

CHAPLAINS SUPPLEMENTAL PENSION GRANT FUND

A GRANT PROGRAM FOR CERTAIN CLERGY

ENDORSED BY

THE UNITED METHODIST ENDORSING AGENCY

UNDER THE GENERAL BOARD OF HIGHER EDUCATION AND MINISTRY

ADMINISTERED BY

WESPATH

Restated Effective January 1, 2014

CHAPLAINS SUPPLEMENTAL PENSION GRANT FUND

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CHAPLAINS SUPPLEMENTAL PENSION GRANT FUND

ARTICLE I - THE FUND

- 1.01 The Fund.** The General Conference of The United Methodist Church authorized the establishment of the Chaplains Pension Fund, for certain itinerant clergy members of a Conference who, on or after January 1, 1947, were endorsed by the Section of Chaplains and Related Ministries of the General Board of Higher Education and Ministry. Effective January 1, 1997, the Chaplains Pension Fund was renamed the Chaplains Supplemental Pension Grant Fund and continues to be known by that name. Effective July 1, 2003, the Fund was amended to expand eligible clergy to include non-itinerant clergy and part-time clergy and to remove a five-year limit on approved service for certain pastoral counselors. Effective August 18, 2003, the Section of Chaplains and Related Ministries was renamed the United Methodist Endorsing Agency. On January 1, 2014, the Fund was restated to reflect clarifications, and was amended, effective as of the date indicated in the amended provision.
- 1.02 Applicability.** The provisions of this Fund are applicable only to those persons associated with a jurisdictional conference.
- 1.03 Purpose.** The purpose of this Fund is to provide, within the sole and unilateral discretion of the Agency, those Clergypersons who qualify with a grant that recognizes their years of service as chaplains during which no pension program was provided by their salary-paying units or during which no pension credit was given by their salary-paying units.
- 1.04 Not a Plan.** The Fund is not intended to be a pension or welfare benefit plan under the Internal Revenue Code or the Employee Retirement Income Security Act of 1974 (ERISA). Rather, the Fund provides unilateral grants to certain Clergypersons from time to time, solely within the discretion of the Agency. No Clergyperson shall have a legally binding or vested right to receive such grants, and neither the Fund, the Agency, nor Wespath offer any promises or guarantees that grants will be approved, adequately funded, continue to be paid after pension grant annuity payments commence, or will not be revoked after approval.

ARTICLE II - IDENTIFICATION AND DEFINITIONS

Whenever used in the Fund, the following terms shall have the respective meanings set forth below, unless otherwise expressly provided herein. When the defined meaning is intended, the term is capitalized.

- 2.01** “Age” of a person shall mean the age at the last birthday.
- 2.02** “Agency” shall mean the sponsor of the Fund, the United Methodist Endorsing Agency of the General Board of Higher Education and Ministry of The United Methodist Church. The Agency was known as the Section of Chaplains and Related Ministries of the General Board of Higher Education and Ministry before August 18, 2003.
- 2.03** “Approved Service” shall mean the years and fractions of years of service rendered after January 1, 1947, served by the Participant on a full-time basis at an appointment extending the ministry of the local church in accordance with Paragraph 344.1*b* of the *Book of Discipline*, or on or after July 1, 2003, served by the Participant on a one-quarter, one-half, three-quarters, or full-time basis at an appointment extending the ministry of the local church in accordance with Paragraphs 344.1*b* and 331 of the *Book of Discipline* while being endorsed by the Agency in accordance with Paragraph 1421.5 of the *Book of Discipline* and for which years no pension credit, or other benefits in lieu thereof, have been paid or are eligible to be paid to the Participant. Service rendered on or after July 1, 2003 on a one-quarter, one-half, or three-quarters time basis will be counted pro-rata. For service rendered before July 1, 2003, no more than 5 years of service rendered per setting as a pastoral counselor not associated with an institution will be counted as Approved Service.
- 2.04** “Book of Discipline” shall mean the body of church law as established by the General Conference of The United Methodist Church, as amended from time to time.
- 2.05** “Clergyperson” shall mean a person who is an elder in full connection, and on or after July 1, 2003, a probationary elder, a deacon in full connection, or a probationary deacon of a Conference, appointed to an extension ministry in accordance with Paragraphs 344.1*b* or 331 of the *Book of Discipline*.
- 2.06** “Conference” shall include annual conferences, provisional conferences and missionary conferences that are described in the *Book of Discipline* and that are located in jurisdictional conferences.
- 2.07** “Early Retirement Date” shall mean the first day of the month (prior to Normal Retirement Date) coinciding with or following the date on which a Participant or Former Participant attains Early Retirement Age. Early Retirement Age shall be determined in accordance with Paragraph 358.2*b* of the *Book of Discipline*. However, if a person retires in accordance with Paragraph 358.2*a* or Paragraph 358.3, Early Retirement Age shall be age 62.
- 2.08** “Eligible Clergyperson” shall mean a Clergyperson who meets the requirements of section 3.01 for participation in the Fund.

2.09 “Formula Benefit” shall mean an annual benefit determined in accordance with the following:

the product of a Participant’s Approved Service and the applicable Pension Rate, reduced by the lesser of: (i) one-half of 1% per month or fraction of a month of Age less than 65 years attained on the date the benefit is to commence; or (ii) one-half of 1% per month for each month of difference between the assumed date at which 40 years of service under appointment would have been completed and the actual date the benefit is to commence.

Payment of such amount is contingent upon adequate funding by the Agency of the pension grant, and the Agency is under no obligation to fund such grant, as provided in sections 6.06 and 4.01 of the Fund, respectively.

2.10 “Fund” shall mean the Chaplains Supplemental Pension Grant Fund, including, where appropriate within the context, this instrument and all amendments thereto, which includes agreements between Wespeth and the Agency.

2.11 “Fund Year” shall mean the calendar year.

2.12 “Normal Retirement Date” shall mean the first day of the month coinciding with the date specified in Paragraph 358.2c of the *Book of Discipline*.

2.13 “Participant” shall mean an Eligible Clergy person who has filed an application for a pension grant that has been approved (and not later revoked) by the Agency, as provided in Article III of this Fund.

2.14 “Pension Rate” shall mean the sum payable for each year of Approved Service, as determined by the Agency, and set forth in the applicable Addendum.

2.15 “Trust” shall mean the Miscellaneous Trust of The United Methodist Church.

2.16 “Trustee” shall mean the UMC Benefit Board, Inc., an Illinois not-for-profit corporation, or any successor.

2.17 “Wespeth” shall mean Wespeth or any of its designated affiliates.

ARTICLE III - ELIGIBILITY FOR PARTICIPATION

3.01 Conditions of Eligibility. A Clergyperson who:

- a. on or after January 1, 1947, served on a full-time basis an appointment-extending the ministry of the local church in accordance with Paragraph 344.1*b* of the *Book of Discipline* or, on or after July 1, 2003, served by the Participant on a one-quarter, one-half, three-quarters, or full-time basis at an appointment extending the ministry of the local church in accordance with Paragraphs 344.1*b* or 331 of the *Book of Discipline*, who has been endorsed by the Agency in accordance with Paragraph 1421.5 of the *Book of Discipline* for such an appointment, and
- b. has at least one year of Approved Service, and retires in accordance with Paragraph 358.1, 358.2, or 358.3 of the *Book of Discipline*, and
- c. is not eligible to receive any pension, or other benefits in lieu thereof (excluding any benefits from the Social Security Administration) for the years of service in which he/she served such an appointment,

shall be eligible to apply for a pension grant in accordance with section 3.02 below.

3.02 Application for Pension Grant.

- a. The application for a pension grant shall be on a form provided to the Eligible Clergyperson by Wespath.
 - (1) Wespath may require, as part of the application, a letter from each appointment indicating to Wespath that the Eligible Clergyperson is not eligible to receive, or has not received, any pension, or other benefits in lieu thereof, for the years of service at such appointment.
 - (2) Wespath shall require that the application be completed in full, and that all information be provided, prior to considering the application.
- b. After considering the application, if all conditions for eligibility have been met and appropriate, supporting documents provided, Wespath shall notify the Agency of said application.
- c. The Agency shall consider the application and notify Wespath as to whether it approves the application or denies the application for a grant.
- d. If the application has been approved, a pension grant shall be established in accordance with Article V.

3.03 Pension Grant Within Sole Discretion of Agency. Pension grant applications shall be approved or denied in the sole and complete discretion of the Agency. The Agency may deny an application for a grant for any reason. The Agency may also revoke a pension grant on a

prospective basis for any reason. All decisions made by the Agency regarding the approval, denial, or revocation of a pension grant are final, and not subject to appeal.

ARTICLE IV - CONTRIBUTIONS

- 4.01 Discretionary Funding of Grants.** It is within the Agency's sole discretion whether to make contributions to fund pension grants. Only the Agency, and no other party, may make discretionary contributions to fund pension grants.
- 4.02 The Trust.** Wespeth has established the Trust pursuant to an agreement with the Trustee (the "Trust Agreement") to hold special purpose endowments, trusts, funds administered by Wespeth, and other funds, and determined that the Agency's funds should be held in the Trust. The Agency acknowledges that the Fund is subject to the terms of the Trust Agreement. Grants under the Fund will be provided exclusively by distributions from the Trust. The Trustee has the powers and duties specified in the Trust Agreement. Subject to section 6.02(a) of the Fund, Wespeth shall have the sole discretion to make all decisions related to the Trust and the Trustee, and to determine whether the Fund should be held in the Trust or a different trust at any time.

ARTICLE V -- DETERMINATION AND DISTRIBUTION OF GRANTS

- 5.01 Commencement of Pension Grant.** A Participant shall receive a pension grant, determined in accordance with the Formula Benefit, commencing upon the first of the month after the later of: (i) the Participant's Early Retirement Date or Normal Retirement Date (whichever is applicable under the *Book of Discipline*) or, if later, the date on which the Participant is placed in the retired relation by his or her Conference, or (ii) the date on which Wespath is notified that the Participant's application is approved. Once a pension grant commences, no further Approved Service may be earned, nor will the pension grant payments be suspended, as a result of a return to any employment as a Clergyperson.
- 5.02 Surviving Spouse Pension Grant.** Upon the death of a Participant, the surviving spouse shall receive seventy percent (70%) of such pension grant that the Participant was receiving (or entitled to) at the time of his or her death if their marriage took place prior to the Participant's leaving the effective relationship.
- 5.03 No Legal Entitlement to Payments Until Received.** A Participant or a Participant's surviving spouse will not have a legally binding right to approved pension grant payments under this Fund until such payments are received. If a pension grant has commenced, a Participant or a Participant's surviving spouse will not have a legally binding right to future payments until they are received. Such pension grant payments may be discontinued or reduced at any time, within the sole discretion of the Agency.

ARTICLE VI – ADMINISTRATION AND INVESTMENT

6.01 Administrator. Wespath is charged in the *Book of Discipline* with the general supervision and administration of pension and benefit programs of The United Methodist Church. Accordingly, this Fund shall be administered by Wespath, as from time to time constituted pursuant to the *Book of Discipline*.

6.02 Powers and Duties of the Agency. The Agency has the following powers and duties with respect to the Fund, to be exercised within the Agency's discretion:

- a. Effective November 20, 2014, the Agency shall have exclusive authority and discretion to direct the investment of Fund assets, to the extent permitted by Wespath and consistent with the investment alternatives made available by the Trustee. Wespath will invest the Fund assets in accordance with the Agency's direction. Neither Wespath, the Trustee, nor any other person who otherwise may be a fiduciary with respect to such assets will incur any liability to anyone for any loss or expense sustained by the Agency because of any asset acquired, retained, or disposed of by the Trustee or any other actions taken by the Trustee in accordance with the investment directions given by the Agency;
- b. To approve or deny applications for pension grants, in accordance with Article III;
- c. To maintain records of a Participant's Approved Service, and to provide Wespath with such records, as necessary for the administration of the Fund;
- d. To calculate and remit contributions to Wespath or Trustee as provided in Article IV;
- e. to select annuity providers to provide pension grant annuities under the Fund;
- f. to settle, compromise, or submit to arbitration any claims, debts, or damages due or owing to or from the Fund, to commence or defend suits or legal or administrative proceedings, to represent the Fund in all suits and legal and administrative proceedings, and to comply with judicial and administrative orders, decrees, judgments, summons, subpoenas, levies, and other writs or instruments of judicial or administrative process, without regard to their potential vulnerability to challenge on jurisdictional or legal grounds; and
- g. to do all other acts not specifically assigned within the Fund that are deemed necessary and proper to accomplish and implement its responsibilities under the Fund.

6.03 Powers and Duties of Wespath. The primary responsibility of Wespath is to administer the Fund on behalf of the Agency and distribute approved pension grants to Eligible Clergypersons and their surviving spouses subject to the terms of the Fund. Wespath will administer the Fund in accordance with its terms and will have the power and discretion to construe the terms of the Fund. Wespath, in addition to all powers and authorities under common law, statutory authority, other provisions of the Fund, shall have the power and

authority to provide administrative, trust and investment services for the Fund, to be exercised in the Wespath's sole discretion, directly or through an affiliate or delegate (such as the Trustee), including without limitation:

- a. to construe and interpret the provisions of the Fund, and make rules and regulations under the Fund to the extent deemed advisable by Wespath;
- b. to file, or cause to be filed, all such annual reports, returns, schedules, descriptions, financial statements and other statements as may be required by any federal or state statute, agency, or authority;
- c. to obtain from the Agency and Clergy persons such information as shall be necessary to the proper administration of the Fund; and
- d. to do all such acts and exercise all such rights and privileges, although not specifically mentioned herein, as Wespath may deem necessary to accomplish and implement its responsibilities under the Fund.

6.04 Expenses. All expenses incurred by Wespath in connection with the administration of this Fund shall be paid by the Fund.

6.05 Delegation of Authority. Wespath may authorize one or more of its affiliates, or any employee or agent, to carry out its administrative duties, and may employ such counsel, auditors, and other specialists and such clerical, actuarial, and other services as it may require in carrying out the provisions of this Fund.

6.06 Limitation of Liability. All benefits hereunder are contingent upon, and payable solely from, such contributions as shall be received by Wespath or Trust from the Agency and investment results of Wespath or Trust, whichever is applicable. No financial obligations, other than those that can be met by the contributions actually received and the investment results, shall be assumed by Wespath, Trustee, or the Agency. Notwithstanding the foregoing, the Agency shall have the right to terminate pension grants being made to a Participant or a Participant's surviving spouse at any time and for any reason. The members of Wespath or the Agency shall not personally be responsible or otherwise liable for the payment of any benefits hereunder.

6.07 Rules and Forms. Wespath shall have the authority and responsibility to:

- a. adopt rules, regulations, and policies for the administration of this Fund, in all matters not specifically covered by General Conference legislation or by reasonable implication; and
- b. prescribe such forms and records as are needed for the administration of the Fund.

6.08 Non-Alienation of Benefits. No benefits payable at any time under the Fund shall be subject in any manner to alienation, sale, transfer, pledge, attachment, garnishment, or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge, or otherwise

encumber such benefit, whether presently or thereafter payable, shall be void. No benefit nor any fund under the Fund shall in any manner be liable for, or subject to, the debts or liabilities of any Participant or other person entitled to any benefit.

6.09 Funding Through Insurance Contracts. The Agency may, in lieu of having benefits paid to a Participant or a Participant's surviving spouse from assets held by Wespeth or the Trust, direct Wespeth or Trustee to enter into a contract (or contracts) or an agreement (or agreements) with due notice to the Participants involved with one or more insurance companies for the purchase (from such assets) of one or more insurance contracts which provide benefits to such Participant or surviving spouse. If such insurance contract or contracts provides benefits that are lower than the Formula Benefit that would be otherwise paid by the Fund, the Agency, Wespeth and the Trustee will be under no obligation to fund or pay the difference.

6.10 Alternative Dispute Resolution. If a dispute arises out of or related to the relationship between or among the Agency, Wespeth, the Trustee, an Eligible Clergyperson, a Participant, or an Eligible Clergyperson's or Participant's surviving spouse, the parties agree first to try in good faith to settle the dispute by mediation through the American Arbitration Association, or another mediation/arbitration service mutually agreed upon by the parties, before resorting to arbitration. Thereafter, any remaining unresolved controversy or claim arising out of or relating to the administration of the Fund shall be settled by binding arbitration through the American Arbitration Association, or the other mediation/arbitration service which had been mutually agreed upon by the parties.

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

ARTICLE VII - AMENDMENT AND TERMINATION

- 7.01 Amendment of the Fund.** The Agency and Wespeth may jointly amend any or all provisions of this Fund at any time by written instrument identified as an amendment of the Fund effective as of a specified date. However, Wespeth is authorized to amend any or all provisions of this Fund at any time by such written instrument in order to conform the Fund to any applicable law and/or regulations promulgated thereunder.
- 7.02 Termination of the Fund.** The General Conference shall have the right to terminate the Fund at any time in a manner and to the extent not inconsistent with the *Book of Discipline*.

ARTICLE VIII - ADDENDUM

- 8.01** The Agency shall annually complete an Addendum in which the Agency will indicate the various elections that it is required to make pursuant to the provisions of the Fund.
- 8.02** The Addendum shall be in a form prescribed by Wespath.
- 8.03** Wespath must accept the Addendum prior to it becoming effective.
- 8.04** If the Agency fails to complete a new Addendum for the next Fund Year at least sixty days prior to the beginning of the next Fund Year, the current Addendum will remain in force until sixty days after such time as a new Addendum is accepted by Wespath, unless such sixty day requirement is waived by Wespath.

In witness whereof, the undersigned, being the authorized representatives of Wespath and the Agency, have hereby executed this Restatement of the Fund as of January 1, 2014.

Wespath

**United Methodist Endorsing Agency of
the General Board of Higher Education
and Ministry of The United Methodist
Church**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

And by: _____

Name: _____

Title: _____

Amendment One to the Chaplains Supplemental Pension Grant Fund

The United Methodist Endorsing Agency of the General Board of Higher Education and Ministry of The United Methodist Church (the "Agency") sponsors the Chaplains Supplemental Pension Grant Fund (the "Fund"). The Fund is administered by Wespeth. In accordance with Section 7.01 of the Fund, the Agency and Wespeth hereby amend Section 5.01 of the Fund, effective January 1, 2015, as set forth below. Added text is underlined.

5.01 Commencement of Pension Grant. A Participant shall receive a pension grant, determined in accordance with the Formula Benefit, commencing upon the first of the month after the later of: (i) the Participant's Early Retirement Date or Normal Retirement Date (whichever is applicable under the *Book of Discipline*) or, if later, the date on which the Participant is placed in the retired relation by his or her Conference, or (ii) the date on which Wespeth is notified that the Participant's application is approved. Notwithstanding the foregoing, a Participant whose pension grant would otherwise commence before Normal Retirement Date and be reduced due to early commencement may elect to defer commencement until a later date by notifying Wespeth of such election to defer and subsequently notifying Wespeth at the elected date of deferred commencement. Once a pension grant commences, no further Approved Service may be earned, nor will the pension grant payments be suspended, as a result of a return to any employment as a Clergy person.

In witness whereof, the undersigned, being the authorized representatives of Wespeth and the Agency, have hereby executed this Amendment One, effective January 1, 2015.

Wespeth

**United Methodist Endorsing Agency of
the General Board of Higher Education
and Ministry of The United Methodist
Church**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

And by: _____

Name: _____

Title: _____

Amendment Two to the Chaplains Supplemental Pension Grant Fund

The United Methodist Endorsing Agency of the General Board of Higher Education and Ministry of The United Methodist Church (the “Agency”) sponsors the Chaplains Supplemental Pension Grant Fund (the “Fund”). The Fund is administered by Wespeth. In accordance with Section 7.01 of the Fund, the Agency and Wespeth hereby amend Section 2.03 of the Fund, effective January 1, 2018, as set forth below. Added text is underlined.

2.03 “Approved Service” shall mean the years and fractions of years of service rendered after January 1, 1947, served by the Participant on a full-time basis at an appointment extending the ministry of the local church in accordance with Paragraph 344.1*b* of the *Book of Discipline*, or on or after July 1, 2003, served by the Participant on a one-quarter, one-half, three-quarters, or full-time basis at an appointment extending the ministry of the local church in accordance with Paragraphs 344.1*b* and 331 of the *Book of Discipline* while being endorsed by the Agency in accordance with Paragraph 1421.5 of the *Book of Discipline* and for which years no pension credit, or other benefits in lieu thereof, have been paid or are eligible to be paid to the Participant. Service rendered on or after July 1, 2003 on a one-quarter, one-half, or three-quarters time basis will be counted pro-rata. For service rendered before July 1, 2003, no more than 5 years of service rendered per setting as a pastoral counselor not associated with an institution will be counted as Approved Service. Beginning with applications submitted on or after January 1, 2018, Eligible Clergypersons will be subject to a lifetime limit of 7 years of Approved Service that may be taken into account for receiving grants under the Fund.

In witness whereof, the undersigned, being the authorized representatives of Wespeth and the Agency, have hereby executed this Amendment Two, effective January 1, 2018.

Wespeth

**United Methodist Endorsing Agency of
the General Board of Higher Education
and Ministry of The United Methodist
Church**

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

And by: _____

Name: _____

Title: _____