

## Employer Adoption Agreement to Sponsor the Horizon 401(k) Plan

### Article 1 – General Information

- 1.1 Name of employer \_\_\_\_\_
- 1.2 Federal employer identification # \_\_\_\_\_ Employer # \_\_\_\_\_
- 1.3 Employer mailing address \_\_\_\_\_  
\_\_\_\_\_
- 1.4 Employer primary phone # \_\_\_\_\_
- 1.5 Contact person(s) (list name and title) \_\_\_\_\_
- 1.6 Contact person(s) e-mail \_\_\_\_\_
- 1.7 Indicate conference affiliation (if any) \_\_\_\_\_

### Article 2 – Employer Information

- 2.1 **Type of employer** (check one):
- For-profit organization                       Non-profit/tax-exempt organization under Code section 501(c)(3)
- 2.2 **Employer Classification** (check one):
- Local Church                                       Foundation
- Educational Institution                       Camping/Outdoor Ministry
- Health Care/Social Service Agency       Other (please specify) \_\_\_\_\_
- Retirement/Nursing Home                      \_\_\_\_\_
- 2.3 **Payroll Frequency.** The employer will contribute according to the formula indicated below in accordance with the following payroll frequency (check one):
- Weekly               Twice a month               Twice a year
- Every 2 weeks       Monthly                       Annually

### Article 3 – Plan Specifications Determined by the Employer

- 3.1 **Eligibility.** Eligibility for plan participation will be based on the following elections:
- a) **Age.** To participate in the Plan, an employee must have attained a minimum age of (choose one):
- 18 years       19 years       20 years       21 years
- b) **Service.** To participate in the Plan, an employee must have completed at least the following months of service with the employer (choose one):
- No minimum months of service
- Minimum months of service (indicate 1 to 12 months): \_\_\_\_\_
- c) **Participation at Adoption.** Any employee who is employed by the employer on the effective date of the employer's initial adoption of the Plan will participate in the Plan on the effective date (choose one):
- Notwithstanding the age and service eligibility requirements specified in Articles 3.1(a) and (b) above, or the entry date requirements of Article 3.2 below.
- Only if such employee meets the age and service eligibility requirements specified in Article 3.1(a) and (b) above, and entry date requirements of Article 3.2 below.

3.2 **Entry Date.** An employee's entry date into the Plan will be (choose one):

- The earlier of the first day of the month coinciding with or following his or her satisfaction of the age and service requirements elected in Article 3.1 above.
- The earliest of January 1, April 1, July 1 or October 1 coinciding with or following his or her satisfaction of the age and service requirements elected in Article 3.1 above.
- The first to occur of January 1 or July 1 coinciding with or following his or her satisfaction of the age and service requirements elected in Article 3.1 above.

3.3 **Employer Contributions.** The employer will contribute according to one of the following formulas to employees' accounts for each payroll period. Employee before-tax and Roth contribution percentages are totalled for matching contribution calculation purposes. Choose one formula:

- Qualified Matching Contributions (QMAC) Standard Formula.** The employer will match 100% of the employee's contribution that does not exceed 3% of his or her compensation; plus the employer will match 50% of the employee's contribution greater than 3% up to 5% of his or her compensation.
- Qualified Matching Contributions (QMAC) Alternate Formula.** The employer will match the employee's contribution based on the formula below:  

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**Please note:** The QMAC alternate formula specified above must meet the following three criteria in accordance with the safe harbor provisions outlined in Section 5.2(b) of the *Horizon 401(k) Plan* document:

a) The aggregate amount of the employer matching contributions at least equals the maximum employer matching contributions using the standard formula (above) when employer contributions are maximized.

**Examples:**

- 100% match up to 3% of compensation plus 75% match over 3% up to 5% of compensation, or
- 100% match up to 4% of compensation.

[To change either of these two examples where the aggregate amount of the employer matching contribution is less than 4% would violate rule (a).]

b) The rate of the employer matching percentage decreases as the employee's contribution percentage increases.

**Example:**

- 125% match up to 3% of compensation; plus 100% match over 3% up to 4% of compensation.

[To change 100% to 126% in this example would violate rule (b).]

c) The employer matching contribution is not awarded on employee contributions that exceed 6% of compensation.

**Example:**

- 200% match up to 4% of compensation; plus 150% match over 4% up to 6% of compensation.

[To change 6% to any other percentage greater than 6 in this example would violate rule (c).]

**Qualified Non-elective Contributions (QNEC) Standard Formula.** The employer makes a non-matching contribution of 3% of compensation for each employee. The employee is not required to make a contribution to qualify for the employer contribution.

**Qualified Non-elective Contributions (QNEC) Alternate Formula.** The employer makes a contribution of \_\_\_\_\_% (specify an amount greater than 3%) of compensation for each employee. The employee is not required to make a contribution.

**Qualified Non-elective Contributions (QNEC) Matching Alternate Formula.** The employer makes a non-matching QNEC contribution of \_\_\_\_\_% (specify an amount between 1% and 100%) of compensation for each employee. In addition, the employer will match the employee's contribution percentage based on the following formula:  

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**Please note:** The employer matching formula specified above (without consideration of the non-matching QNEC contribution specified above) must meet all three of the safe harbor criteria outlined in the QMAC Alternate Formula above.

3.4 **Effective Date** (choose one):

- Initial Agreement.** The employer hereby adopts the Plan effective \_\_\_\_\_ 1, 20\_\_\_\_ (must be on or after current day's date, but not later than October 1 if adopting the Plan for the current year). (The employer should check this box if adopting the Plan for the first time.)
- Amendment of Agreement.** The employer may amend the terms of this adoption agreement as of the first of any month by completing a new adoption agreement, provided, however, that the new adoption agreement may not:
- Be effective earlier than the last day of the 12-month period following the effective date of the Initial Agreement or the last Amendment of Agreement, or
  - Reduce a participant's accrued benefit, account balance, vested interest, or available optional forms of benefit.

This adoption agreement replaces the previous adoption agreement and amends the Plan effective \_\_\_\_\_ 1, 20\_\_\_\_\_.

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**Article 4 – Employer Responsibilities.** By executing this adoption agreement, the employer acknowledges:

4.1 The employer is responsible for enrolling employees in the Plan upon the satisfaction of the eligibility requirements.

4.2 The employer is responsible for maintaining accurate records reflecting employee service and compensation.

4.3 The employer is responsible for providing statistical data to Wespath Benefits and Investments (Wespath) within a reasonable time period after a request from Wespath.

4.4 The employer is responsible for remitting contributions via electronic payment as soon as possible, but in no event later than the 15th of the month following the month in which the contributions are withheld, or in which the close of the payroll period occurs, if later.

If the employer is delayed in remitting the contribution until after the 15th of the month, the employer will make contributions as soon as possible thereafter, along with imputed earnings on the delayed contributions, credited from the day after such 15th day until the contribution is actually credited to the employee's account.

4.5 The employer is required to properly notify employees who are eligible to participate in the Plan of their rights and obligations under the Plan within a reasonable period before the beginning of the plan year (or, in the year an employee becomes eligible, within a reasonable period before the employee becomes eligible). Such reasonable period is at least 30 days (and no more than 90 days) before the beginning of each plan year. Or, for employees eligible to enter the Plan on a day other than the first day of the year, such reasonable period is during the 90-day period ending on the date of eligibility. If the employer fails to comply with the notice requirement, the employer is responsible for satisfying any nondiscrimination testing or IRS correction program that may apply as a result of the Plan not meeting the safe harbor plan requirements.

4.6 The employer is responsible for deducting employee loan repayments each payroll period and remitting them to Wespath via electronic remittance as soon as possible following each payroll deduction.

4.7 The employer will limit the total of before-tax and Roth contributions to the Plan to the annual dollar limit under Internal Revenue Code (Code) section 402(g), and total contributions to the Plan to the lesser of the annual dollar limit under Code section 415 or 100% of Code section 415 compensation (generally taxable compensation plus before-tax salary deferrals, but not including housing allowance or parsonage).

4.8 The employer is responsible for conducting:

- ADP [under Internal Revenue Code (the Code) section 401(k)(3)(A)(ii)] and ACP [under Code section 401(m)(2) testing should their plan ever fail to qualify as a safe harbor plan under Code sections 401(k)(12) or 401(m)(11)], and
- any other nondiscrimination testing required by the Code.

4.9 The employer will correct any delayed or omitted contributions as provided in Sections 4.5 and 5.6 of the Plan, including the payment of imputed earnings and any applicable administrative fees.

4.10 The employer is responsible for notifying Wespath of the termination of employment, retirement, death or leave of absence of any employee.

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**Article 5 – Employer Acknowledgments.** By executing this adoption agreement, the employer acknowledges:

- 5.1 The employer is controlled by or associated with The United Methodist Church or autonomous affiliated churches or organizations in the United States.
- 5.2 The employer will comply with the terms of the adoption agreement and the Plan in a non-discriminatory manner.
- 5.3 If the Plan is amended in accordance with its amendment provisions, Wespath may require the employer to execute a new adoption agreement.
- 5.4 Both Wespath and the General Conference of The United Methodist Church have the right to terminate this Plan, or an employer’s sponsorship of the Plan, at any time in accordance with the Plan’s provisions.
- 5.5 Wespath has the right to terminate the employer’s adoption agreement if the employer fails to satisfy its responsibilities in Article 4.
- 5.6 In the event of any discrepancies between this adoption agreement and the terms of the Horizon 401(k) Plan document, the plan document will control.
- 5.7 The employer may terminate its sponsorship of the Plan in accordance with Section 11.2 of the Plan document (and the participation of any of its affiliates that are specifically named) as soon as 90 days after written notice to Wespath of its intent to terminate and the effective date of such termination (which date must be prospective after such notice). However, with limited exceptions, the employer must maintain the Plan for one full 12-month plan year before termination.
- 5.8 Upon acceptance of this adoption agreement by Wespath, the employer will become a “Plan Sponsor” as defined in the Plan.

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**Article 6 – Employer Adoption**

The undersigned, on behalf of the employer specified in Section 1.1 above, hereby adopts the Horizon 401(k) Plan (subject to Wespath’s acceptance below) and certifies that he or she has been authorized by the employer’s governing board or officers to so adopt the Plan.

Authorized signature \_\_\_\_\_ Date \_\_\_\_\_

Print name and title \_\_\_\_\_

Authorized signature \_\_\_\_\_ Date \_\_\_\_\_

Print name and title \_\_\_\_\_

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**Article 7 – Wespath Signatures**

Wespath Benefits and Investments of The United Methodist Church, Incorporated in Illinois, by means of the signatures of the authorized signatories below, hereby accepts this adoption agreement, submitted by the employer named above, and accepts that employer as one of the adopters and plan sponsors of the Plan as of the effective date noted above.

Authorized signatory \_\_\_\_\_ Date \_\_\_\_\_

Printed name \_\_\_\_\_

Title \_\_\_\_\_

Authorized signatory \_\_\_\_\_ Date \_\_\_\_\_

Printed name \_\_\_\_\_

Title \_\_\_\_\_

Please complete this form and send it by:

- E-mail (scanned copy) to [retservices@wespath.org](mailto:retservices@wespath.org), or
- Fax to **1-847-866-4635**, or
- Mail to: Wespath Benefits and Investments  
Retirement Services  
1901 Chestnut Avenue, Glenview, IL 60025

Be sure to keep a copy for your records.