subsidy (MSHPs) for Clergy NOT Eligible to Retire prior to July 1, 2013*

- **Clergy receive a 50% subsidy toward cost of Comprehensive Plan with Rx at 10 years of Credited Service (YCS) for MSHPs**
- **Subsidy increases 5% with each additional YCS for MSHPs, with full subsidy toward cost of Comprehensive Plan with Rx at 20 YCS for MSHPs**

Examples Based on 2017 Monthly Rates for The Comprehensive Plan

YCS for MSHPs	10	11	12	13	14	15	16	17	18	19	20
CPF Subsidy	50%	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%
Member Pays	$170	$153	$136	$119	$102	$85	$68	$51	$34	$17	$0

***Was not age 55+ with 30+ YCS for MSHPs or 60+ with 5 – 29 YCS for MSHPs as of June 30, 2013**

Disclaimer: Please note that The Church Pension Fund plans to continue to provide the Medicare Supplement Health Plan subsidy. However, given the rising cost of medical care coupled with the uncertainty regarding the structure of Medicare in the future, this should not be viewed as a guarantee of the Medicare Supplement Health Plan subsidy in perpetuity.

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Resettlement Benefit

- **12 times the monthly retirement benefit**: A maximum of $20,000 and a minimum of $2,000
- **Cleric (Surviving Spouse/Beneficiary):** For a cleric (surviving spouse/ beneficiary) to be eligible, the cleric must be “Active” immediately prior to his/her first benefit commencement date (or death)
  - The named beneficiary for Preretirement Survivor Benefit is also the beneficiary for the Resettlement Benefit if an Active cleric dies
- **Retired Cleric Returning to Active Ministry:** A cleric who returns to active ministry after his/her initial retirement and subsequently re-retires will not be eligible for a resettlement benefit under any circumstances upon his/her re-retirement

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Life Insurance

- **Active Clergy:** Life insurance benefit is calculated as 6 x Total Assessable Compensation, with a maximum of $150,000
- **Eligible Retired Clergy:** Life insurance benefit is calculated as 6 x Highest Assessable Compensation, with a maximum of $50,000
- **Eligibility for Life Insurance:** A cleric must be "Active" under the revised Clergy Pension Plan definition to be eligible for the benefit while working and also at the point of retirement
- **Lump Sum Death Benefit:** Will be eliminated, but will continue our practice of paying up to the first $10,000 of the life insurance benefit as soon as administratively possible

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Retirement Options

1 Normal or Late Retirement

- Age 65+ and vested
- 100% benefit
- Mandatory Church retirement age is 72

2 30-Year Early Retirement Option

- Age 55+ with 30+ years of Credited Service (CS)
- 100% benefit
- Additional bridge benefit paid to cleric only until age 65. Monthly amount:
  - $17.50 x CS

3 Early Retirement

- Age 55+ with 5+ years of Credited Service but less than 30
- Benefit will be reduced by 5% per year (approximately 0.4167% per month) prior to age 65, subject to a transition rule

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Early Retirement with Less than 30+ Years of Credited Service

- **Transition Rule:** Clergy who have attained at least age 55 immediately prior to the effective date of the revised plan, but will have less than 30 years of Credited Service, may:
  - Retire on or after age 60 with a reduction of 0.2% for each month before age 65
  - Retire before age 60, that is age 55-59, with a reduction of approximately 0.4167% for each month before age 65

Lump Sum Payment of Small Benefit

- **Lump Sum Payment:** If the present value of a cleric's accrued benefit is equal to or less than $20,000, a mandatory lump sum payment will be made at the time a cleric chooses to retire in lieu of paying a lifetime annuity. Applies to Clergy Pension Plan only (not SERP*)
  - Includes the value of the Christmas benefit and the "zero option" amount
  - Interest rate used is from IRS tables
  - COLA is not included
- **Rollover Option:** The lump sum payment may be eligible to be rolled over into another qualified plan, such as the RSVP, subject to IRS requirements
- **Resettlement Benefit:** If eligible, will be paid separately
- **Other Retirement Benefits:** If eligible, cleric will still have retiree life insurance, child benefit, access to the Medicare Supplement Health Plan (MSHP), and the MSHP subsidy

*The SERP is a nonqualified plan for clergy whose compensation/benefit exceeds the applicable IRS limit.

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Benefits Eligible for Housing Allowance*

- **Basic Retirement Benefit**
- **Bridge Benefit (if applicable)**
- **Resettlement Benefit (if applicable)**
- **Christmas Benefit**
- **CPF Disability Benefits**

The housing allowance designation does not carry over to surviving beneficiaries (including surviving spouses)

*Subject to IRS requirements

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Clergy Pension Plan Rules: Working While Pensioned*

Rules for continuing to work in the Episcopal Church after retirement while continuing to receive pension benefits

- **Before Age 72**
  - Do NOT work in same church or institution from which you retired
  - Do NOT exceed the cash compensation limit for a 12-month period (Limit for compensation beginning in 2017 is **$37,700**)
    - If the cleric requires temporary housing for this work and the work is expected to last for 12 months or less, cash housing allowance or church-provided housing will not be included in the limit. If the work is expected to last for more than 12 months, housing will be included.
      - **Transition:** If a cleric is currently living in church-provided housing or receiving a cash housing allowance for temporary housing, he/she can continue to do so through 12/31/2018 without including the value. As of 1/1/2019, he/she will be required to include the housing value as part of the compensation limit if the position is expected to continue for more than 12 months.
  - All clergy who are 65+ must comply with Medicare Secondary Payer Rules
  - May come out of retirement (pension suspended)
- **Age 72+, no restrictions**
- **No limits on work outside the Episcopal Church**

*Also referred to as Work after Retirement.

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Working While Pensioned

Exceptions are possible if criteria before age 72 are not met

- **Satisfy all that apply:**
  - Application executed by geographic bishop
  - If working for the same employer, must be a different position with limited scope and compensation
    - If less than age 65 and working for same employer, demonstrate a bona fide severance prior to reemployment (IRS rule)
  - All clergy who are 65+ must comply with Medicare Secondary Payer Rules
  - Exceptions may be granted for up to two years per lifetime

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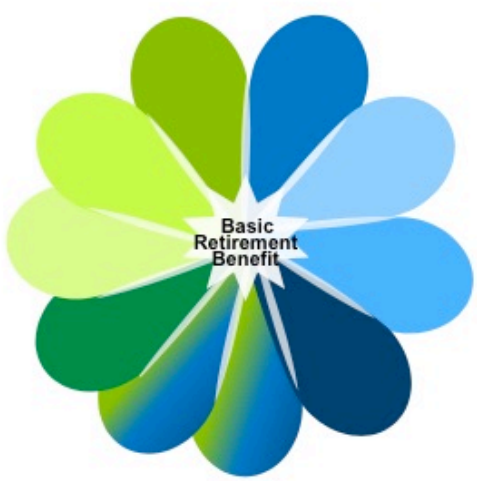
Additional Benefits and Choices*



- Surviving Spouse Pension
- Second Adult Beneficiary
- Beneficiary's Christmas Benefit
- Options
- Group Life Insurance
- Pre-retirement Survivor Benefit
- Eligible Child's Benefit
- Short Term Disability
- Long Term Disability

*Eligibility requirements may apply.

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Eligible Spouse

- **Eligible Spouse:** 50% survivor benefit with no actuarial reduction if the cleric earned **one year** of Credited Service during the marriage
  - Must be married to cleric (1) on the date cleric ceases to earn credited service and on the date of retirement or (2) on the date of the cleric's death, whichever occurs first
  - Eligible for Medicare Supplement Health Plan subsidy if cleric meets the eligibility requirements

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Eligible Spouse

- **Acknowledging that same-gender marriage was only recently recognized nationally and in response to General Convention Resolution 2015-D047, CPF relaxed the eligibility requirements for same gender spouses until December 31, 2017**
  - **Same-gender** spouse may receive full (or partial) spousal benefits if you are legally married and can present an **Affidavit of Committed Relationship** by **December 31, 2017** to show spouse's eligibility
  - Same-gender surviving spouses of retired participants may also be eligible for spousal benefits under certain circumstances

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Cleric's Basic Retirement Benefit and Survivor Benefit

- **Married cleric receives basic retirement benefit as calculated by the formula**
  - "Eligible Spouse" receives 50% of cleric's benefit after cleric's death
  - Cost is fully subsidized by CPF
- **An unmarried cleric (or a cleric without an "Eligible Spouse") receives an actuarially enhanced benefit:**
  - Enhanced because there is no "free" 50% survivor's benefit
- **Other options can be chosen**

Additional Benefit Options for Survivors

Clergy basic benefit		Survivor benefit options
Married: Basic benefit	50% spousal	0%
		75% 100%
Single: Actuarially enhanced benefit (0%)		50% 75% 100%
Married or Single		15-year Certain and Life

- **The survivor benefit option is elected at retirement and is irrevocable**
- **Reduction of an Eligible Spouse's benefit must have spousal consent**
- **No spousal survivor benefit options for marriage after retirement**

Preretirement Survivor Benefit

- **Active Cleric Benefit Calculation**
  - For a cleric not yet eligible for retirement, the beneficiary receives 50% of cleric's benefit using the cleric's Highest Average Compensation (HAC) and Credited Service (CS), actual plus projected until age 65, to calculate the benefit
  - For a cleric eligible for retirement, beneficiary receives the greater of the prior calculation or 100% of the cleric's benefit using the cleric's HAC and actual CS
    - If CS is less than 30 years and the cleric is younger than age 65 at the time of death, the early retirement reduction is applied
    - The actuarial reduction for the 100% survivor option is applied
- **Inactive Vested Cleric Benefit Calculation:** Beneficiary receives 50% of cleric's benefit using cleric's HAC and actual CS

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Preretirement Survivor Benefit

- **Beneficiaries:** Beneficiaries are limited to cleric's spouse, legal children, legal ward, step/foster children who are tax dependents, and disabled tax dependents
- **Child Beneficiary:** Benefits payable to children (or legal ward or step/foster children who are tax dependents) end when they turn 25, regardless of their age at the time of the cleric's death
- **Disabled Beneficiary:** Benefit payable to a disabled child or disabled tax dependent continues for the beneficiary's life without a requirement to establish a special needs trust
- **Transition rule:** If a cleric dies on or before 12/31/18, the preretirement survivor benefit will be payable to the designated beneficiary, even if the beneficiary is not in one of the above eligible classes. ***This transition rule only applies if a preretirement survivor beneficiary form is on file with CPF prior to 1/1/18***.

As of the effective date of the revised Clergy Pension Plan, no preretirement survivor benefit will be paid for single clergy who have no legal children, legal wards, step/foster children who are tax dependents, or disabled tax dependents, except for single clergy who die in 2018 and meet the requirements of the transition rule.

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Child Benefit

- **Payable to an Eligible Child upon the death of an Active participant or any other vested participant**
  - Flat, monthly benefit for Eligible Children (may be adjusted by COLAs from time to time) payable until age 25
    - The benefit is generally doubled for an orphaned child (see next slide)
  - Christmas benefit equals $25 x Credited Service (CS)
- **Eligible Child:**
  - A cleric's legal child who is living on the date the cleric ceased earning CS, or is born or adopted within 12 months thereafter, and is under the age of 25 at the time of the cleric's death (or any age if child is disabled before age 25)
  - A cleric's legal ward or step/foster child who is a tax dependent both in the calendar year the cleric ceased earning CS (or became the cleric's tax dependent within the subsequent calendar year) and in the calendar year the cleric died, and is under the age of 25 at the time of the cleric's death (or any age if child is disabled before age 25)

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Child Benefit (cont'd)

- **Maximum Limitation:** The maximum total child benefits payable in a calendar year is the cleric's Highest Average Compensation (HAC)
  - If total child benefits are greater than HAC, HAC will be split between all the eligible children equally at the time of the cleric's death
- **Transition:** Children currently receiving a child's benefit will remain under the old rules. New rules apply only to child benefits that commence after the effective date of the revised plan

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Disability Benefits That May Be Available To You

- **Short Term Disability**
- **Long Term Disability**
- **Social Security Disability benefit**

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Disability Benefits

All disabilities will follow the same process. Clergy must be Active at the time of disability to be eligible. (Inactive clergy are not eligible.)

- **Any disability will be directed to the Short Term Disability (STD) Plan first**
  - Eligible clergy receive 100% of current compensation and benefits from employer (if still employed)
  - CPF reimburses employer (or employee if not employed) 70% of compensation up to $1,000 per week
  - Benefit is paid after 14-day elimination period
  - STD benefit continues for up to 26 weeks (including elimination period)*
  - Notice of disability must be provided within 60 days for benefit to be retroactive to date of disability

*No elimination period for clergy taking maternity leave immediately after birth, with a benefit duration of 12 weeks.

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Disability Benefits

- **Disabilities Longer Than 26 Weeks Will Transition to Long Term Disability (LTD)**
  - 26-week elimination period (i.e., equal to the STD period)
  - Benefit equals 70% of Highest Average Compensation (HAC) to age 65
  - 100% medical subsidy (i.e., same coverage level) for the first 23 months on LTD or until Medicare eligible, whichever occurs first — stay on Medical Trust plan
  - Apply offsets for earned compensation, Social Security benefits and other government benefits so total annual income does not exceed 100% of HAC
  - Possible COLA adjustments
  - No Christmas benefit
  - LTD benefit ceases if the cleric earns 80% or more of his/her HAC

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Disability Benefits

- **Resettlement Benefit:** Will be paid from the Clergy Pension Plan 6 months after cleric is approved for Long Term Disability (with some flexibility to pay sooner)

- **Transition:** Those already on Short Term Disability or Disability Retirement at the time the revised plan takes effect will remain under the old rules. If the Short Term Disability benefit period ends after the revised plan takes effect, the cleric will transition to Long Term Disability, if needed

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Access to Allsup for Help With Social Security Disability

- **Allsup**
  - Provided at no cost to those approved for Long Term Disability
  - Can assist you in applying for disability benefits through Social Security
  - Access to services provided for spouses and children of Episcopal clergy

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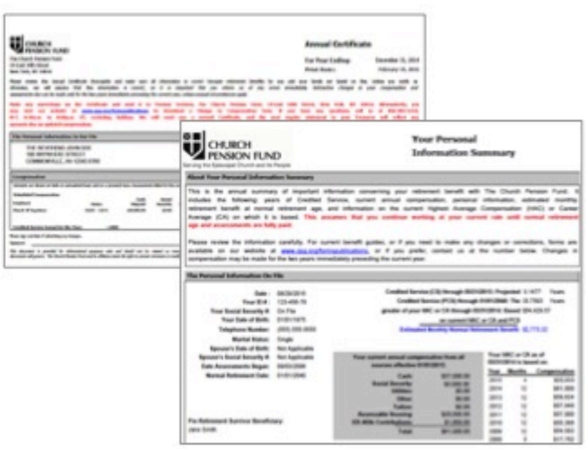
Annual Certificate and Personal Information Form



- **Annual Certificate**
  - Reports compensation package and Credited Service (CS) earned for previous year
  - Mailed first quarter
  - Check your certificate for accuracy
  - Report any change as soon as possible
- **Personal Information Summary**
  - Reflects personal and beneficiary information, marital status, CS, Highest Average Compensation, projected monthly benefit
  - Mailed third quarter

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Please Let CPG Know if...

- Change of Address
- Marriage
- Late marriage/marriage after retirement
- Birth
- Adoption
- Disabled children
- Divorce (before or after retirement)
- Death

Forms can be found at *www.cpg.org/forms-and-publications/forms/pensions/*

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CPG Resources

Church Pension Group
19 East 34th Street, NY, NY 10016
(800) 223-6602

Website: *www.cpg.org*

Client Services
Monday – Friday
8:30 AM – 8:00 PM ET
(excluding holidays)
(866) 802-6333

Email: *benefits@cpg.org*

Complimentary Individual Financial Discussions

- Committed to helping you retire with more financial security. Our dedicated specialists with almost 100 years of combined experience who understand the unique needs of those who serve the Episcopal Church

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- The Rev. William Geisler, CPA, (877) 305-1415
- Mrs. Nancy Fritschner, CPA, (877) 305-1414

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In the event of a conflict between the information presented today and the official plan documents, the official plan documents will govern. The Church Pension Group retains the right to amend, terminate or modify the terms of any benefit plans described in this presentation at any time, without notice and for any reason.

You should not depend solely on this information in making any decision that will affect your personal financial, retirement or tax situation or before investing in any product. You should contact your own professional advisor prior to making any such decision and for details on how such decisions will affect your personal legal and tax situation.

The information presented here does not take into account the investment objectives, financial situation or retirement needs of particular individuals. It is important that you consider this information in the context of your personal risk tolerance, investment and retirement goals.

The Church Pension Fund plans to continue to provide the Medicare Supplement Subsidy. However, given the rising cost of medical care coupled with the uncertainty regarding the structure of Medicare in the future, this should not be viewed as a guarantee of the Medicare Supplement Subsidy in perpetuity.

Life insurance is issued by Church Life Insurance Corporation; 19 East 34th Street, New York, NY 10016 ("Church Life"). Life insurance policies contain exclusions, limitations and restrictions for keeping them in force. For complete details of coverage, including exclusions, limitations and restrictions, the actual policy or certificate should be consulted.

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Lay Defined Contribution Plan (LAY DC) and Retirement Savings Program (RSVP)

Definition of Compensation Applicable to the Lay DC and RSVP

- **For the Employee Contribution**

Compensation* is the annual sum of the following:

1. Base salary (excluding housing) & scheduled taxable cash payments
2. Cash housing allowance and/or utilities
3. One-time payments

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

Definition of Compensation Applicable to the Lay DC and RSVP

- **For the Employer Contribution**

Compensation*: the annual sum of the following:

1. Base salary (excluding housing) & scheduled taxable cash payments
2. Cash housing allowance and/or utilities
3. One-time payments

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Value of employer-provided housing:

- Equals 30% of the sum of **#1** through **#3**, or
- If higher, 30% of the Hypothetical Minimum Compensation under the Clergy Pension Plan (expected to be $1,500 a month in 2018)

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

Lay Defined Benefit Plan (Lay DB)

Eligibility

- **A Lay employee is eligible to participate in the Lay DB plan if:**

The employer participates in the lay DB Plan

The employee is scheduled to work a minimum of 1,000 hours per year, and

The employer has enrolled you in the Lay DB Plan

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Participant Status

Active

- Regularly employed at a participating Episcopal institution, and
- Has earned at least one month of Credited Service, and
- Assessments are no more than 24 months overdue

Terminated

- Is a former Active participant who is not an employee at a participating Episcopal institution, or
- Is regularly employed at a participating Episcopal institution and assessments are more than 24 months past due

Retired

- Is receiving a benefit from the Lay DB Plan

Definition of Total Assessable Compensation (TAC) Applicable to the Lay DB Plan

- Total Assessable Compensation* is the annual sum of the following:
  1. Base salary (excluding housing) & scheduled taxable cash payments
  2. Cash housing allowance and/or utilities
  3. Employer contributions to a qualified or non-qualified plan
  4. One-time payments
  5. Value of employer-provided housing, which equals 30% of the sum of **#1** through **#4** above (or, if higher, 30% of the Hypothetical Minimum Compensation under the Clergy Pension Plan, expected to be $1,500 a month in 2018)

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

Highest Average Compensation (HAC) — Lay DB

- **Highest paid seven 12-month periods over career**
  - 12 consecutive months are used for one 12-month period (although $0 months will be excluded)
  - 12-month periods need not be consecutive and cannot overlap
  - Career average if CS is less than seven years
- **Transition:** If a lay employee has established a HAC as of December 31, 2017, then his or her HAC calculated under the new provision can never be lower than that established HAC

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Billing and Assessment of Interest

- **Billing:** Billing will transition to monthly (with the due date being the last day of the month) by the effective date of the plan
- **Assessment of Interest:** Charge interest on assessments that are overdue for a shorter time period than currently used (for example, three months) at CPF’s investment objective rate, currently 7% annual rate. The new assessment of interest is targeted for 1/1/19

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Early Retirement — Lay DB

- **May retire as early as 55 if vested**
  - Retirement benefits will be reduced by 5% per year (approximately 0.4167% per month) prior to age 65 (with a maximum total reduction of 50%), subject to a transition rule
- **Transition:** Lay employees who have attained at least age 50 immediately prior to the effective date of the revised plan may retire on or after age 55 under the current provision, which applies various reduction rates depending on your age at retirement (with a maximum total reduction of approximately 40%)

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Survivor Options

- **Married or Single Member:** Default benefit
  - Married: 50% Joint & Survivor, actuarially reduced
  - Single: A single life annuity
- **Survivor Option Choices:**
  - Joint and Survivor (J&S) options are 0%, 50%, 75%, and 100%
  - 15-year Certain & Life option
  - No age restriction for J&S beneficiary, as benefit will be actuarially adjusted to reflect beneficiary's age

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Credited Service — Lay DB

- **Earn a full month of Credited Service (CS) when**
  - Eligibility criteria are met, and
  - Full assessments are paid on 1/12th of the lay employees annual Total Assessable Compensation (no minimum dollar limitation; no CS earned for partial assessment payments)
- **Reminder: Enrollment in the plan occurs on the 1st of the month**
  - If an employee begins on the 15th, he/she will not start earning CS until the 1st of the following month

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Qualified Domestic Relations Order: Clergy Pension Plan and Lay DB Plan

Qualified Domestic Relations Order (QDRO)

- **CPF allows Separate Interest QDRO or Stream of Payment QDRO**
- **Separate Interest QDRO:** The portion of the accrued pension benefit that is assigned to the former spouse will be segregated from the remainder of the lay employee's benefit at the time the QDRO is approved by CPF
  - Former spouse can choose when to commence the assigned benefit, as early as when the lay employee is eligible for early retirement. Benefit is payable for the former spouse's lifetime
  - The death or remarriage of the lay employee has no effect on the benefit assigned to the former spouse

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Qualified Domestic Relations Order (QDRO)

- **Stream of Payment QDRO:** Allows a lay employee to assign a portion of his/her monthly retirement benefit to a former spouse. Provides a stream of payments that starts when the lay employee retires and ends with the lay employee's death
- **Active Lay Employee:** Can choose to use either the Separate Interest QDRO or Stream of Payment QDRO
- **Retired Lay Employee:** Can only use the Stream of Payment QDRO because their retirement option has already been chosen

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This presentation is provided for your information only. In the event of a conflict between the information contained in this presentation and the official plan documents, the official plan documents will govern. The Lay DB Plan is a qualified plan under Section 401(a) of the Internal Revenue Code, but as a church plan, it is not subject to ERISA. The Lay DB Plan's financial condition is disclosed in the Church Pension Group Annual Report, which is located on our website at www.cpg.org. The Church Pension Fund, as sponsor of the Lay DB Plan, continues to monitor the funding status closely. Like many defined benefit plans, the Lay DB Plan currently is not fully funded. The Church Pension Fund retains the right to amend, terminate, or modify the terms of the Lay DB Plan, including the employer assessment rate, and any other benefit plans described in this presentation at any time, without notice, and for any reason.

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CHURCH PENSION GROUP
Passionate About Our Purpose

"Church membership involves, of necessity, a sense of responsibility for the welfare of the people" — Bishop William Lawrence

In 1917, The Church Pension Fund paid its first pension benefit, and for the past 100 years we have had the honor of administering pensions, retirement savings plans, and other benefits for eligible clergy and lay employees who serve the Episcopal Church.

At the beginning of our 100th year of service, we will be revising the pension and other related plans that we administer to create more modern plans that honor the commitments we have made in the past and that respond to the emerging needs of those we serve. These revisions, which will maintain the overall value of the benefits provided to clergy today and will offer greater flexibility, consistency, and simplicity, are expected to take effect on January 1, 2018.

Please note:

- Planning to retire in 2017 or 2018? Please contact us at (866) 802-6333 to schedule a financial discussion.
- You must earn Credited Service in 2018, and retire after January 1, 2018 with a vested benefit, in order to receive retirement benefits under the new Clergy Pension Plan. In addition, any assessments due with respect to this Credited Service must be paid in full prior to your retirement. Please note that if you retire on or before January 1, 2018 with a vested benefit, you will receive retirement benefits under the existing Clergy Pension Plan.
- Now is a good time to review the beneficiaries you have listed for your preretirement survivor benefits and life insurance benefits. You can view them at ***www.cpg.org/accounts***.

Learn more at *www.cpg.org/cppr*

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A Century of Service
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