

Page Number: Page 1 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Make the following revisions to the Clergy Retirement Security Program (“CRSP”) (including any needed revisions to CRSP section numbering, formatting, pagination, or Table of Contents), effective on a date specified by the General Board of Pension and Health Benefits (with at least 6 months’ advance notice to CRSP plan sponsors) that is as soon as systems can reasonably be reconfigured to administer the revisions, which date is not later than January 1, 2010, except where another effective date is specified below:

Amend the second sentence of Section A1.5 as follows and insert the following new sentence after the second sentence of Section A1.5, effective January 1, 2007:

The Consolidated DB Plan is a grandfathered pre-August 14, 1982 defined benefit Code §403(b)

plan under Code §403(b)(9) in accordance with ~~the House-Senate Conference Committee~~

~~Agreement provisions~~ §251(e)(5) of the Tax Equity and Fiscal Responsibility Act of 1982. **For the**

purpose of Statement of Financial Accounting Standards Number 158, the Consolidated DB

Plan is a multi-employer plan.

Amend the third sentence of Section A1.6(d) as follows:

Subject to any rules or limitations established by the ~~Plan~~ Administrator, all assets in a Plan

Sponsor’s Funding Account are available to pay all benefits attributable to that Plan Sponsor **or**

another Plan Sponsor under the Consolidated DB Plan.

Insert the following new definition in Section A2 wherever it fits alphabetically, and renumber Section numbers appropriately:

Aggregate Benefit. The sum of an Accountholder’s or a Recipient’s:

(a) **Vested Account Balances in this Program; plus**

(b) **vested account balances in all other plans administered by the Administrator, if any;**

plus

(c) **Accrued Benefit, converted to its Actuarial Equivalent lump sum; plus**

Page Number: Page 2 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

(d) accrued benefits in any Supplement plus all other defined benefit plans administered by the Administrator, if any, converted to their Actuarial Equivalent aggregate lump sum; plus

(e) monthly benefits, if any, being received from a plan administered by the Administrator, if any, converted to their Actuarial Equivalent aggregate lump sum.

Insert the following new definition in Section A2 wherever it fits alphabetically, and renumber Section numbers appropriately:

Aggregate DB Benefit. The sum of a Participant's or a Recipient's:

(a) Core Defined Benefit Plan monthly benefit due, if any; plus

(b) monthly annuity-type benefits, if any, being paid or due from all of the Supplements; plus

(c) monthly annuity-type benefits, if any, being paid or due from any other plans administered by the Administrator,

in each case determined on the basis of the form of benefit then being paid or having been elected (or, if such benefit is not yet being paid and has not yet been elected, then in the normal form of payment).

Substitute "Code §403(b) defined contribution plan" for "defined contribution plan" wherever that latter term is found in Section A2.11.

Amend Section A2.11(e) and the following flush language as follows, effective January 1, 2008:

(e) amounts allocated to an individual medical account, as defined in Code §415(1)(2), that is part of a pension or annuity plan maintained by a Plan Sponsor; amounts derived from

Page Number: Page 3 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

contributions that are attributable to post-retirement medical benefits, allocated to the separate account of a key employee, as ~~defined~~**provided** in Code §419A(d)(3); ~~under a welfare benefit fund, as defined in Code §419(e), maintained by the Plan Sponsor~~**required employee contributions to a defined benefit plan**; and amounts allocated to a simplified employee pension (~~SEP~~) that is maintained by the Plan Sponsor, that are credited to any Participant's Account or such other **Code §403(b)** defined contribution plan, individual medical account, or other plan. Catch-up contributions under Code §414(v), **distributed excess deferrals, plan loan repayments, repayment of previously distributed benefits, restorative payments to correct situations that could reasonably result in federal or state fiduciary liability, direct transfers of benefits from one plan to another**, and rollover contributions under Code §§402(c) or 408(d) made to a Plan Sponsor's or a 415 Affiliate's plan are not included in Annual Additions.

Amend Section A2.12(a) as follows, effective January 1, 2007:

(a) Except as otherwise provided in Sections A2.12(b), ~~and (c)~~, **and (d)**, the standard increase rate applied as described below to the monthly amount of a Participant's or Terminated Participant's Core Defined Benefit Plan Early, Normal, or Late Retirement Benefit and the amount of any Core Defined Benefit Plan benefit payable to such Participant's or Terminated Participant's surviving Spouse or other Contingent Annuitant or Beneficiary when payable in the Standard Form, increased annually on each January 1 for benefits that were In Pay Status on the preceding July 30, as follows:

Add the following new Section A2.12(d) after Section A2.12(c), effective January 1, 2007:

Page Number: Page 4 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

(d) The July 30 limit provided in Section A2.12(a) will not apply to Bishops during the first partial Plan Year after their Retirement.

Add the following to the end of Section A2.17, effective January 1, 2007:

In the case of a Bishop, assigned in accordance with ¶407 of the Discipline.

Amend Section A2.26(a) as follows, effective January 1, 2007:

effective September 1, 2008, a Bishop, **except in the case of Bishops who are newly consecrated in 2008, then effective as of the date of their consecration;**

Amend Section A2.28(a) as follows, effective January 1, 2007:

the Participant's 415 Compensation (including, in the case of a Self-Employed Clergyperson, such Clergyperson's 415 Compensation earned in the course of such self-employment) **but excluding any Includible Compensation earned outside of such Plan Year;**

Delete the last sentence of Section A2.28, effective January 1, 2008.

Amend Section A2.41 as follows:

Service rendered on or after **the Revision Date** ~~January 1, 2007~~ that counts toward the computation of a Participant's Accrued Benefit as specified in Section B2.2, measured in **one-day** ~~quarter-year~~ increments ~~(or fractions thereof)~~. Service rendered before the Effective Date will not be counted as Credited Service. **Service rendered before the Revision Date will be measured in quarter-year increments (or fractions thereof) but thereafter may be converted to equivalent one-day increments by the Administrator.**

Page Number: Page 5 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Amend Section A2.51 as follows, effective January 1, 2007:

The age or service completion date specified in ¶359.2b of the Discipline; or, for a person who retires in accordance with ¶¶359.2a, ~~or~~ ¶359.3, **409.2, or 409.3** of the Discipline or who is a Terminated Participant, age 62.

Amend Section A2.53(b) as follows, all effective January 1, 2007:

(b) in the case of a:

- (i) Participant (**other than a Bishop**), the date on which the Participant Retires;~~or~~
- (ii) Terminated Participant, the date on which the Terminated Participant incurs a Termination of Conference Relationship or a Five-Year No Record of Appointment; **or**
- (iii) **Participant who is a Bishop, the date specified in ¶¶409.2 or 409.3 of the Discipline,**

Amend Section A2.54 as follows, effective January 1, 2007:

The Program is generally effective on January 1, 2007, although for Bishops it is generally effective on September 1, 2008, **except in the case of Bishops who are newly consecrated in 2008, then effective as of the date of their consecration.** The Core Defined Benefit Plan and the Core Defined Contribution Plan are effective for Conferences and the Puerto Rico Methodist Church on January 1, 2007 and for GCFA with respect to Bishops on September 1, 2008, **except in the case of Bishops who are newly consecrated in 2008, then effective as of the date of their consecration.**

Add the following to the end of CRSP Section A2.61, effective January 1, 2007:

In the case of a CPP Disabled Bishop or a Bishop on Incapacity Leave who, in either case, has not Retired, is not a Terminated Participant, and does not receive continued salary as a

Page Number: Page 6 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Bishop under ¶411.4 of the Discipline, the annualized rate of Compensation in effect for such Bishop at the end of the last month for which he or she last had Compensation, increased annually thereafter by 3% per year until his or her Annuity Starting Date.

Add the following to the end of CRSP Section A2.67, effective January 1, 2007:

Any changes to the applicable Past Service Rate Amount will be reflected annually in a Pre-82 Participant's Formula Benefit (even after the Pre-82 Participant's Annuity Starting Date), except that the Formula Benefit for a Terminated Participant whose Termination of Conference Relationship occurred after the close of General Conference 1976 will be computed using the applicable Past Service Rate Amount in effect on the date he or she became a Terminated Participant, and such Past Service Rate Amount will not change in later years.

Amend the start of the first sentence of Section A2.69 as follows, effective January 1, 2007:

All **Includible Compensation** amounts paid or made available by a Plan Sponsor or 415 Affiliate to a Clergy person in a Limitation Year, including:

Amend Section A2.69(a) as follows, effective January 1, 2008:

(a) the Clergy person's wages, salaries, fees for professional services, and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Plan Sponsor or Salary-Paying Unit to the extent that the amounts are includable in gross income (including, but not limited to, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as

Page Number: Page 7 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

described in Regulation §1.62-2(c)), **but excluding severance pay that would not have been paid but for a severance from employment);**

Replace Section A2.69(d) with the following, effective January 1, 2008:

- (d) amounts includible in the gross income of the Clergy person:**
- (i) paid for, or as reimbursements of, moving expenses;**
- (ii) under Code §409A, Code §457(f)(1)(A), or the doctrine of constructive receipt; and**
- (iii) as gain under a Code §83(b) election; and**

Amend the last four sentences of Section A2.69 as follows, effective January 1, 2008:

Compensation described in Section A2.69(a) above is to be determined without regard to the exclusions from gross income in Code §§**872(b), 893, 894, 911, 931, and 933** (dealing with income from sources **outside of the United States** ~~within Guam, American Samoa, the Northern Mariana Islands, and Puerto Rico~~). Similar principles are to be applied with respect to income subject to Code §§**872(b), 893, 894, 911, 931, and 933** in determining compensation described in Section A2.69(b). The term “415 Compensation” ~~will~~**does** not include:

- (i1) Non-Elective Contributions made by a Plan Sponsor to the Plan, or distributions from a plan of deferred compensation, regardless of whether such amounts are ~~includible~~**includable** in the gross income of the Clergy person when distributed. ~~H~~**(h**owever, any amounts received by a Clergy person pursuant to an unfunded nonqualified plan will be considered as “415 Compensation” in the year the amounts are ~~includible~~**includable** in the gross income of the Clergy person); ~~and~~**

(ii) Other amounts that receive special tax benefits, such as premiums for group-term life insurance (but only to the extent that the premiums are not ~~includible~~includable in the gross income of the Clergy person) or housing allowance ~~excludible~~excludable under Code §107; or

(3) **Amounts paid after severance from employment, except that “415 Compensation” does include:**

(A) **Amounts paid under Section 2.69(a) above that are paid after severance from employment but within the Limitation Year in which services were rendered or within 2½ months following such Limitation Year;**

(B) **Amounts paid under Section 2.69(c) above that are paid after severance from employment but within the Limitation Year in which such accident or sickness existed or within 2½ months following such Limitation Year; and**

(C) **Amounts received pursuant to an unfunded nonqualified deferred compensation plan that are paid after severance from employment, but only to the extent that such amounts:**

(I) **would have been paid at the same time had there been no severance from employment;**

(II) **are included in the Clergy person’s gross income; and**

(III) **are paid within the Limitation Year in which severance occurred or within 2½ months following such Limitation Year.**

Add the following sentence to Section A2.75, effective January 1, 2007:

In the case of Part B and annuities payable under Supplement Three, the Funding Account for each Plan Sponsor will be pooled with the other Plan Sponsors, with each Plan Sponsor’s interest being proportional to its liabilities.

Page Number: Page 9 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Amend Section A2.76 as follows, effective January 1, 2007:

Funding Policy. ~~An actuarially sound plan or method~~ **based on reasonable actuarial methods and assumptions** determined by the Administrator from time to time to assure sufficient contributions to the **Consolidated DB** Plan to provide all benefits due under the **Consolidated DB** Plan by the time they become due.

Insert the following new definition in Section A2 wherever it fits alphabetically, and renumber Section numbers appropriately, effective January 1, 2007:

Includible Compensation. For any **Limitation Year**, a Clergy person's compensation as determined under Code §415(c)(3)(E), Code §403(b)(3), and Regulations thereunder:

(a) In the case of a Full-Time Clergy person who was paid for the entire **Limitation Year**, such compensation received by the Clergy person from his or her Salary-Paying Unit during a **Limitation Year**; and

(b) In the case of a Full-Time Clergy person who was not paid for the entire **Limitation Year** or a Part-Time Clergy person, such compensation received by the Clergy person from his or her Salary-Paying Unit(s) and any other entity that is controlled by or associated with The United Methodist Church during the most recent period that constitutes a year of service under Code §403(b)(4) and applicable Regulations.

Insert the following after Section A2.88(d), and re-letter the remaining subsections, effective January 1, 2007:

(e) in accordance with ¶357 of the Discipline (relating to transitional leaves, which will be treated as a leave from the last previous Plan Sponsor);

Page Number: Page 10 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Amend Section A2.103(a) as follows, effective January 1, 2007:

for periods before September 1, 2008, GCFA if the Participant is a Bishop, **except in the case of Bishops who are newly consecrated in 2008, then for periods before the date of their consecration; or**

Amend Section A2.107(a) as follows, effective January 1, 2007:

(a) In the case of a Participant (**other than a Bishop**), the first day of the month coinciding with or next following the earlier of:

Add Section A2.107(c) as follows, effective January 1, 2007:

(c) **In the case of a Participant who is a Bishop, the first day of the month next following the date specified in ¶409.1 of the Discipline.**

Amend Section A2.115 as follows:

Appointed on a one-quarter, one-half, three-quarters, or other less than Full-Time basis, **as determined by the Bishop or Conference that makes the Appointment.**

Amend Section A2.128 as follows, effective January 1, 2007:

Pre-82 Participant. A person who had a Vested benefit under the Pre-82 Plan ~~on December 31, 2006~~ **by his or her Annuity Starting Date** in accordance with Section S1.2.2.

Delete Section A2.139 and renumber succeeding Sections.

Amend Section A2.146(a) as follows, effective January 1, 2007:

Page Number: Page 11 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

(a) Participant (**other than a Bishop**), to be placed in the retired relation in accordance with ¶359 of the Discipline or the condition of being in the retired relation;~~or~~

Amend Section A2.146(b) by replacing the final period with “; or” and adding Section A2.146(c) as follows, effective January 1, 2007:

(c) **Participant who is a Bishop, to have the status of a retired bishop in accordance with ¶¶409.1, 409.2, or 409.3 of the Discipline.**

Insert the following new definition in Section A2 wherever it fits alphabetically, and renumber Section numbers appropriately:

Revision Date. A date (or dates) specified by the Administrator with at least 6 months’ advance notice to Plan Sponsors that is as soon as systems can reasonably be reconfigured to administer certain revisions to the Program (that are effective as of this date), which date is not later than January 1, 2010.

Revise Section A2.148(a) as follows:

(a) **Commission on the General Conference, as specified in ¶504 of the Discipline;**

Insert the following after Section A2.151(b) and re-letter the remaining subsections, effective January 1, 2007:

(c) **being Appointed to a Salary-Paying Unit that is not covered by a Plan Sponsor;**

Delete “or” at the end of Section A2.164(c), replace “¶320.1” with “¶320” in Section A2.164(d), substitute “;” for “.” at the end of Section A2.164(d), and add the following as a new Section A2.164(e), effective January 1, 2007:

(e) **a penalty assessed by a trial court within the meaning of ¶2711.3 of the Discipline.**

Page Number: Page 12 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Add the following to the end of Section A2.165, effective January 1, 2007:

In the case of a former Bishop, a person who has been a Participant but who has resigned in accordance with ¶409.4 of the Discipline or been removed in accordance with ¶¶2704.1, 2711.3, or 2712 of the Discipline; provided, in either case, that such former Bishop does not return to being a non-Bishop Clergyperson (in which case termination will be based on the previous sentence of this Section A2.165).

Add the following to the end of Section A2.169, effective January 1, 2007:

In the case of a Bishop, assigned in accordance with ¶407 of the Discipline.

Revise Section A4.2 as follows:

No benefits payable at any time under the Program will be subject in any manner to alienation, sale, transfer, pledge, attachment, garnishment, or encumbrance of any kind, **except as provided below.**

Any attempt to alienate, sell, transfer, assign, pledge, or otherwise encumber such benefit, whether presently or thereafter payable, will be void, **except as provided below.** ~~Except as provided in~~

~~Section A3.12 hereof,~~ ~~no~~ No benefit nor any fund under the Program will in any manner be liable for, or subject to, the debts or liabilities of any Accountholder, **Recipient**, or other person entitled to any benefit-, **except:**

- (a) **as provided in Section A3.12 (relating to QDROs);**
- (b) **as provided in a levy in favor of the IRS to the extent required by Regulations;**
- (c) **to the extent required under the Mandatory Victims Restitution Act of 1996 (18 U.S.C. §3663A);**
- (d) **for the payment of retiree or Disabled Participant health plan premiums;**

Page Number: Page 13 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

- (e) **to the extent that such Accountholder, Recipient, or other person has received an overpayment under any other plan administered by the Administrator; and**
- (f) **to the extent that such Accountholder, Recipient, or other person has made a voluntary and revocable assignment:**
 - (i) **in a writing filed with, and accepted by, the Administrator;**
 - (ii) **that is acceptable to the Administrator in its sole discretion; and**
 - (iii) **after such assigned benefit is due and payable under the terms of the Program, including the making of any elections and submission of any applications required of the Accountholder, Recipient, or other person.**

Revise Section A4.3 as follows:

All amounts contributed to a Plan by a Plan Sponsor are irrevocable contributions except to the extent provided below. The Plan Sponsors have no right, title, or interest in the assets of a Plan or the Trust, and no portion of the Trust or the assets of a Plan or interest therein may at any time revert to or be repaid to the Plan Sponsors, except as otherwise provided below:

- (a) Upon termination of ~~the a~~ **Consolidated DB** Plan, any assets remaining, after the satisfaction of all fixed and contingent liabilities by the payment of all such liabilities due, the transfer, merger, or spinoff of such liabilities and appropriate assets to another plan, and/or the annuitization of any remaining liabilities with an insurance or annuity provider selected by the Administrator, may revert to the ~~applicable~~ Plan Sponsors **in proportion to their liabilities**; and
- (b) If a contribution is made to a Plan by the Plan Sponsor by a mistake of fact, then such contribution will be returned to the Plan Sponsor (adjusted for any gains or losses) if:

Page Number: Page 14 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

- (i) the Plan Sponsor sends a written request for its return to the Administrator within one year after the contribution was made, ~~and~~
- (ii) the Plan Sponsor documents such mistake to the satisfaction of the Administrator; **and**
- (iii) the Administrator has not yet distributed such contribution (or the portion sought to be returned).**

Contributions to the Core Defined Benefit Plan will not be considered a mistake of fact unless they constitute Material Overfunding. **Refunds to a Plan Sponsor from an Accountholder's Core Defined Contribution Plan Account will reduce that Account accordingly.**

- (c) If a Contribution is sent to the Program by a Plan Sponsor that the Administrator determines within 30 days is an error or a mistake, the Administrator may refuse the payment as a Contribution to the Program and return the payment (or an amount equal to it) to the Plan Sponsor.**

Amend the third sentence of Section A4.12 to substitute "Administrator" for "Plan Administrator" where that term is used, effective January 1, 2007.

Amend the first sentence of Section A5.2 as follows, effective January 1, 2007:

General Conference may terminate the Program at any time in a manner and to the extent not inconsistent with **applicable law**~~the Discipline~~.

Insert the following new Section A7 after Section A6:

SECTION A7 - ADOPTION AGREEMENTS

Page Number: Page 15 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

A7.1 Completion of Adoption Agreement. Each Plan Sponsor will initially complete one or more Adoption Agreements in which the Plan Sponsor will indicate any elections that it is required or permitted to make pursuant to the provisions of the Program.

A7.2 Form of Adoption Agreement. The Adoption Agreement will be in a form prescribed by the Administrator. Different forms may be used for different Plan Sponsors. The Administrator may use more than one Adoption Agreement per Plan Sponsor covering different Clergy groups.

A7.3 Acceptance of Adoption Agreement. An Adoption Agreement will not become effective until it is accepted by the Administrator. The Administrator may require the submission of an Adoption Agreement up to 31 days in advance of its effective date (but may also waive such deadline in appropriate circumstances).

A7.4 Continuance of Adoption Agreement. An Adoption Agreement will remain in force until it is amended, discontinued, or replaced. Either a Plan Sponsor or the Administrator may discontinue an existing Adoption Agreement as of a prospective date specified in a written notice to the other. A Plan Sponsor may amend or replace an Adoption Agreement if such amendment or replacement is accepted by the Administrator under Section A7.3.

A7.5 Supplements. Plan Sponsors with respect to each of the Supplements must execute one or more Adoption Agreements covering each such Supplement. Each Pre-82 Sponsor having Participants in Participating Group No. Pre-82-1 must execute an Adoption Agreement setting forth the Past Service Rate Amount applicable to such Participants. In no case may any Pre-82 Sponsor's new Adoption Agreement reduce the Past Service Rate Amount or the percentage that is payable to surviving spouses in accordance with Section S1.4.2. In addition,

Page Number: Page 16 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

a Pre-82 Sponsor's Adoption Agreement may not provide for a Past Service Rate Amount that is less than 0.8% of the Conference Average Compensation.

Insert the following at the start of the flush language just following Section B1.1(b)(iii) , effective January 1, 2007:

Notwithstanding the foregoing, in the case of Bishops who are newly consecrated in 2008, then GCFA is the Plan Sponsor of the Core Defined Benefit Plan under this Part B on and after the date of their consecration.

Amend Section B2.1(b) as follows:

(b) Credited Service. A Participant's Credited Service will be determined as described in Section B2.2,

(i) with one-~~day~~~~quarter~~ year computation periods beginning-**at midnight of** ~~on~~:

(A) ~~the first day of the month coincident with or next following~~ the date the Participant begins to perform Service **on or after his or her Entry Date**; and

(B) ~~the first day of each day~~~~three month~~ period thereafter (~~beginning on the date three months after the date specified in Section B2.1(b)(i)(A))~~ until the Participant incurs a Separation From Covered Service; and

(ii) with one year computation periods beginning on:

(A) ~~the first day of the month coincident with or next following~~ the date the Participant begins to perform Service **on or after his or her Entry Date**; and

(B) ~~the first day of~~ each anniversary of such date thereafter until the Participant incurs a Separation From Covered Service.

Page Number: Page 17 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Amend Section B2.2(a) as follows:

(a) *General Rule.* A Participant will receive one ~~day~~^{Quarter-Year} of Credited Service for each ~~one-day~~^{quarterly} computation period specified in Section B2.1(b)(i) during which he or she is:

(i) Under Episcopal Appointment to and receiving Compensation related to such Appointment from:

(A) a Local Church;

(B) a Pastoral Charge;

(C) a Conference-Responsible Unit;

(D) a Conference;

(E) a Conference-Controlled Entity; or

(F) the Puerto Rico Methodist Church;

(ii) A Bishop receiving Compensation as such from GCFA;

(iii) A Puerto Rico Bishop receiving Compensation as such from the Puerto Rico Methodist Church;

(iv) CPP Disabled;

(v) when elected by a Conference under its Adoption Agreement, a member of that Conference who is placed on an Incapacity Leave but not covered under Section B2.2(a)(iv); or

(vi) entitled to Credited Service under USERRA

for any portion of such ~~one-day~~^{quarterly} computation period, regardless of whether such condition continues throughout such ~~one-day~~^{quarterly} computation period. **A Year of Credited Service is**

equal to 365 days (even in leap years) of Credited Service. Notwithstanding the foregoing

provisions of this Section B2.2(a), however, a Participant who qualifies under Section B2.2(a)(iv) or (v) above and who was Appointed on a Part-Time basis immediately before such qualification will receive Credited Service in accordance with Section B2.2(b), based on such Participant's highest Appointment percentage during the 24 months before such qualification.

Amend Section B2.2(b) as follows, effective January 1, 2007:

(b) Part-Time Appointments. A Participant who is Appointed as described in Section B2.2(a)(i) to less than a Full-Time Appointment **or otherwise qualified under Section B2.2(a) for Part-Time Credited Service** will receive Credited Service as follows:

(i) for one-quarter time Appointments (or any Appointment for less than one-quarter of Full-Time), **one-quarter of a Year** ~~Quarter-Year~~ of Credited Service for each one-year computation period specified in Section B2.1(b)(ii) (as adjusted below for Service of less than one year);

(ii) for one-half time Appointments (or any Appointment for less than one-half and more than one-quarter of Full-Time), **one-half of a Year** ~~two-Quarter-Years~~ of Credited Service for each one-year computation period specified in Section B2.1(b)(ii) (as adjusted below for Service of less than one year);

(iii) for three-quarters time Appointments (or any Appointment for less than three-quarters and more than one-half of Full-Time), **three-quarters of a Year** ~~Quarter-Years~~ of Credited Service for each one year computation period specified in Section B2.1(b)(ii) (as adjusted below for Service of less than one year); and

Page Number: Page 19 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

(iv) for all other cases, such as those not specified in the Discipline in quarter-time increments, **one-half of a Year** ~~two Quarter-Years~~ of Credited Service for each one-year computation period specified in Section B2.1(b)(ii) (as adjusted below for Service of less than one year).

Notwithstanding the foregoing, if a Participant is Appointed on less than a Full-Time basis and actually serves in the Appointment for less than a full year (whether the Part-Time Appointment was for a full year or less), his or her Credited Service will be adjusted by multiplying the percentage of Full-Time of the Appointment by the portion **or percentage** of a full year (measured to the nearest ~~day one-quarter of a full year~~ of Service) to determine the Credited Service such Participant will receive. (For example, a Participant Appointed for a year to a one-quarter time Appointment who completes only **300 days** ~~ten months~~ of Service during the Appointment year will receive ~~three-quarters of one Quarter~~ **300 days times one-quarter of a Year** of Credited Service, or ~~3/16th of a Year~~ **75 days** of Credited Service.) Each Plan Sponsor will report to the Administrator on the degree of each Part-Time Appointment and on the portion of a full year of Service actually rendered by a Participant when it is less than a full year.

Amend Section B2.2(b)(i) as follows:

(i) for one-quarter time Appointments ~~(or any Appointment for less than one-quarter of Full-Time)~~, one-quarter of a Year of Credited Service for each one-year computation period specified in Section B2.1(b)(ii) (as adjusted below for Service of less than one year); **provided that no Credited Service is awarded to a Participant who is Appointed on less than a one-quarter time basis;**

Amend the last paragraph of Section B3.1 as follows, effective January 1, 2007:

Page Number: Page 20 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

After initially becoming a Participant on the Entry Date, an Eligible Clergy person must continue to meet the conditions in Sections B3.1(a), (b), and (c) above to remain a Participant eligible to receive Credited Service. Although it will not prevent an Eligible Clergy person from participating in the Plan, the Administrator may require the Plan Sponsor of each Eligible Clergy person who is to become (or has become) a Participant (whether or not such Participant has an Accrued Benefit) to file an application for enrollment in the Plan in such form as may be required by the Administrator or to otherwise provide necessary enrollment information in a manner acceptable to the Administrator.

Amend Section B3.1(c)(ii) as follows:

CPP Disabled, a Bishop on an Incapacity Leave, or a Puerto Rico Bishop who is disabled or has been classified in an equivalent way (**but in none of these cases is a Terminated Participant**);

Amend Section B3.4(e)(ii) as follows, effective January 1, 2007:

is In Pay Status and then is Appointed to a position in accordance with ¶359.6 of the Discipline **or functions as a retired Bishop in accordance with ¶410 of the Discipline**, his or her benefit will continue In Pay Status, and he or she will not earn any further Accrued Benefit under the Plan; or

Amend the first sentence of Section B3.7 as follows, effective January 1, 2007:

Subject to the consent of his or her Plan Sponsor, An Eligible Clergy person who is a Student Local Pastor or who is Appointed on a Part-Time basis may elect voluntarily not to participate in the entire Program by written notice to the Plan Sponsor ~~in advance of~~ **not later than 60 days after** the effective date of such election, which may be made in any form acceptable to the Administrator.

Page Number: Page 21 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Amend the first sentence of Section B4.2 as follows, effective January 1, 2007:

If a Plan Sponsor delays in making a specified Contribution to the Plan beyond the date specified in Section B4.1, then the Plan Sponsor will make such delayed Contribution to the Plan as soon as possible thereafter, along with ~~imputed~~**missed** earnings on such delayed Contribution **in accordance with any applicable Internal Revenue Service correction program,~~based on a fixed rate of interest or on projected earnings as established by the Administrator from case to case or time to time,~~ credited from the Due Date until the date such Contribution was actually transferred to the Trustee.**

Add the following to the end of Section B4.2, effective January 1, 2007:

In addition to the foregoing remedies, the Administrator, after giving written notice to the Plan Sponsor with a prospective effective date (such effective date being no sooner than two months after the Due Date), may suspend further Accrued Benefit accruals under Section 6 (including increases in Credited Service, Final DAC, and/or Final Compensation under appropriate Sections of the Program) for Participants whose Accrued Benefits are funded by such delinquent Plan Sponsor under Section B4.1 until such Plan Sponsor:

- (a) makes up delayed Contributions and missed earnings as provided above in this Section B4.2; and/or**
- (b) satisfies Section B4.3(d)(iii) below.**

Accrued Benefit accruals will be retroactively reinstated if and when the Administrator gives written notice to such Plan Sponsor that it is in compliance with this Section B4.2.

Page Number: Page 22 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Revise Sections B5.1(a) and (b) and the following provisions as follows, effective January 1, 2008:

- (a) ~~\$90,000~~**180,000** (or such greater amount as may be determined from time to time in accordance with Code §415(d) for calendar years ending after December 31, ~~1987~~**2007** that begin within the Plan Year, **including Plan Years after a Participant or Terminated Participant incurred a severance from employment or commenced his or her 415 DB Plan benefit**); or
- (b) 100% of the Participant's average 415 Compensation for the three consecutive calendar years ~~of his or her participation in the 415 DB Plan~~**(as provided in Section B5.3)** in which he or she received the highest aggregate 415 Compensation. For Plan Years commencing on or after the Effective Date, **to the extent required by Code §415(b)**, a Participant's Section 415 Compensation in excess of ~~\$150,000~~ **the limit in Code §401(a)(17) (\$225,000 in 2007**, adjusted each Plan Year to take into account any applicable cost-of-living adjustment provided for that year pursuant to Regulations under Code ~~§401(a)(17)(B)415(d)~~ will be disregarded. **Notwithstanding the foregoing, the limit of this Section B5.1(b) will not apply to Accrued Benefits accrued by a Clergyperson in a Plan Year before the date on which he or she first became highly compensated within the meaning of Code §414(q) to the extent that such Accrued Benefits qualify under Code §415(b)(11).**

If the benefits otherwise payable under the 415 DB Plan exceed the foregoing limit, they will be reduced until they meet that limit, **but benefits exceeding the foregoing limit may be paid in a future Plan Year if they then meet such limits. If more than one separate plan comprises the 415 DB Plan and if benefits must be limited under this Section 5.1, the benefit under a plan with a smaller dollar amount of plan sponsor benefit will be reduced before a plan with a larger amount.**

Page Number: Page 23 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Amend Sections B5.2(b) and (c) as follows, effective January 1, 2008:

(b) If a Participant's Annual Retirement Benefit is paid before the Participant attains age 62, the determination as to whether the dollar limitation set forth in Section B5.1(a) has been satisfied will be made, in accordance with Regulations under Code §415(b)(2)(C), by reducing the limitation ~~of~~**specified in** Section B5.1(a) so that such limitation (as so reduced) equals an annual benefit (beginning when such Annual Retirement Benefit begins) that is **actuarially** equivalent to a ~~\$90,000~~**180,000 (in 2007, or as indexed thereafter)** Annual Retirement Benefit beginning at the Participant's attainment of age 62.~~The foregoing reduction may not reduce the limitation of Section B5.1(a) below:~~

~~(i) \$75,000 if the benefit begins at or after age 55, or~~

~~(ii) if the benefit begins before age 55, the equivalent of the \$75,000 limitation for age 55 (determined in accordance with Regulations under Code §415(b)(2)(C)).~~

(c) If a Participant's Annual Retirement Benefit is paid after the Participant attains age 65, the determination as to whether the dollar limitation set forth in Section B5.1(a) has been satisfied will be made, in accordance with Regulations under Code §415(b)(2)(D), by increasing the limitation of Section B5.1(a) so that such limitation (as so increased) equals an annual benefit (beginning when such Annual Retirement Benefit begins) that is equivalent to a ~~\$90,000~~**180,000 (in 2007, or as indexed thereafter)** Annual Retirement Benefit beginning at the Participant's attainment of age 65.

Amend Section B5.3 as follows, effective January 1, 2008:

For the purpose of Section B5.1(b), a Participant's high three years will be the period of consecutive calendar years (not **less than one nor** more than three, **and ignoring breaks in**

Page Number: Page 24 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

service), including fractional portions, during which the Participant ~~both was an active~~ was an employee of a 415 DB Plan sponsor or a 415 Affiliate (whether or not he or she was a participant in the 415 DB Plan for such period) and had the greatest aggregate:

(a) **415 Compensation from his or her 415 DB Plan sponsor or a 415 Affiliate**~~compensation from the common-law employer~~, or

Amend Section B5.4(b) as follows, effective January 1, 2008:

The provisions of Section B5.4(a) will apply to the limitations under Section B5.1(b), except that Section B5.4(a) will be applied with respect to years of service with the Plan Sponsor, a Salary-Paying Unit, or an 415 Affiliate of either, rather than years of participation in the 415 DB Plan.

Periods during which a Participant or Terminated Participant was totally and permanently disabled within the meaning of Code §415(c)(3)(C)(i) will be credited as service for the purpose of Section 5.4(a)(i).

Delete Section B5.4(d) , effective January 1, 2008.

Replace Section B5.5 with the following, effective January 1, 2009:

5.5 Defined Contribution Limits. To the extent required by Code §§403(b) and 415(c), the limits of Code §415(c) will also apply to annual increases in a Participant's Accrued Benefit. Those limits may be found in Section C5.1, Code §415(c), and Regulations. To the extent permitted by the Code and under rules established from time to time by the Administrator, if a Participant's Accrued Benefit in a Limitation Year is limited under this Section B5.5, the

Page Number: Page 25 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

portion of such Accrued Benefit in excess of such limit may be deemed to have accrued in one or more later Limitation Years to the extent applicable limits allow.

Amend Section B6.2(a) as follows:

if such Participant did not suffer a One-Year Break in Service, his or her Accrued Benefit may once again be computed as of a date after such ~~Break in Service~~ **Separation From Covered Service**, using the sum of the Participant's Credited Service for both periods of Appointment and the Final DAC and/or the Participant's Final Compensation, as applicable, on the **earlier of the** date such Accrued Benefit is computed **or the date the second period of Credited Service ends.**

Amend the last paragraph of Section B6.2 as follows, effective January 1, 2007:

Notwithstanding the foregoing, nor the definition of Break in Service, nor the definition of One-Year Break in Service, for the purpose of this Section B6.2, any period of time during which a Participant is not employed by a Plan Sponsor but is **Under Episcopal Appointment or is an active member of a Conference** ~~employed by a United Methodist Church-related entity that is eligible to participate in a Church Plan~~ will not count toward a Break in Service nor a One-Year Break in Service for such Participant.

Amend Section B9.1(d) as follows:

(d) *Small Benefit.* **The**

~~(i) *Cash Out.* Except in the case of a Disabled Participant or a Disabled Terminated Participant, if a Participant's or a Terminated Participant's Accrued Benefit at the time of distribution does not exceed \$5,000 (as an Actuarially Equivalent lump sum), the entire amount of the Accrued Benefit~~

Page Number: Page 26 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

~~will be distributed in accordance with Section C8.2(a) as though it were an Account Balance as soon as administratively feasible. A Disabled Participant or a Disabled Terminated Participant must consent to such distribution.~~

~~(ii) — *Small Annuity Amount.* In the case of a Recipient whose benefit is not paid in accordance with Section B9.1(d)(i) above, the Administrator may establish a minimum annuity amount from time to time. If the amount of such a **Participant's or a Recipient's Aggregate DB Benefit** monthly or other periodic annuity is **or would be** less than the minimum annuity amount (adjusted to reflect the period of the annuity), ~~it~~ **such Aggregate DB Benefit** will be paid in the form of **converted on an Actuarially Equivalent basis to a lump sum. The Administrator may make such minimum annuity determination and conversion, in its discretion, at the Recipient's Retirement, Termination of Conference Relationship, and/or Annuity Starting Date. Once such conversion is made, the Administrator will transfer such lump sum to an Account of its choosing in the Core Defined Contribution Plan or partly to an account in another defined contribution plan when so required by another plan administered by the Administrator. This Section B9.1(d)(ii) will not affect the amount of such Recipient's benefit or time of payment; merely the form of payment as a lump sum. Neither the Participant's nor Recipient's consent nor the consent of the Participant's or Recipient's Spouse will be required to pay such benefit in a lump sum make such conversion or transfer.**~~

Add the following new Section B9.1(g) after Section B9.1(f) , effective January 1, 2007:

(g) *Non-Revision.* Once monthly benefits have first been paid, neither the form of payment nor the Spouse entitled to survivor payments may be changed by reason of a changed election,

Page Number: Page 27 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

the death of a Spouse, or a divorce (except in accordance with an assignment of benefits to an Alternate Payee pursuant to a QDRO).

Amend Section B9.2(a) as follows:

- (i) the Participant's or Terminated Participant's ~~Accrued~~**Aggregate DB** Benefit exceeds **the amount specified in Section B9.1(d)**~~\$5,000 (as an Actuarially Equivalent lump sum)~~, and the Participant or Terminated Participant fails to submit an accurately completed Application for Benefits to the Administrator within 60 days following ~~his or hers~~**such Early, Normal, or Late** Retirement Date (or, in the case of a Terminated Participant, his or her 62nd birthday), in which case the payment of his or her Early Retirement Benefit, Normal Retirement Benefit, or Late Retirement Benefit will be made in accordance with Section B9.2(b); or
- (ii) the Participant's or Terminated Participant's ~~Accrued~~**Aggregate DB** Benefit does not exceed **the amount specified in Section B9.1(d)**~~\$5,000 (as an Actuarially Equivalent lump sum)~~, in which case the payment of his or her Accrued Benefit will be made in accordance with Section B9.2(c).

Amend the first sentence of Section B9.2(c) as follows:

In the case of a Participant or Terminated Participant who qualifies for Early Retirement, Normal Retirement, or Late Retirement, except in the case of a Disabled Participant or a Disabled Terminated Participant, if, as of a Participant's or Terminated Participant's Early Retirement Date, Normal Retirement Date, or Late Retirement Date, or immediately after an Alternate Payee's benefit is segregated pursuant to a QDRO, such person's ~~Accrued~~**Aggregate DB** Benefit does not exceed **the amount specified in Section B9.1(d)**, then such **Aggregate DB Benefit will be**

Page Number: Page 28 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

administered as described in Section B9.1(d).~~\$5,000 (as an Actuarially Equivalent lump sum), the Administrator will distribute the entire amount of the Accrued Benefit in accordance with Section C8.2(a) as though it were an Account Balance as soon as administratively feasible.~~

Amend the last sentence of Section B9.2(d) as follows:

Such notice will be furnished not more than ~~90~~ **180** days nor fewer than 30 days before the Recipient is entitled to receive such distribution, and no distribution will be made until 30 days after he or she has received such notice unless he or she waives such 30-day period in writing in accordance with procedures established by the Administrator.

Amend Section B9.4(d) as follows:

Notwithstanding the foregoing portions of this Section B9.4, except in the case of a distribution to a Disabled Participant or a Disabled Terminated Participant, if a Participant's or a Terminated Participant's ~~Accrued~~ **Aggregate DB Benefit does not exceed the amount specified in Section B9.1(d)** at the time of distribution ~~does not exceed \$5,000 (as an Actuarially Equivalent lump sum), then such Aggregate DB Benefit will be administered as described in Section B9.1(d) the entire amount of the Accrued Benefit will be distributed in accordance with Section B9.2(e) as soon as administratively feasible. A Disabled Participant or a Disabled Terminated Participant must consent to such distribution~~ **administration**, subject to the foregoing provisions of this Section B9.4.

Insert the following at the start of the flush language just following Section C1.1(b)(iii) , effective January 1, 2007:

Page Number: Page 29 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Notwithstanding the foregoing, in the case of Bishops who are newly consecrated in 2008, then GCFA is the Plan Sponsor of the Core Defined Contribution Plan under this Part C on and after the date of their consecration.

Replace Section C3.1(a) with the following, effective January 1, 2007:

(a) He or she is:

(i) an Eligible Clergy person Under Episcopal Appointment to a Local Church, Pastoral Charge, Conference-Responsible Unit, or Conference-Controlled Entity; or

(ii) a Bishop (but not earlier than the Effective Date for Bishops);

Amend the last paragraph of Section C3.1 as follows, effective January 1, 2007:

After initially becoming a Participant on the Entry Date, an Eligible Clergy person must continue to meet the conditions in Sections C3.1(a), (b), and (c) above to remain a Participant eligible to receive Contributions. Although it will not prevent an Eligible Clergy person from participating in the Plan, the Administrator may require the Plan Sponsor of each Eligible Clergy person who is to become (or has become) a Participant (whether or not such Participant has an Accrued Benefit) to file an application for enrollment in the Plan in such form as may be required by the Administrator or to otherwise provide necessary enrollment information in a manner acceptable to the Administrator.

Amend Section C3.1(c)(ii) as follows:

CPP Disabled, a Bishop on Incapacity Leave, or a Puerto Rico Bishop on an equivalent status **(but in none of these cases is a Terminated Participant);**

Page Number: Page 30 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Add the following after Section C3.4(c), effective January 1, 2007:

(d) Transfer. A Participant who transfers from one Conference (or other entity) to another (or who otherwise transfers under ¶¶346, 347, or 348 of the Discipline such that he or she was covered under the Plan both before and after the transfer) without a Break in Service will remain a Participant, but his or her Plan Sponsor will change from the first Conference (or other entity) to the second on the date that he or she is Under Episcopal Appointment with the second.

Amend the first sentence of Section C3.7 as follows, effective January 1, 2007:

Subject to the consent of his or her Plan Sponsor, Aan Eligible Clergyperson who is a Student Local Pastor or who is Appointed on a Part-Time basis may elect voluntarily not to participate in the entire Program by written notice to the Plan Sponsor ~~in advance of~~ **not later than 60 days after** the effective date of such election, which may be made in any form acceptable to the Administrator.

Replace the second sentence of Section C4.1 with the following:

In the case of:

(a) CPP Disabled Participants, CPP will make a Contribution for each payroll period during such CPP Disability of 3% of such Participant's Compensation measured as of the payroll period immediately preceding such Participant's CPP Disability, with future years' imputed increases in Compensation as may be provided in CPP; and

(b) Participants on Incapacity Leave whose Plan Sponsors have so elected on their Adoption Agreements, such Plan Sponsors will make a Contribution for each payroll period

Page Number: Page 31 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

during such Incapacity Leave of 3% of such Participant's Compensation measured as of the payroll period immediately preceding such Participant's Incapacity Leave, with 3% annual imputed increases in Compensation, in either case, to the extent permitted under Code §415(c)(3)(C) (or any other applicable provisions).

Amend the first sentence of Section C4.3 as follows, effective January 1, 2007:

If a Plan Sponsor delays in making a Non-Elective Contribution to the Plan on behalf of any Participant until after the Due Date specified in Section C4.2, then the Plan Sponsor will make such delayed Non-Elective Contribution to the Plan as soon as possible thereafter, along with ~~imputed~~ **missed** earnings on such delayed Non-Elective Contribution **in accordance with any applicable Internal Revenue Service correction program,** ~~based on a fixed rate of interest or on projected earnings as established by the Administrator from case to case or time to time,~~ credited from the day after such Due Date until the Accounting Date such Non-Elective Contribution was actually credited to the Participant's Account.

Add the following to the end of Section C4.3, effective January 1, 2007:

If any Contributions are more than two months overdue, the Administrator may compel payment by offsetting against any other amounts a Plan Sponsor may have on deposit with the Administrator, by bringing the matter to Judicial Council, or by any other means the Administrator may elect to pursue.

Amend Section C5.1(a) as follows, effective January 1, 2007:

Page Number: Page 32 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Limitation. Notwithstanding any other provisions of the Plan (**except for this Section C5**), the amount of Annual Additions allocated to a Participant's Account for any Limitation Year will not exceed an amount equal to the **limit of Section C5.1(a)(i) below, as increased, if at all, by the provisions of Sections C5.1(a)(ii) and C5.1(a)(iii) below.**~~lesser of:~~

(i) **Standard Limit. The limit of this Section C5.1(a)(i) is the lesser of:**

(A) **\$451,000 (in 2007 2004 or as indexed under Code §415(d) in later years); or**

(B)(ii) **100% of the Participant's 415 Compensation for the Limitation Year;**

reduced, in either case, by the amount of Annual Additions credited to the Participant's account for the Limitation Year under any other **Code §403(b)** defined contribution plan maintained by a Plan Sponsor or a 415 Affiliate.

(ii) **\$3,000 Missionary Minimum. To the extent permitted under Code §415(c)(7) and Regulations, if the amount of Annual Additions allocated to a Participant's Account for any Limitation Year exceeds the limit of Section C5.1(a)(i) above, in the case of a Participant performing services outside of the United States for any entity that is controlled by or associated with The United Methodist Church or any autonomous affiliated church, such limit will be increased (if this Section C5.1(a)(ii) provides an increase) to \$3,000, provided that such Participant's adjusted gross income for such Limitation Year (determined separately and without regard to community property laws) does not exceed \$17,000.**

(iii) **\$10,000 Minimum. To the extent permitted under Code §415(c)(7) and Regulations, if the amount of Annual Additions allocated to a Participant's Account for any Limitation Year exceeds the limit of Section C5.1(a)(i) above, as increased to the limit of Section C5.1(a)(ii) above (if such Section provides an increase), such limit will be increased to the lesser of:**

Page Number: Page 33 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

(A) **\$10,000 minus the limit of Section C5.1(a)(i) above as applied to such Participant in such Limitation Year; or**

(B) **\$40,000 minus the aggregate of all previous Annual Additions for all previous Limitation Years made because of the extended limit attributable to Code §415(c)(7).**

This Section C5.1(a)(iii) will be applied, to the extent required under Code §415(c)(7) and Regulations, to the Participant's account for the Limitation Year under any other Code §403(b) defined contribution plan maintained by any entity controlled by or associated with The United Methodist Church within the meaning of Code §414(e)(3)(B)(ii).

Amend Section C5.1(c) as follows, effective January 1, 2008:

If the amount otherwise allocable to a Participant's Account, or with respect to a Participant in any other defined contribution plan described in Section C5.1(d), in a Limitation Year would exceed the limitation set forth in Section C5.1(a), the amount of such excess will be corrected as soon as is practicable **in accordance with any Internal Revenue Service correction program, which correction will include, if permitted,** by the application of one or more of Sections C5.1(c)(i)-(v) in the following order to the extent necessary:

Amend Section C5.1(d) as follows, effective January 1, 2007:

For the purpose of this Section C5.1, all **Code §403(b)** defined contribution plans of, and all **415** Compensation from, any Plan Sponsor or its 415 Affiliates, whether or not such plans are terminated, are to be aggregated and/or treated as one defined contribution plan. **If the limit of Section C5.1(a) is exceeded, Annual Additions must be limited, more than one plan is aggregated, and the provisions of Section C5.1(c) do not specify which plan's Annual**

Page Number: Page 34 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Additions will be limited, then Annual Additions to a plan with a smaller amount of plan sponsor contributions will be limited before a plan with a larger amount.

Add new Section C5.1(e) as follows, effective January 1, 2008:

(e) **Contribution Timing.** A contribution will be deemed made for a Limitation Year if all conditions necessary for a Participant to earn the contribution are satisfied in such Limitation Year and if the plan sponsor actually makes the contribution not later than October 15 of the year following such Limitation Year.

Amend Section C5.2(a) as follows, effective January 1, 2007:

Code §415(c)(23)(C),

Amend the next to last sentence of Section C7.2(b) as follows:

Such forfeited amounts will be **contributed to the Funding Account of the Accountholder's Plan** ~~Sponsorused by the Administrator to defray the administrative expenses of the Plan.~~

Amend the last sentence of Section C7.2(c) as follows:

The Relinquished benefit will be **contributed to the Funding Account of the Participant's Plan** ~~Sponsorused by the Administrator to defray the administrative expenses of the Plan.~~

Amend the first sentence of Section C8.1(b) as follows:

Except in the case of a Disabled Participant or a Disabled Terminated Participant and subject to

Section C8.2(a), if the Accountholder's ~~Account Balance~~ **Aggregate Benefit does not exceed**

\$5,000 ~~in this Plan~~ at the time of **the Accountholder's Retirement, Termination of Conference**

Page Number: Page 35 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Relationship, and/or Annuity Starting Date, as determined by the Administrator~~distribution~~
~~does not exceed \$5,000~~, the entire amount of the **Accountholder's** Vested Account Balance in the Plan will be distributed as a lump sum to the Accountholder as soon as administratively feasible.

Amend Section C8.2(a) as follows:

Except in the case of a Disabled Participant or a Disabled Terminated Participant, if, at the time of a Participant's Retirement or Termination of Conference Relationship, or immediately after an Alternate Payee's benefit is segregated pursuant to a QDRO, such person's ~~Vested Account Balance~~ **Aggregate Benefit** does not exceed \$5,000, the entire amount of the **Accountholder's** Vested Account Balance will be distributed as a lump sum to the ~~appropriate~~ Accountholder as soon as administratively feasible. Notwithstanding the foregoing, ~~any amount~~ **if the portion of the Accountholder's Aggregate Benefit that is being distributed from this Program at one time is in excess of \$1,000, such distribution** ~~distributed to such Accountholder from this Program in accordance with this Section C8.2(a)~~ will be rolled over in accordance with Section C8.5(b) unless such Accountholder:

Amend the first sentence of Section C8.2(b) as follows:

A Participant with an **Aggregate Benefit** ~~Vested Account Balance~~ that exceeds \$5,000 who attains his or her Early, Normal, or Late Retirement Date may elect to begin receiving the distribution of some or all of his or her Account Balance as soon as administratively feasible thereafter (subject to the limitations of Sections C8.1(e) and C8.2(g)) or he or she will be deemed to have elected to postpone receiving his or her distribution under Section C8.2(e).

Page Number: Page 36 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Amend the first sentence of Section C8.2(c) as follows:

A Participant with an **Aggregate Benefit** ~~Vested Account Balance~~ that exceeds \$5,000 who undergoes a Termination of Conference Relationship or incurs a Five-Year No Record of Appointment may elect to begin receiving the distribution of some or all of his or her Account Balance as soon as administratively feasible thereafter (subject to the limitations of Sections C8.1(e) and C8.2(g)) or he or she will be deemed to have elected to postpone receiving his or her distribution until a **later date to be specified by the Participant that is** not later than the latest date determined under Section C8.2(f).

Amend the last sentence of Section C8.2(g) as follows:

Such notice will be furnished not more than ~~90~~ **180** days nor fewer than 30 days before the Recipient is entitled to receive such distribution, and no distribution will be made until 30 days after he or she has received such notice unless he or she waives such 30-day period in writing in accordance with procedures established by the Administrator.

Amend the first sentence of Section C8.3(d)(i) as follows:

the Spouse consents in writing after the Participant's death, or had consented in writing before the Participant's death, witnessed in either case by a Plan Sponsor **or Administrator** representative or a notary public, to the Participant's designation of another Designated Beneficiary; **provided, however, that the Administrator need not solicit such a Spousal consent.**

Replace Section C8.3(d)(ii) and Section S3.4.2(d)(i)(B) with the following, effective January 1, 2007:

Page Number: Page 37 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

the Participant is legally separated from his or her Spouse or has been abandoned (within the meaning of local law) by his or her Spouse, and, in either case, the Participant has a court order to such effect;

Revise Section C8.3(f) as follows, effective January 1, 2007:

Effect of Divorce. A Participant's divorce on or after January 1, 1998 will automatically revoke any Beneficiary designation in favor of the Participant's Spouse made before the divorce, unless:

(i) ~~— a QDRO provides that the divorced former Spouse is to be treated as a Spouse for the purpose of receiving death benefits, or~~

(ii) ~~— the Participant completes another Beneficiary designation in favor of the former Spouse after the divorce. Until such time as a new designation of Beneficiary is filed with the Administrator in accordance with the provisions of this Section C8.3(f)(ii), benefits will be payable as though the former Spouse had predeceased the Participant.~~

Add the following to the end of Section C8.4(a)(i):

Unless a Participant or other Accountholder otherwise elects, a distribution at the Required Beginning Date or at the time of a later required distribution will not exceed the amount of the minimum required distribution.

Amend the first sentence of Section C8.4(d) as follows:

Except in the case of a Disabled Participant or a Disabled Terminated Participant, notwithstanding the provisions of Sections C8.4(a)-(c) to the contrary, if ~~the total Account Balance payable to an~~ Accountholder's or Designated Beneficiary's **Aggregate Benefit** at the time of distribution does not

Page Number: Page 38 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

exceed \$5,000, ~~the~~ **his or her** entire Account Balance will be distributed as a lump sum to such Accountholder or Designated Beneficiary as soon as administratively feasible in accordance with Section C8.2(a).

Amend the second to last sentence of Section C8.5(a) as follows:

Such notice will be furnished not more than ~~90~~ **180** days nor fewer than 30 days before the Accountholder is entitled to receive such distribution, and no distribution will be made until 30 days after he or she has received such notice unless he or she waives such 30-day period in writing.

Amend Section C8.5(b)(ii) as follows:

the Accountholder's ~~Account Balance~~ **Aggregate Benefit** does not exceed \$5,000; and

Amend the last sentence of Section C8.6(b) as follows:

The Administrator will ~~contribute~~ use such forfeitures to **the Funding Account of the Plan Sponsor of the Accountholder referred to in Section C8.6(a) above** ~~defray the expenses of administering the Plan.~~

Amend the second sentence of Section S1.1.2 as follows, effective January 1, 2007:

Such assets will be collectively referred to as the Pre-82 Assets and will be accounted for separate and apart from the other funds under the Program, **subject to Section A1.6(d)**.

Delete Section S1.1.3.

Revise the last partial paragraph of Section S1.3.4(c)(iii) as follows, effective January 1, 2007:

Page Number: Page 39 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

by making a Contribution to the Trust by the end of that Plan Year of the full amount of such liability, adjusted using a reasonable interest rate selected from time to time by the Administrator to reflect any delay in payment after the beginning of a Plan Year. **If such Contribution is not made by the end of such Plan Year, the elective increase under Section S1.3.4(b) above will not take effect. In the case of Conferences that have merged during a Plan Year, the resulting Conference may adopt the Past Service Rate Amount and Conference Average Compensation of any of the pre-merger Conferences (or any amount in between), in accordance with rules established by the Administrator, to determine if immediate funding is due under this Section S1.3.4(c)(iii), provided, however, that immediate funding will not be due except for elective increases in excess of the foregoing amounts adopted by merging Conferences.**

Revise Section S1.2.1(a)(ii) as follows, effective January 1, 2007:

on December 31, 2006 were receiving pension benefits or **by their Annuity Starting Dates** were entitled to receive deferred Vested pension benefits from the Pre-82 Plan; and

Revise Section S1.2.1(b)(ii) as follows, effective January 1, 2007:

on December 31, 2006 were ~~still~~ receiving pension benefits or **by their Annuity Starting Dates** **were** entitled to receive deferred Vested pension benefits from the Pre-82 Plan.

Add the following new Section S1.4.2(h) after Section S1.4.2(g), effective January 1, 2007:

(h) Non-Revision. Once monthly Past Service Benefits have first been paid, neither the form of payment nor the Spouse entitled to survivor payments may be changed by reason of

Page Number: Page 40 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

the death of a Spouse or a divorce (except in accordance with an assignment of benefits to an Alternate Payee pursuant to a QDRO).

Amend Section S1.4.5(a)(ii) as follows, effective January 1, 2007:

as of December 31, 2006, ~~continued to receive~~**were receiving** such benefits under supplement one to MPP

Renumber Section S1.4.5(c) as Section S1.4.5(d), and insert the following as new Section S1.4.5(c):

(c) Notwithstanding the definition of “Spouse” in Section 2, a surviving “Spouse” under Supplement One must have been married to a Pre-82 Participant:

- (i) at some point while the Pre-82 Participant was Under Episcopal Appointment;**
- (ii) at the Pre-82 Participant’s Retirement; and**
- (iii) at the Pre-82 Participant’s Annuity Starting Date**

to receive a surviving Spouse benefit. During the period starting January 1, 1982 and continuing through December 31, 1997, such surviving Spouse must also have been married to the Pre-82 Participant at the Pre-82 Participant’s death.

Add a new Section S1.4.11 after Section S1.4.10 as follows:

S1.4.11 Small Benefit. Notwithstanding anything to the contrary in Section S1.4:

- (a) if any person entitled to a Formula Benefit under Section S1.4 has an Aggregate DB Benefit at Retirement, Termination of Conference Relationship, and/or Annuity Starting Date, as determined by the Administrator, that does not exceed the amount specified in**

Page Number: Page 41 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Section B9.1(d), his or her Formula Benefit payable under Section S1.4 will be paid under Section B9.1(d) as though such person were a Participant thereunder; and

(b) if any person entitled to a Service Annuity Accumulation under Section S1.4 or a benefit under Section S1.4.8 has an Aggregate Benefit at Retirement, Termination of Conference Relationship, and/or his or her Annuity Starting Date, as determined by the Administrator, that does not exceed \$5,000, his or her Account Balance under Section S1.4 will be paid under Section C8.2(a) as though such person were a Participant thereunder.

Amend the second sentence of Section S3.1.4 as follows, effective January 1, 2007:

No further Contributions will be made to anyone under this Supplement Three on account of periods beginning on or after September 1, 2008, **except in the case of Bishops who are newly consecrated in 2008, then on account of periods beginning on or after the date of their consecration.**

Amend the first sentence of Section S3.2.3 as follows, effective January 1, 2007:

An Eligible Minister who becomes eligible under Section S3.2.1(b) will become a Participant in the Plan effective as of the date on which he or she was ~~elected~~ **consecrated** as a Bishop.

Amend Sections S3.4.4(b)(i) and (ii) as follows:

- (i) in accordance with Section C8.2(a) if the Terminated Participant's ~~Account Balance~~ **Aggregate Benefit** does not exceed \$5,000; or
- (ii) upon such **Terminated** Participant's consent if ~~the amount~~ **his or her Aggregate Benefit** is \$5,000 or more, but **his or her Account Balance under Supplement Three** is less than one-fourth

Page Number: Page 42 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

of the Denominational Average Compensation as of the date on which he or she becomes a Terminated Participant. ~~If the Terminated Participant is vested in a Supplement One benefit, regardless of the balance in his or her Account, he or she will not be eligible for a single lump sum distribution under this Section S3.4.4(b)(ii), but will receive benefits from the Account in accordance with the provisions of Section S3.4.5(g).~~

Amend Section S3.4.5(i) as follows:

If the ~~present value of the~~ Participant's **Aggregate Benefit Account in this Plan** is equal to or less than \$5,000 ~~and the Participant is not Vested in a Supplemental One benefit~~, the Administrator will direct the Trustee to distribute the full amount **of the Participant's Account in this Plan** to the Participant in a lump sum in accordance with Section C8.2(a) without the consent of the Participant or his or her sSpouse.

Add the following new Section S3.4.5(k) after Section S3.4.5(j) , effective January 1, 2007:

(k) Non-Revision. Once a monthly annuity has first been paid, neither the form of payment nor the Spouse or Contingent Annuitant entitled to survivor payments may be changed by reason of a changed election, the death of a Spouse, or a divorce (except in accordance with an assignment of benefits to an Alternate Payee pursuant to a QDRO).

Amend Section S3.4.6(a) as follows, effective January 1, 2007:

If a Participant dies before his or her Annuity Starting Date, his or her Account under the Plan will be paid to the Participant's Beneficiary **in accordance with Section C8.3**, subject to the requirements of Section S3.4.6(b) below.

Page Number: Page 43 of 44

Suggested Title: Clergy Retirement Security Program/Technical Corrections

Discipline Paragraph Number: 1504.1

Financial Implications: None

Agency Name: General Board of Pension and Health Benefits

Amend Section S3.4.6(b)(iv) as follows:

Notwithstanding the provisions of Sections S3.4.6(b)(i) or (ii), if the present value of a deceased Participant's ~~Account~~ **Aggregate Benefit** ~~under the Plan, including the value of any Supplement One benefit that may be payable~~, is equal to or less than \$5,000 at the time of his or her death, the Administrator will direct the Trustee to distribute the full amount **of the Participant's Account Balance** to the Participant's Beneficiary in accordance with Section C8.2(a) without the consent of the Beneficiary.

Replace Sections S3.4.9 through S3.4.20 with the following new Section S3.4.9:

S3.4.9 Other Provisions Incorporated. In accordance with rules established by the Administrator, Supplement Three includes provisions similar to those found in Sections B3.4(d) and (e), B7.2, B9.1(d), B9.1(f), B9.2(b), B9.4, B9.5, B9.6, B9.8, C7.2, C8.1(a), C8.2(e) and (f), C8.4, C8.5, C8.6, C8.7, and C8.10.

Delete Section S3.5.

SUBMITTED BY: Barbara A. Boigegrain, General Secretary

X _____

Bishop Ben R. Chamness, Chairperson

X _____

TELEPHONE: (847) 866-4200-; FAX: (847) 328-9521 ; E-MAIL: Barbara_Boigegrain@gbophb.org