



**Wespath**

BENEFITS | INVESTMENTS



SUMMARY PLAN DESCRIPTION

## Horizon 401(k) Plan

Planning for retirement is undoubtedly the most important  
long-range financial endeavor you'll ever face.

And saving for other long-range goals takes careful and persistent effort.

The Horizon 401(k) Plan makes saving for the future convenient and tax efficient.

**If you have any questions, please contact Wespath Benefits and Investments,  
1901 Chestnut Avenue, Glenview, Illinois, 60025-1604.  
You may call us at 1-800-851-2201  
or visit our website at [www.wespath.org](http://www.wespath.org).**

## Table of Contents

|  |           |
|--|-----------|
| <b>Important Information</b> .....                     | <b>1</b>  |
| <b>Introduction</b> .....                              | <b>1</b>  |
| <b>Participation in the Plan</b> .....                 | <b>3</b>  |
| Who Is Eligible to Participate?.....                   | 3         |
| How and When You Enroll .....                          | 3         |
| Who Is Your Beneficiary? .....                         | 3         |
| How Service Counts .....                               | 5         |
| <b>Contributions</b> .....                             | <b>6</b>  |
| Your Employer’s Contributions.....                     | 6         |
| Before-Tax and Roth Contributions .....                | 7         |
| Catch-Up Contributions.....                            | 7         |
| Changing Your Contributions .....                      | 7         |
| Contribution Limitations and Excess Contributions..... | 8         |
| Rollovers.....   | 8         |
| Late Contributions .....                               | 9         |
| Plan Mergers .....                                     | 9         |
| Your Plan Account.....                                 | 9         |
| Vesting .....  | 9         |
| <b>Investment of Your Accounts</b> .....               | <b>10</b> |
| LifeStage Investment Management.....                   | 11        |
| Making Your Horizon 401(k) Investment Elections .....  | 11        |
| Keeping Track of Your Accounts .....                   | 11        |
| Automated Phone System.....                            | 12        |
| Sustainable Investment.....                            | 12        |
| <b>Payment of Your Account</b> .....                   | <b>13</b> |
| Termination.....                                       | 13        |
| Death.....   | 13        |
| Disability.....  | 14        |
| Rollovers.....   | 14        |
| How Your Benefits Are Paid .....                       | 14        |
| The Distribution Election Process .....                | 14        |
| <b>Loans</b> .....                                     | <b>15</b> |
| <b>Repaying the Loan</b> .....                         | <b>15</b> |
| Loan Defaults.....                                     | 16        |
| <b>Withdrawals</b> .....                               | <b>16</b> |

|   |           |
|---|-----------|
| Hardship Withdrawals.....   | 16        |
| In-Service Withdrawals .....  | 17        |
| Qualified Reservist Distributions .....   | 17        |
| Qualified Military Withdrawal .....   | 17        |
| <b>Claims and Appeals .....</b>   | <b>18</b> |
| How to Claim Plan Benefits .....  | 18        |
| If Claims Are Denied.....   | 18        |
| Your Responsibilities.....  | 19        |
| <b>Taxation Considerations .....</b>  | <b>20</b> |
| Taxes While Your Account Is in the Plan .....   | 20        |
| Taxes When Your Account Is Paid.....  | 20        |
| Automatic Withholding and Rollovers .....   | 20        |
| Additional 10% Federal Excise Tax.....  | 20        |
| Tax Advice .....  | 21        |
| <b>Other Information You Should Know .....</b>  | <b>22</b> |
| Assignment of Benefits and Qualified Domestic Relations Orders (QDROs) .....          | 22        |
| USERRA and the HEART Act of 2008 .....  | 22        |
| How Benefits Could Be Unclaimed, Relinquished, Disclaimed, Delayed or Forfeited ..... | 22        |
| Non-Reversion .....   | 23        |
| Non-Alienation of Benefits .....  | 23        |
| Ineligible Contributions.....   | 23        |
| If the Plan Is Terminated or Modified .....   | 23        |
| If the Plan Is Merged, Consolidated or Transferred.....                               | 24        |
| Plan Sponsors .....   | 24        |
| Plan Administrator .....  | 24        |
| Plan Name, Type and Year .....  | 24        |
| Special Securities Laws.....  | 25        |
| Agent for Service of Legal Process.....   | 25        |
| Plan Trustee.....   | 25        |
| <b>Glossary .....</b>   | <b>26</b> |

# Horizon 401(k) Plan

## IMPORTANT INFORMATION

This booklet provides information regarding the Horizon 401(k) Plan, which is a profit-sharing plan that includes a cash or deferred arrangement qualified under Internal Revenue Code Section 401(k). You will notice that some words used in this booklet begin with capital letters. These words have special meanings and are addressed in a glossary at the end of this booklet to assist you in better understanding your benefits. Please keep in mind as you read this booklet that it is a summary of the Horizon 401(k) Plan's main features and not a detailed description of all provisions. The complete details of the Horizon 401(k) Plan can be found in the official Horizon 401(k) plan document, which is available to you upon request. In the event of any discrepancies between this booklet and the plan document, the plan document will govern at all times. Similarly, in the event of any discrepancies between this booklet and your employer's applicable Adoption Agreement, your employer's applicable Adoption Agreement will govern at all times.

Nothing contained in this booklet is intended to be or will be construed as constituting a contract or other arrangement between Wespeth Benefits and Investments (Wespeth) or Trustee and any employer, Participant or any other person. Furthermore, Wespeth may, at any time, change the statements made in this booklet.

## INTRODUCTION

In today's world, benefit plans are commonplace. Such plans, however, are a relatively "modern" invention. Although there are records of retirement plans going back to colonial times, these plans were few and far between until the American Express Company introduced a pension plan for its employees in 1875. Employer-sponsored welfare benefits plans, such as health plans, were almost non-existent until Montgomery Ward introduced its Group Health, Life and Accident Insurance Plan in 1910.

Given this historical perspective, The United Methodist Church is justified in claiming a long and proud tradition of providing retirement benefits to those in its service. In 1796, The Methodist Episcopal Church introduced its retirement program, called the Chartered Fund, at a time when any type of benefit plan was quite rare. The United Methodist Church continues this proud tradition today through the wide variety of benefit plans and programs administered by Wespeth. One such plan is the Horizon 401(k) Plan (Plan).

This plan summary explains the provisions of the Plan. Because employers that sponsor the Plan may choose from among several options in the Plan, some provisions vary. For specific information about the plan provisions that apply to you, be sure to read the *Horizon 401(k) Plan Summary Insert* that accompanies this Summary Plan Description (SPD).

Keep in mind that the Plan is only one part of the retirement picture. You also may be eligible for monthly retirement benefits from Social Security. And your personal savings and investments should add another level of retirement income.

**Important:** Before you begin learning about the Plan, please check to make sure you have the *Horizon 401(k) Plan Summary Insert*. The *Horizon 401(k) Plan Summary Insert* outlines the specific provisions of the Plan as elected by your employer, such as eligibility requirements and contribution rates. If you have not received this insert, be sure to contact your employer or Wespeth at **1-800-851-2201** to obtain a copy.

Planning for retirement is undoubtedly the most important long-range financial endeavor you'll ever face. And saving for other long-range goals takes careful and persistent effort. The Plan makes saving for the future convenient and tax efficient.

Here are highlights of how the Plan works:

- You can make before-tax or Roth contributions.
- You can save a percentage of your Compensation on a before-tax basis. Before-tax contributions are deducted from your compensation before your federal and, in cases, state and local income taxes are deducted. This lowers your taxable income, and in turn, will lower your current taxes. (Remember that you will owe income taxes on distributions from the Plan in the future.)
- You can also save a percentage of your compensation as Roth contributions. This means that your contributions to Horizon have already been taxed. You will not owe income tax on these contributions when they are distributed to you. However, you may owe taxes on the earnings on your Account when you take a distribution if it is a non-qualified distribution. Refer to the “Taxation Considerations” section for more information.
- Your employer also makes contributions to the Plan on your behalf.
- You elect how to invest your contributions. The Plan offers a variety of investment fund options, each with lower annual fund operating expenses and a history of competitive returns compared to mutual funds with similar investments. All of the investment funds adhere to Wespath’s sustainable investment guidelines, directed by the *Social Principles* of The United Methodist Church as outlined in *The Book of Discipline*. You may also elect one or both of the investment tools offered through Wespath: LifeStage Investment Management and/or EY Financial Planning Services to assist in making your decisions.
- You may stop or change the amount of your before-tax or Roth contributions from time to time. This may affect your employer’s contribution.
- You are always fully vested in your account, including your employer’s contributions.
- The Plan is designed to allow you to save for retirement. Generally, you can receive a distribution from your account in the event of retirement, termination or disability. In addition, the Plan allows you to borrow money from your account or to make an in-service or hardship withdrawal within certain limits. In the event of your death, your account is available to your beneficiary.

The Plan gives you the opportunity to make many financial decisions. To make good decisions and take full advantage of the Plan’s features, you need to understand how the Plan works. The best way to start is to read this SPD. Then, if you have questions, contact your employer or Wespath.

This Summary Plan Description describes the terms and conditions of the Plan and is based on the plan document, effective January 1, 2018. Every attempt has been made to summarize accurately these terms and conditions; however, if there are any discrepancies between the plan document and this Summary Plan Description, the plan summary insert, and/or the Adoption Agreement signed by your employer and the plan document, the plan document will govern at all times.

The plan document constitutes the legal embodiment of the terms and conditions of the Plan.

## **PARTICIPATION IN THE PLAN**

### **Who Is Eligible to Participate?**

You are eligible to participate in the Plan if you are considered to be an Employee who meets the following requirements:

- You're employed by an employer or affiliate that currently sponsors the Plan (a Plan Sponsor) by completion of an Adoption Agreement that has been accepted by Wespath;
- You meet the age and Service requirements elected by your employer on its Adoption Agreement; and
- You are employed on the Entry Date elected by your employer or affiliate on its Horizon 401(k) Plan Adoption Agreement.

See the *Horizon 401(k) Plan Summary Insert* for your employer's specific eligibility requirements.

You may voluntarily waive participation in the Plan by providing written notice to your employer in any form acceptable to Wespath. You may revoke your waiver in the Plan at any time while you are eligible for Plan participation, but past contributions related to the period you waived participation will not be made up.

### **How and When You Enroll**

Although participation in the Plan is voluntary, it's important to enroll so you can take advantage of this retirement savings opportunity.

If you meet the eligibility requirements for plan participation (See the "Who Is Eligible to Participate?" section), your employer will begin the enrollment process by completing the forms listed below. However, pursuant to the plan document and Adoption Agreement, Wespath reserves the right to make final determination on eligibility for participation in the Plan.

- *Enrollment Form* (you provide enrollment data and information about the dollar amount or the percentage of your Compensation that you wish to contribute);
- *Investment Election Form* (you indicate how you want your contributions invested— see the "How Your Account Is Invested" section); and
- *Beneficiary Designation Form* (you designate the recipient of your remaining account balance in the event of your death).

### **Who Is Your Beneficiary?**

If you die before you have received a distribution of your entire account balance under the Plan, your remaining account balance will be paid to your beneficiary after your death. The same is true if you cannot be located when benefits must be paid under the terms of the Plan or the requirements of law (generally, when you reach age 70½); therefore, it is important to keep a current address and phone number on file with Wespath, even after you terminate employment with your employer.

Under the terms of the Plan, your beneficiary may be someone you name or someone specified by the Plan. In either case, you may designate a beneficiary by logging into your account at [benefitsaccess.org](https://benefitsaccess.org). If you are not able to go online, you may submit a completed beneficiary designation form to Wespath. You are encouraged to check your beneficiary designations periodically (especially after a family birth, death, marriage or divorce) to make sure that they represent your wishes.

### **Designated Beneficiary**

You may designate a beneficiary by logging into your account at [benefitsaccess.org](https://benefitsaccess.org) or request a beneficiary designation form from your employer or Wespath. After completing the form, please sign it and return to Wespath. In order to be valid, beneficiary designations must be received by Wespath during your lifetime. The most current beneficiary designation form will automatically revoke all previous forms.

If you are married, your primary beneficiary is your Spouse unless your Spouse consents to the designation of someone else. If you do not have spousal consent and you die married, however, your designation will not be effective unless your Spouse consents to it after your death or one of the exceptions described in the Plan Beneficiary section applies.

You may designate as your beneficiary one or more individuals, trusts, or other legal persons. If you designate more than one person, benefits will be paid in equal shares unless you otherwise specify on the form. You may designate a primary and a secondary beneficiary. If your primary beneficiary is not validly designated, is not alive at your death or disappearance, or cannot be located after your death or disappearance, any benefits due will be paid to your secondary beneficiary.

If your benefits pass to another individual and are not immediately distributed to that individual, that individual may designate his or her own beneficiary in the same fashion. If no such beneficiary is designated, such individual's default beneficiary will be his or her estate.

There are circumstances under which your beneficiary designation will not be effective. (See the "Plan Beneficiary" section below for details.)

### **Plan Beneficiary**

There are situations in which the Plan specifies your beneficiary. If you are married at your death, 100% of your account balance will be paid to your surviving Spouse unless one of the following exceptions applies. The exceptions are:

- Your Spouse consents in writing to your designation of another beneficiary such consent must be witnessed by a notary public. Consent may be given before or after your death. Your Spouse must consent to each revised beneficiary designation form unless an earlier consent expressly permits you to change your beneficiary designation from time to time without further spousal consent;
- You are legally separated from or abandoned by your Spouse at your death and you (or your successors) produce a court order confirming such separation or abandonment;
- Your Spouse Disclaims all benefits from your account balance in writing before receiving them;
- Neither you (when you were alive) nor Wespath (after your death) can locate your Spouse when benefits are required to be paid; or
- You have a Qualified Domestic Relations Order (QDRO) requiring all or a portion of your benefits to be paid to an alternate payee under the QDRO. (See the "Assignment of Benefits and Qualified Domestic Relations Orders" section for details.)

In the case of any of these exceptions, your Spouse will be treated as having died before you, and your benefits will be paid to your designated beneficiary or as provided in the next paragraph.

If you are not married at your death (or one of the exceptions specified above applies) and if you did not designate a beneficiary or if your designated beneficiaries are all deceased or cannot be located, then your benefits will be paid to your estate as a default beneficiary.

If you and your Spouse divorce, any beneficiary designation you made in favor of your former Spouse before the divorce will be automatically revoked. Your former Spouse will no longer be your beneficiary unless:

- The Plan receives and approves a QDRO that requires the Plan to pay benefits to your former Spouse as your beneficiary; or
- You designated your former Spouse as your Beneficiary in Benefits Access or on a beneficiary designation form with Wespath after your divorce.



Wespath will determine, in its sole discretion, the beneficiary of any death benefits payable under the provisions of the Plan.

It is important that you keep your beneficiary designation up to date. Your beneficiary designation may become ineffective if your primary beneficiary dies, you marry or you divorce. If you experience such events or others, you may wish to change your beneficiary designation. To request a beneficiary form, contact your employer or call Wespath at **1-800-851-2201**. You can also change your beneficiaries by logging on to [benefitsaccess.org](https://benefitsaccess.org).

### **How Service Counts**

For the purpose of Plan eligibility, you receive one Month of Service for each calendar month of employment during which you are credited with at least one hour of Service with your employer. You need not be employed for the entire month to receive a Month of Service.

### **Hours of Service**

You're credited with an hour of Service for each hour you are directly or indirectly paid or entitled to payment by your employer (or an affiliate business entity of your employer) for the performance of duties. You also receive hours of service credit for each hour you are paid (or entitled to payment) for time during which duties are not performed due to vacation, holiday, illness, incapacity, disability, layoff, jury duty, military duty or leave of absence; however, no more than six months will be credited for any single continuous period. Back pay that is awarded or agreed to by your employer or an affiliate business entity of your employer also is eligible for hours of service credit. If you're absent from work for maternity or paternity reasons, you'll receive months of service credit (not to exceed six months) that otherwise would have been credited to you had you not been absent, when such credit is needed to prevent a break in Service. Maternity and paternity absence includes time away from work due to pregnancy, the birth of your child, placement of a child with you for adoption or caring for your child immediately after birth or adoption.

### **Returning to Work after a One-Year Break in Service**

A one-year Break in Service occurs when you have terminated employment for 12 consecutive months, during which you did not complete at least six months of Service. If you were participating in the Plan prior to your termination of employment and you later return to work, you are eligible for participation in the Plan without regard to whether or not you incurred a one-year Break in Service and without having to meet the eligibility requirements.

If you were not eligible to participate in the Plan prior to your termination of employment and you incur a one-year Break in Service, upon your return to work you will be considered a new Employee for Plan eligibility purposes. You will lose all Pre-Break Service credited prior to your termination of employment. If you do not incur a one-year Break in Service, your Service after you return to work will include any Pre-Break Service completed before your termination of employment.

## CONTRIBUTIONS

Once you are enrolled, you and/or your employer will make contributions to the Plan. See your *Horizon 401(k) Plan Summary Insert* for details about employer and employee contributions.

There are several types of contributions:

- Your employer's contributions;
- Your before-tax contributions;
- Your Roth contributions;
- Your catch-up contributions; and
- Rollovers.

You may make or receive contributions to the Plan. Beneficiaries and Employees not enrolled in the Plan are not eligible to make or receive contributions. However, if you are not otherwise eligible to participate in the Plan or if you waive participation in the Plan, you may roll over funds from other Code section 403(b) plans, 401(a)/401(k) qualified plans, or traditional IRAs into the Plan.

### Your Employer's Contributions

Your employer contributes to the Plan on your behalf according to the formula elected on your employer's Adoption Agreement as long as you are an eligible Employee enrolled in the Plan. The formulas available to your employer for its election include the following:

- **Employer Qualified Matching Contributions (QMAC).** Your employer can elect to match 100% of your before-tax and/or Roth contribution that does not exceed 3% of your Compensation, plus 50% of your before-tax and/or Roth contribution greater than 3% up to 5% of your Compensation.
- **Employer Qualified Non-Elective Contributions (QNEC).** Your employer can elect contributions equal to a specified percentage (3% or more) of your Compensation. You are not required to make before-tax and/or Roth contributions in order to receive QNECs.
- **QNEC/QMAC Combination Formula.** Your employer can elect to make a QNEC equal to a specified percentage of your Compensation, plus a QMAC based on the specified percentage of your before-tax and/or Roth contributions.

Some employers make contributions only if you contribute. In these cases, it's important to contribute at least the amount needed to receive a full employer contribution. Other employers may make contributions to the Plan even if you elect not to contribute. In these cases, it's still important that you enroll, even if you don't currently want to contribute on your own. See *the Horizon 401(k) Plan Summary Insert* for details about your employer's contribution election.

Employer contributions are credited to your account as of the Accounting Date coinciding with or next succeeding the date Wespath receives the contributions from your employer.

Your employer's QMACs/QNECs are made each payroll period. If you make before-tax or Roth contributions in a later payroll period, you are not eligible for retroactive QMACs related to the earlier payroll period.

You may elect to waive QMACs/QNECs for any payroll period for which they are due, provided that the payroll period has not yet ended. To do so, you must sign a waiver that clearly indicates that your election was knowing and voluntary. You may revoke your waiver at any time for payroll periods that have not yet ended when the waiver is signed. Any waiver for a period that has already ended will be deemed a relinquishment for any QMACs/QNECs otherwise due for that period. The execution of a waiver will not prevent you from making or receiving any contributions that have not been waived.

### **Before-Tax and Roth Contributions**

As the name implies, before-tax contributions are deducted from your Compensation before taxes are withheld. Roth contributions are deducted after taxes are withheld.

To make contributions, you should complete a *Contribution Election* form with your employer, authorizing deductions from your Compensation. These amounts are sent to Wespath by your employer and credited to a separate before-tax and/or Roth subaccount in your name.

You may elect to contribute either a flat-dollar amount or a whole percentage (equal to at least 1%) of your Compensation to your Plan account. The total of your before-tax and/or Roth contributions made to this Plan, plus any before-tax and/or Roth contributions made to any other defined contribution pension plans, may not exceed \$19,500 for 2021. For plan years beginning in 2021 and beyond, the limit is adjusted as followed under the Internal Revenue Code for increased cost of living. If you contribute more than the limit, you may be able to re-characterize your excess contributions as catch-up contributions. If you are not eligible for catch-up contributions, your excess contributions will be corrected in a manner consistent with the rules of the Plan. (See “Contribution Limitations and Excess Contributions” section for details.)

The Internal Revenue Code (Code) and related regulations contain many complex rules that determine the maximum contributions you and your employer can make to all of your retirement plans. If you would like more information about contribution limits, call Wespath at **1-800-851-2201** or the Internal Revenue Service. If you have further questions concerning contribution limitations, you may need to consult your personal tax advisor.

Before-tax and Roth contributions are usually credited to your account as of the Accounting Date coinciding with or next following the date Wespath receives the contributions from your employer.

You may elect to waive your contributions for any payroll period for which they are due, provided that the payroll period has not yet ended. To do so, you must sign a waiver that clearly indicates that your election was knowing and voluntary. You may revoke your waiver at any time for payroll periods that have not yet ended when the waiver is signed. Any waiver for a period that has already ended will be deemed a relinquishment for any before-tax or Roth contributions otherwise due for that period. The execution of a waiver will not prevent you from making any contributions that have not been waived.

### **Catch-Up Contributions**

Beginning in the year in which you reach age 50, you may contribute extra before-tax or Roth monies to the Plan to help you boost your retirement savings. These extra contributions are called catch-up contributions. If you'll be age 50 or over at any time in 2021, you may contribute an additional \$6,500 to the Plan. And in each year after 2021, the catch-up contributions you can make may increase, as allowed under the Internal Revenue Code.

Catch-up contributions can be any dollar amount or whole percentage of your Compensation up to the maximum catch-up contribution amount. They're deducted from your Compensation and credited to your account in the same way as before-tax or Roth contributions. If you exceed the maximum before-tax contributions allowed during a calendar year, you are deemed to have elected to make catch-up contributions if you qualify. Despite the name, your ability to make catch-up contributions does not depend on the level of retirement plan contributions you made or did not make in the past or before you were age 50. If you are not eligible for catch-up contributions, your excess contributions will be refunded to you as a taxable distribution.

### **Changing Your Contributions**

You may change the amount of your before-tax and/or Roth contributions by completing a new *Contribution Election* form with your employer. You are permitted to make, revoke or revise a contribution election as of any future date. The election, revocation or revision is effective as soon as administratively feasible and is subject to rules and procedures established by Wespath in its sole discretion.

You may stop contributing at any time by providing your employer with sufficient notice of your decision. If you stop contributing, you may start again at any time by completing a new Contribution Election form. It is important to note that if you stop contributing, any applicable QMAC made by your employer will also cease.

### **Contribution Limitations and Excess Contributions**

Generally, employer, before-tax and Roth contributions made on your behalf during any Limitation Year are subject to the following limits:

- 402(g) Elective Deferral Limit (see “Before-Tax and Roth Contribution” section)
- 415 Annual Addition (lesser of \$58,000, as indexed, or 100% of 415 Compensation)

If you exceed your contribution limit for the Limitation Year, any excess contributions will be corrected as follows:

- Recharacterize any before-tax or Roth contributions that exceed the annual limitation as catch-up contributions, if you are age 50 or over during the Limitation Year.
- If there are remaining excess contributions after the recharacterization of the before-tax or Roth to catch-up contributions or if you are not eligible for the recharacterization of the before-tax or Roth contributions, we will refund all or a portion of your non-matched before-tax or Roth contributions and any earnings that exceed the annual limitation to your employer (who will be responsible to pay you).
- If there are remaining excess contributions after the refund of the non-matched before-tax or Roth contributions or if all the before-tax or Roth contributions are matched, we will refund to your employer dollar for dollar any before-tax or Roth contributions (and any earnings) along with the corresponding QMAC contributions (and any earnings) until the excess is corrected or all contributions and earnings are refunded.
- Finally, we will refund any QNEC and any earnings to your employer.

### **Rollovers**

Under current tax laws, Eligible Rollover Distributions from retirement plans are subject to a mandatory 20% federal income tax withholding. Rolling your Eligible Rollover Distribution directly from one retirement plan into another is one way to defer this income tax withholding until you receive a distribution from the other retirement plan at a later date.

There are two kinds of rollovers: direct rollovers and traditional rollovers. Direct rollovers must be made directly from the trustee or custodian of one Plan to the other Plan (or vice versa). Traditional rollovers are made by the Employee after receiving an eligible rollover distribution from a plan. Traditional rollovers into the Plan must occur within 60 days after you receive a distribution from your prior plan. Any amounts rolled over are credited to a separate rollover subaccount.

If you were in a Code section 403(b) plan or 401(a)/401(k) qualified plan, or have a traditional deductible IRA, you may be able to roll over your account balance from these plans into the Plan. Employees who are not yet eligible for plan participation or have waived participation in the Plan also may be eligible to roll prior plan accounts into the Plan.

You will receive more information about rollovers and taxability before you begin a distribution from another plan. If you are unsure whether you can roll a distribution into (or out of) the Plan, contact Wespeth or the administrator of the other plan.

### Late Contributions

Your employer is required to remit contributions to Wespath as soon as possible, but in no event later than the 15th of the month following the month for the pay period to which they relate. If your employer delays remitting contributions until after this date, your employer is required to make up the missed or delayed contributions plus projected earnings based on the fund's actual rate of interest in accordance with rules established by Wespath.

### Plan Mergers

Plan mergers are amounts transferred from plans of employers who merged their former 401(k) plan into the Plan. Once amounts are transferred into the Plan, they are subject to the rules and provisions of the Plan. However, in no event can a merger into this Plan cause you to lose benefits you've earned under the prior plan. All plan mergers must be approved by Wespath before being accepted by the Plan.

### Your Plan Account

Your employer, before-tax, Roth and rollover accounts, plus the respective investment earnings or losses, are all accounted for separately. Depending on the type of contributions you and your employer make, you may have the following Plan accounts:

| Plan Account  | Funds Credited to Account   |
|---|---|
| <b>Employer Qualified Matching Contributions Accounts (QMAC)</b>    | <ul style="list-style-type: none"><li>• Employer contributions that are matching contributions (based on your before-tax contributions)</li><li>• Investment earnings (or losses) on employer matching contributions</li></ul>            |
| <b>Employer Qualified Non-Elective Contributions Account (QNEC)</b> | <ul style="list-style-type: none"><li>• Employer contributions that are based on your Compensation only (not on your before-tax contributions)</li><li>• Investment earnings (or losses) on employer non-elective contributions</li></ul> |
| <b>Before-Tax Contributions Account</b>                             | <ul style="list-style-type: none"><li>• Employee before-tax contributions and catch-up contributions</li><li>• Investment earnings (or losses) on before-tax and catch-up contributions</li></ul>   |
| <b>Roth Contributions Account</b>                                   | <ul style="list-style-type: none"><li>• Employee Roth contributions and catch-up contributions</li><li>• Investment earnings (or losses) on Roth contributions</li></ul>  |
| <b>Rollover Account</b>   | <ul style="list-style-type: none"><li>• Eligible amounts rolled over from other eligible retirement plans</li><li>• Investment earnings (or losses) on rollover contributions</li></ul>   |

### Vesting

You are fully vested in your account, including before-tax, Roth, employer, and rollover contributions, plus any earnings (or losses) on those contributions.

## INVESTMENT OF YOUR ACCOUNTS

You may direct the investment of your Participant and Plan Sponsor Contributions into any one or combination of the following investment funds (or such other funds that Wespath may offer) in increments of 1%:

- Stable Value Fund
- U.S. Treasury Inflation Protection Fund
- Inflation Protection Fund
- Social Values Choice Bond Fund
- Fixed Income Fund
- Extended Term Fixed Income Fund
- Multiple Asset Fund
- U.S. Equity Fund
- Social Values Choice Equity Fund
- International Equity Fund

The investment funds available in Wespath-administered retirement plans are intended for investors with a long-term time horizon. With the exception of the Stable Value Fund, you may not purchase units in a particular fund for 60 days after selling units in the same fund (this applies only to interfund transfers—not to new contributions, rollovers, loans or withdrawals). Interfund purchases of shares in the Stable Value Fund may be executed at any time.

**Know the Facts.** To learn more about available investment funds, including fund objectives, historical performance and benchmarks, check the Wespath website at [wespath.org](https://www.wespath.org).

The investment funds pay Wespath's costs of plan administration and investment management by means of a fee, which is subtracted from each investment fund before the returns are credited to Participant Accounts. For specific management fee amounts for each investment fund, please visit Wespath's website or call Wespath.

Instead of electing the specific investments for your Contributions, you may use LifeStage Investment Management to manage the investment of your Account. (Please see the "LifeStage Investment Management" section below.)

If you do not make an investment election for your Account, your Account and future Contributions are invested through LifeStage Investment Management.

The investment of your Horizon 401(k) Account will also apply to any other defined contribution accounts in other Wespath-administered plans, such as the Clergy Retirement Security Program (CRSP) and the Retirement Plan for General Agencies (RPGA), and vice versa. When you make an investment election, it applies to all plans with defined contribution balances for which you are authorized to direct the investments.

Defined contribution accounts are those for which you select the investments. You can direct how your accounts are invested among Wespath's investment funds, or you can allow LifeStage Investment Management to create a customized portfolio for you. The following are defined contribution accounts, although you may not be a participant in all of the plans:

- CRSP Defined Contribution (DC)
- RPGA
- United Methodist Personal Investment Plan (UMPIP)
- Horizon 401(k) Plan (Horizon)

All of your defined contribution accounts are invested in the same way. If you elect to use LifeStage Investment Management, then service will manage the investment of all of your defined contribution accounts. If you elect to choose which Wespath funds to invest in, all of your defined contribution accounts will be invested in the same funds. For more information about Wespath's funds, visit our website at [wespath.org](https://www.wespath.org) or call Wespath at **1-800-851-2201**.

## LifeStage Investment Management

LifeStage Investment Management allocates your Participant and Plan Sponsor Contributions among Wespath investment funds. The asset allocation, or investment mix, represents your individual investment portfolio. It is based on your age, the assets in your Wespath retirement accounts and the answers you may provide to the *LifeStage Personal Investment Profile*.

After determining your investment fund allocation, LifeStage Investment Management manages your defined contribution accounts. As you age or your profile changes, LifeStage Investment Management adjusts your allocation accordingly. The service will also periodically rebalance your Account to return you to your targeted investment fund allocation when differences in market returns have caused your investment fund allocation to be out of balance. You may elect to use LifeStage Investment Management, change your profile or discontinue its use via Benefits Access or the *Investment Election Form*.

## Making Your Horizon 401(k) Investment Elections

You may make two types of investment fund changes:

- you may change the way future (new) contributions (including future rollovers and transfers) are invested, without affecting the existing Account investment; and/or
- you may change the way your existing accounts (past contributions and earnings) are invested, without affecting new contributions.

Horizon 401(k) offers two ways to make investment elections:

- Benefits Access, or
- the *Investment Election Form*.

## Benefits Access Website

Benefits Access allows you to access information about your Horizon Account and make changes 24 hours a day, seven days a week.

To use the website:

- Log on to the website at **benefitsaccess.org**
- Enter your username and password
- Follow the prompts

If you have not registered for the Benefits Access website, click “**New User Registration**” and follow the prompts.

## Investment Election Form

You may call Wespath at **1-800-851-2201**, business days between 8:00 a.m. and 6:00 p.m., Central time to request an *Investment Election* form, or print the form from Benefits Access.

## Keeping Track of Your Accounts

You will receive an Account statement each quarter by mail or online through Benefits Access, showing Contributions, any applicable earnings or losses and other transactions since the last quarterly statement. You may visit Benefits Access at **benefitsaccess.org** or call the automated phone system (**1-800-851-2201**) at any time to obtain information about your Account.

### **Automated Phone System**

You can use the automated phone system to access information about Horizon 401(k) and make changes 24 hours a day, seven days a week.

To use the system:

- Call the telephone number **1-800-851-2201**
- Enter your Social Security Number
- Enter your personal identification number (PIN)
- Follow the prompts

### **Sustainable Investment**

As the trustee of the largest denominational pension fund in the United States, Wespeth strives to maximize the financial, social and environmental value of its investments. Towards this end, it actively exercises its ownership through shareholder engagement, proxy voting, portfolio screening and community investing.

All of the investment funds adhere to sustainable investment guidelines, directed by the *Social Principles* of The United Methodist Church, as outlined in *The Book of Discipline*.

Through sustainable investment Wespeth fulfills its mandate to influence corporations, whose stock Wespeth owns, toward greater environmental, social and governance (ESG) responsibility. Wespeth's sustainable investment approach also excludes investments in certain companies that do not align with United Methodist Church values, notably those that are substantially engaged in businesses involved in pornography, gambling, alcoholic beverages, tobacco, weapons or prison facilities.

Sustainable investing considers the financial, social and environmental aspects of investment decisions. Investments are made in alignment with values, aiming not only for a healthy financial bottom line, but also for positive social and environmental impacts.



## **PAYMENT OF YOUR ACCOUNT**

When you terminate your employment, you may be able to leave your money in the Plan until at least your required beginning date following age 70½ (see below). Or, you may request payment at any time after termination. Your beneficiaries may receive a distribution following your death.

### **Termination**

If your aggregate account balance across all plans administered by Wespath is greater than \$5,000 at termination of employment, you may choose to leave your account balance in the Plan until a later date, or you may choose to receive a distribution as soon as possible after termination. If you decide to leave your account balance in the Plan, it will continue to share in the Plan's investments on a tax-deferred basis until it is paid to you. You'll be able to request payment of all or a portion of your account at any time after you leave employment (see the How Your Benefits Are Paid section for information on payment options). If you decide to receive payment of your account at termination, it will be paid to you as soon as administratively possible. Please note that under the Code, benefit distribution must begin by April 1 of the calendar year following the year in which you reach age 70½ or April 1 following the year in which you retire, whichever is later. This is called the required beginning date. Benefits must be distributed proportionately over your expected lifetime (or the expected lifetimes of you and your Spouse) or at a faster rate. Such distributions are called required minimum distributions. For more information, contact Wespath.

If the total value of your account is greater than \$1,000 and less than or equal to \$5,000, your account balance will be rolled over to an Individual Retirement Account (IRA) designed by Wespath unless you elect to receive a distribution directly or roll it over. If the total value of your account is less than or equal to \$1,000, your account will be paid to you as soon as administratively possible unless you elect to roll it over to another eligible retirement plan.

**Termination of Employment:** Your employment terminates when you retire, resign or are dismissed. It also terminates if you don't return to work after a leave of absence or, when requested, after a layoff. (In these cases, the termination occurs on the first day of the leave or layoff.)

### **Death**

Your account is payable to your beneficiary (see the "Designated Beneficiary" section) if you die before benefit payments begin or before your entire account is paid out to you. In each case, payment must be made in accordance with the Code's required minimum distribution rules. Wespath may require that your beneficiary provide proof of death and other information with the claim.

### **Death Before You Begin Receiving Benefits**

#### *Spousal Beneficiary and Eligible Designated Beneficiary*

If your Beneficiary is your Spouse or is an Eligible Designated Beneficiary, after your death, your Spouse or Eligible Designated Beneficiary may choose to:

- receive payment immediately;
- receive payment over his or her remaining life expectancy (must be elected within the calendar year following your death); or
- defer payment until December 31 of the calendar year containing the tenth anniversary of your death.

In addition, if your Beneficiary is your Spouse, after your death, your Spouse may elect to defer payment until as late as December 31 of the year you would have attained age 70 ½ (if you would have attained age 70 ½ by December 31, 2019) or age 72 (if you would have attained age 70 ½ after December 31, 2019) and then receive payments over his or her remaining life expectancy.

Your Spouse or Eligible Designated Beneficiary may request a direct rollover to another qualified plan or IRA (as long as the Account balance is greater than \$200). If your surviving Spouse or Eligible Designated Beneficiary dies before receiving the distribution of your entire Account, Wespath will pay your surviving Spouse's or Eligible Designated Beneficiary's Beneficiary within 10 years of your surviving Spouse's or Eligible Designated Beneficiary's death.

### ***Non-Spousal Beneficiary who is not an Eligible Designated Beneficiary***

If you die before your required beginning date, your non-Spousal Beneficiary who is not an Eligible Designated Beneficiary may choose to:

- receive payment immediately; or
- defer payment until as late as December 31 of the calendar year of the fifth anniversary of your death (for death prior to 2020) or December 31 of the calendar year of the tenth anniversary of your death (if you die on or after 2020).

If your Beneficiary is your estate or another non-individual, such entity may elect to receive your remaining benefits in a lump sum or to defer payment until as late as December 31 of the calendar year of the fifth anniversary of your death. In the case of certain trusts whose only beneficiaries are one or more individuals who are Eligible Designated Beneficiaries, the trust may receive direct distributions over the life expectancy of the individual with the shortest life expectancy (must be elected within the calendar year following your death).

Your non-spousal Beneficiary who is not an Eligible Designated Beneficiary may request a direct rollover into another qualified plan or IRA (as long as the Account balance is greater than \$200 and the amounts to be rolled over are not Required Minimum Distributions). If your surviving non-spousal Beneficiary who is not an Eligible Designated Beneficiary dies before receiving the distribution of your entire Account, Wespath will pay the balance to his or her Beneficiary.

### ***Death After You Begin Receiving Benefits***

If you die after your required beginning date, your surviving Spouse or Eligible Designated Beneficiary may elect to receive payment immediately in a lump sum or to receive payment over the longer of what remains of your life expectancy at the time of your death or your surviving Spouse's or Eligible Designated Beneficiary's life expectancy. Non-spouse Beneficiaries who are not Eligible Designated Beneficiaries may elect to receive payment immediately in a lump sum or to receive payment by December 31 of the calendar year of the tenth anniversary of your death if you die after 2019.

If your Beneficiary is your estate, or another non-individual, such entity may elect to receive your remaining benefits in a lump-sum or to defer payment until as late as December 31 of the calendar year containing the fifth anniversary of your death. In the case of certain trusts whose only beneficiaries are one or more individuals who are Eligible Designated Beneficiaries, the trust may receive direct distributions over the life expectancy of the individual with the shortest life expectancy.

If your beneficiary chooses not to receive an immediate payment of your account, he or she may name a beneficiary to receive payment in the event of his or her death. (See the "Designated Beneficiary" section).

### **Disability**

You're considered disabled if Wespath receives certification from a physician (licensed in the United States) that you are unable to engage in your own occupation due to a medically determined physical or mental impairment that is expected to last for at least six months or result in death. If you are disabled, you may withdraw all or any portion of your account.

### **Rollovers**

You may directly roll over part (at least \$200) or all of your Eligible Rollover Distribution into another eligible retirement plan such as a Code section 403(b) plan, 401(a)/401(k) qualified plan, 457 deferred-compensation plan or Individual Retirement Account (IRA) at any time within 60 days of the distribution without incurring a taxable event. When the Plan's trustee directly rolls an amount to another eligible plan or IRA, you will not be subject to taxation or tax withholding on the amount of the rollover.

You also may choose to roll over your Eligible Rollover Distribution to another eligible retirement plan. You must complete such a rollover within 60 days of the distribution. When an Eligible Rollover Distribution is made to you, it is subject to an automatic 20% federal income tax withholding. It also is subject to any applicable state income tax withholding. If you wish to roll over the entire amount of the Eligible Rollover Distribution, you will have to substitute other money from another source to make up for the 20% that was withheld. To avoid the 20% withholding, you may use a direct rollover (see paragraph above).

Not more than 180 days before you receive a distribution, Wespath will provide you with a written notice describing your right to a direct rollover and the tax consequences. Distributions will not be processed until 30 days after you receive the notice unless you waive the 30-day period in writing. As the notice will describe in greater detail, some distributions are not eligible for rollover. If you are unsure whether you can roll a distribution out of (or into) the Plan, contact Wespath or the administrator of the other plan.

### **Required Minimum Distributions**

You must begin receiving Required Minimum Distributions by your Required Beginning Date.

If you attained age 70½ by December 31, 2019, your Required Beginning Date is April 1 following the later of the year in which you turn age 70½ or retire.

If you attain age 70½ after December 31, 2019, your Required Beginning Date is April 1 following the later of the year in which you turn age 72 or retire.<sup>1</sup>

If you have a UMPIP or Horizon Account related to a former employer, you may be required to take minimum distributions from that Account, even though required distributions from your current Account are deferred until you Retire from your current employer.

To satisfy the Required Minimum Distribution requirements, you must receive an amount that would be distributed proportionately over your expected lifetime (or the expected lifetimes of you and your Spouse or Eligible Designated Beneficiary) or at a faster rate. Distributions over someone's expected lifetime may be accomplished through the cash installment form of distribution, described in the following section. The amount of the Required Minimum Distribution is determined by IRS regulations, which are subject to change. If you do not request a distribution that satisfies the Required Minimum Distribution rules by the Required Beginning Date, Wespath may automatically distribute the minimum amount to you. Although Wespath may distribute the amount to you, you are solely responsible for satisfying IRS rules and regulations.

Receiving a Required Minimum Distribution is a very important responsibility under the Code. The Code requires that you receive a minimum amount by a certain date. If you do not take a minimum distribution, the IRS may impose a high penalty of 50% of the amount that you should have taken. Consequently, it is important that you understand the IRS rules and regulations. Because Wespath cannot provide tax advice, we suggest that you contact the IRS or seek the advice of a financial planner, estate planner, tax adviser or attorney.

### **How Your Benefits Are Paid**

#### **Lump-Sum Cash Payments**

The normal form of benefit is a lump-sum cash payment equal to your account balance valued as of the Accounting Date coinciding with or immediately before the date of distribution.

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<sup>1</sup> Recent legislation (CARES Act) waived certain Required Minimum Distributions that would have been due in 2020. For more information [click here](#).

**Cash Installment Payments**

As an alternative to a lump-sum payment, you may elect cash installment payments. Cash installments are a series of distributions, payable annually or monthly. The election of cash installment amounts and periods are subject to rules established by Wespath and the required minimum distribution regulations of the Code. While you're receiving cash installment payments, your account continues to be subject to investment gains, losses and expenses. Your cash installment will continue until you change your election or until your entire account is distributed.

**Partial Lump-Sum Distribution**

Under this option, you can receive one or more partial lump-sum distributions up to the value of your account, subject to the required minimum distribution regulations.

**The Distribution Election Process**

Wespath will mail an application to you with an explanation of the available forms of benefit no more than 180 days and no fewer than 30 days before your benefit is scheduled for payment.

## LOANS

When you take a loan from your Plan account, you are essentially borrowing from yourself and paying yourself back with interest. You can apply for a loan (subject to the discretion of Wespath) by completing a loan application, provided you do not have a current outstanding loan through the Plan. Any previous outstanding Plan loans must be repaid before you are eligible to apply for another loan in the Plan. The application/loan processing fee of \$50 must be submitted with your application. Upon approval of your completed loan application, Wespath will process your application. Loan checks are typically mailed within 30 days after your loan application is processed.

The minimum loan amount is \$1,000. The maximum loan amount depends on your Plan account balance as illustrated below.

| If Your Account Balance Is:   | You may borrow the lesser of \$50,000, reduced by your highest outstanding loan balance during the preceding 12 months OR: |
|-------------------------------|--|
| Between \$1,000 and \$10,000  | Your account balance   |
| Between \$10,000 and \$20,000 | Up to \$10,000   |
| More than \$20,000            | 50% of your account balance  |

**How to Request a Plan Loan Application:** Loan information and modeling is available online on Benefits Access ([benefitsaccess.org](https://benefitsaccess.org)) or you may contact Wespath at **1-800-851-2201**.

## REPAYING THE LOAN

Your loan will bear a reasonable rate of interest based on market rates. When you take a loan, the interest rate is fixed for the full term of the loan. Your monthly repayments, both principal and interest, are deducted from your paycheck by your employer and remitted to Wespath. Loan repayments are invested in the Plan in the same investment funds in which your new contributions are invested.

The repayment period may be up to five years for a non-residential loan. However, if the loan is for the purchase of a primary residence, your repayment period may extend as long as 15 years. You may prepay the entire outstanding principal and interest in full at any time without penalty.

If you terminate employment (including retirement), you must repay the full amount of any outstanding loan immediately or the loan will be considered to be in default. If you terminate or retire at or after age 55, you may choose to repay the outstanding loan balance immediately or to continue loan payments over the term of the loan via electronic funds transfer with the option to repay the entire outstanding loan balance at any time during the remaining term of the loan.

## **Loan Defaults**

If you do not repay your loan according to the terms of the loan, the loan will be considered to be in default. Defaulting on your loan has several implications:

- Your outstanding loan balance will be treated as a taxable distribution.
- The 10% penalty tax on early distributions may apply (see the “Additional 10% Federal Excise Tax” section for more information).
- Wespath will issue an IRS Form 1099-R to you and is required to notify the IRS.
- Future loans from the Plan are not available if you default on an earlier loan.

You will be responsible for paying applicable taxes, including any penalties that may apply.

## **WITHDRAWALS**

You may make withdrawals from the Plan under different situations.

### **Hardship Withdrawals**

You may be eligible for a hardship withdrawal of your before-tax or Roth contributions (excluding the earnings thereon) and rollover contributions (including the earnings thereon) if you have a financial hardship while you are an eligible Employee. However, neither your employer contributions nor the earnings thereon are eligible for hardship withdrawals. Unlike loans, hardship withdrawals cannot be repaid to the Plan.

Hardship withdrawals of before-tax contributions and related earnings are immediately considered taxable income pursuant to the Code. Since Roth contributions have been taxed, they are not taxable upon distribution. However, the distribution of earnings related to Roth contributions may be taxable if it is a non-qualified distribution. See “Taxation Considerations” for more information. A 10% federal early withdrawal penalty also may apply. State income taxes also will be withheld if applicable.

Generally, financial hardship is considered to exist if you need to make a withdrawal due to an immediate and heavy financial need. In addition, you must be able to prove that this financial need cannot be met by any other reasonably available sources. This would include exhausting funds available through loans from the Plan or other retirement vehicles in which you participate. The amount of your withdrawal request may not exceed the amount needed to meet the hardship expense, plus any tax liabilities that you would incur as a result of the distribution. Hardships may arise for any of the following reasons:

- Unreimbursed medical expenses described in Internal Revenue Code (Code) section 213(d) for yourself, your spouse, your dependents or your primary Horizon 401(k) Plan beneficiary on file with Wespath Benefits and Investments (Wespath)
- Purchase of your principal residence (excluding mortgage payments)
- Tuition or educational fees (including room and board) for the next 12 months of post-secondary education for you, your spouse, your dependents or your primary Horizon 401(k) Plan beneficiary on file with Wespath
- Prevention of foreclosure of a mortgage on and/or eviction from your principal residence
- Repair of damage to your principal residence that would qualify as a casualty deduction
- Funeral or burial expenses for your deceased parent, spouse, child, dependent or primary Horizon 401(k) Plan beneficiary on file with Wespath
- Expenses you have incurred due to FEMA-declared disasters

If you meet the financial hardship criteria, you may withdraw the following amounts to the extent needed to meet the hardship.

Your hardship withdrawal may not be greater than:

- The current balance of your before-tax and/or Roth account; or
- The excess of the total before-tax and/or Roth contributions you have made to your account minus the total hardship withdrawals already taken from your account, whichever is less.

Withdrawals from your Roth contributions will be paid pro rata from your Roth contributions and earnings on Roth contributions.

### **Requesting a Hardship Withdrawal**

You can request a withdrawal by completing a hardship withdrawal application, indicating the reason for your withdrawal. Hardship withdrawals are subject to the discretion of Wespath.

Upon receipt of your valid application, withdrawal checks are typically mailed within 30 days after approval of your application.

**To Request a 401(k) Hardship Withdrawal Application:** Hardship withdrawal information is available online at Wespath website ([wespath.org](http://wespath.org)), or you may contact Wespath at **1-800-851-2201**.

### **In-Service Withdrawals**

When you reach age 59½, you may withdraw all or part of your Plan account balance for any reason. If you are at least age 59½, you will not owe a 10% federal early withdrawal penalty tax. If your withdrawal is on account of disability, however, you may owe a 10% early withdrawal penalty, unless you qualify for one of the exceptions to the penalty. One of those exceptions applies if you are totally and permanently disabled within the meaning of Internal Revenue Code section 72(m)(7). This is a more stringent disability definition than is used in this Plan. Therefore, you may qualify to receive a disability withdrawal under the Plan but still owe a 10% federal penalty tax. State income taxes also will be withheld if applicable. Contact Wespath for details on the definition of disability. (See the Disability section for more information.)

### **Qualified Reservist Distributions**

If you are a military reservist called to active duty after September 11, 2001, you may withdraw all or part of your Plan account balance if the length of your active duty is scheduled to be at least 180 days. You must take the withdrawal after the date of the order or call to duty, but before the period of active-duty ends. If you take a qualified reservist distribution, you will not be assessed the 10% early withdrawal penalty.

### **Qualified Military Withdrawal**

If you are on qualified military leave (as defined in Section 101 of Title 37 of the United States Code) for a period of at least 30 days and are still on active duty, you may withdraw all or part of your Plan account balance. You must submit a copy of your military orders along with the appropriate Wespath form. This distribution may be subject to a 10% early withdrawal penalty for federal income taxes. In addition, any before-tax and Roth contributions will be suspended for six months.

## CLAIMS AND APPEALS

### How to Claim Plan Benefits

Once eligible, you or your beneficiary may apply to receive a distribution from your account by completing forms provided by Wespath. For more information on the appropriate forms to complete and the choices available to you, contact Wespath at **1-800-851-2201**.

You or your beneficiary must file your claim within one year after the events giving rise to the claim occurred or the claim will be deemed to be irrevocably waived.

### If Claims Are Denied

If Wespath denies a claim for benefits under the Plan, you or your beneficiary will receive written notice of the denial. The notice will:

- Describe the specific reasons for the denial,
- Cite the plan provisions on which the denial was based,
- Request any additional material needed to complete the claim, and
- Explain the appeal procedures.

You will receive this notice no more than 45 days after filing the original claim or 45 days after the request for or submission of additional materials requested by Wespath. Under special circumstances, an additional 90 days may be necessary to respond to the claim. In these cases, Wespath will notify you in writing. There are three steps in the appeal process: an initial appeal, an intermediate appeal and a final appeal.

#### Initial Appeal

If Wespath denies your claim for benefits, in whole or in part, you may request a review of the decision by filing a *Notice of Initial Appeal* with the Initial Appeals Committee of Wespath. The notice must be filed with the Initial Appeals Committee within 90 days after the date of the letter informing you of the denial decision. You may submit facts that are relevant to your appeal and supporting documentation to the Initial Appeals Committee for consideration. If the notice is not filed in a timely manner, Wespath's decision to fully or partially deny your claim for benefits will be final.

The Initial Appeals Committee will decide the appeal within 45 days after receiving the appeal unless the circumstances of the appeal require more time. In that case, you will be notified that up to an additional 45 days will be required to decide the appeal.

You, your duly authorized representative and/or a representative of your Plan Sponsor has the right to appear personally or by conference call before the Initial Appeals Committee, subject to the conditions and limitations of the Initial Appeals Committee. However, you will be responsible for any expenses associated with the appearance.

The Initial Appeals Committee will conduct a review of your initial appeal and notify you, in writing, of its decision, the specific reasons for the decision and the plan provisions upon which the decision is based.

#### Intermediate Appeal

If the Initial Appeals Committee denies your claim for benefits, in whole or in part, your appeal will be referred to the Intermediate Appeals Committee for consideration.

The Intermediate Appeals Committee will conduct a review of your intermediate appeal within 60 days of the decision by the Initial Appeals Committee and notify you, in writing, of its decision, the specific reasons for the decision and the provisions of the Plan upon which the decision is based.



**Final Appeal**

If a claim for benefits is still fully or partially denied after the Intermediate Appeals process has been completed, you may request a review of the decision by filing a Notice of Final Appeal with the Appeals Committee of the Board of Directors of Wespath (Appeals Committee). The notice must be filed with the Appeals Committee within 90 days after the date on which you receive the Appeals Intermediary's written decision. You may submit comments and supporting documents to the Appeals Committee for its consideration. If the notice is not filed in a timely manner, the Appeals Intermediary's decision to fully or partially deny a claim for benefits will be final.

To allow sufficient time for handling and processing, you must file the notice and any supporting documents at least 30 days before the Appeals Committee's next meeting. Appeals filed fewer than 30 days before an Appeals Committee may not be heard until the following meeting (generally, four months later). If special circumstances require an extension of time for processing, Wespath will notify you. Your hearing may be continued upon your request, upon the request of Wespath or at the discretion of the Appeals Committee.

You, your duly authorized representative or a representative of your employer may request permission to personally appear before the Appeals Committee, subject to the conditions and limitations of the Appeals Committee. However, you or your employer will be responsible for any expenses associated with the appearance.

The Appeals Committee will conduct a review of your final appeal and notify you in writing, of its decision, the specific reasons for its decision and the provisions of the plan upon which its decision is based.

**Your Responsibilities**

You may not initiate or maintain any cause of action in law or equity until you have initiated and completed the claims and appeal process. Upon completion of the appeal process, you must initiate any cause of action within twelve months after the date of the written notice from Wespath regarding the final denial of your appeal.

If you do not appeal a claim denial within the timeframes noted, you will waive your right to file an appeal or a lawsuit at a later date. If the Intermediate Appeals Committee or the Final Appeals Committee does not make a decision or respond within the timeframes noted, you should consider the claim denied, and you may proceed to the next step of the claims procedure.

## **TAXATION CONSIDERATIONS**

You may owe taxes on all of the amounts paid to you under the plan.

### **Taxes While Your Account Is in the Plan**

You defer taxes on contributions you and your employer make to the plan, and on investment earnings, when they are credited to your account and as long as this money remains in the Plan and under your contribution limits. (See the “Contribution Limitation and Excess Contributions” section). This tax deferral provides significant advantages to you in increasing the value of your account because earnings can compound on amounts that are not reduced by taxes.

### **Taxes When Your Account Is Paid**

When you receive a distribution of your account, the money you receive will be reported to both you and the Internal Revenue Service (IRS). A notice describing the taxability of your distribution will be provided to you before you receive the distribution.

### **Distributions of Before-tax Contributions and Employer Contributions**

Distributions of before-tax contributions, employer contributions and related earnings are subject to tax upon distribution.

### **Distributions of Roth Contributions**

Qualified distributions from a Roth account are not subject to income tax. A qualified Roth distribution is one that is made on account of:

- your attainment of age 59½,
- your permanent disability, OR
- your death
- AND is made at least five years after the first day of the plan year during which you made your first Roth contribution to your retirement account.

A non-qualified Roth distribution is one that does not meet the criteria above. Earnings from a non-qualified Roth account will be subject to taxation. Your Roth contributions were taxed previously and will not be taxed again when a distribution is made.

### **Automatic Withholding and Rollovers**

If you receive a lump-sum or partial payment or cash installments over a period less than 10 years, and it is not subject to the required minimum distribution rules, Wespath is required to withhold 20% of your taxable distribution for federal income taxes and any applicable state income tax withholding. This is true even if you intend to receive the distribution and roll it over into another eligible retirement plan within 60 days.

To avoid the mandatory 20% federal income tax withholding, you may request a “direct rollover.” If you request a direct rollover, all or part of your account (at your direction) will be made payable to a qualified plan or a traditional IRA. The portion that is directly rolled over is not subject to immediate taxation. However, conversions to a Roth IRA may be taxable at the time you file your tax return for the year of distribution. Any portion that is not directly rolled over will be subject to a mandatory 20% federal income tax withholding and will be reduced by any applicable state income tax withholding. You also will owe regular income taxes on the full amount of the distribution, except to the extent you roll over your distribution within 60 days using a traditional rollover. To roll over the 20% federal withholding amount, you will have to use money from another source.

### **Additional 10% Federal Excise Tax**

An additional 10% federal excise tax may be due on the taxable portion of any withdrawals or distributions you receive before age 59½. This tax is sometimes called a penalty tax or an early withdrawal penalty.

Generally, this additional tax does not apply if the distribution is rolled over to an IRA or another qualified plan, or if payment is made:

- To a Spouse or beneficiary after your death,
- At age 55 or older after you have terminated employment with the employer sponsoring this Plan during the year you attained age 55 or later,
- Because of total disability as defined in Internal Revenue Code section 72(m)(7),
- To an alternate payee according to a Qualified Domestic Relations Order (QDRO),
- Due to medical expenses that qualify as deductible medical expenses under Code section 213,
- In a series of substantially equal periodic payments made not less frequently than annually for the life of the Employee or joint lives of the Employee and his or her beneficiary,
- As a direct rollover,
- As distribution of elective deferrals you contributed that exceed the annual limit under Code sections 415 or 402(g), or
- As corrective distributions of excess aggregate contributions.

### **Tax Advice**

Tax laws are complex and change often. This is only a partial discussion of taxes. Because neither your employer nor Wespath can provide you with tax advice, it's in your best interest to seek the advice of a qualified tax advisor before receiving payment from the Plan. This will help ensure that you receive the most updated information that applies to your own personal tax situation.

## **OTHER INFORMATION YOU SHOULD KNOW**

### **Assignment of Benefits and Qualified Domestic Relations Orders (QDROs)**

Your account is held for your benefit and may not be sold, assigned, transferred, pledged or garnished under most circumstances, and is not subject to your debts or liabilities.

However, if you become divorced or separated, certain court orders could require that part of your benefit be paid to someone else—your Spouse, former Spouse or children, for example. These court orders are commonly referred to as Qualified Domestic Relations Orders (QDROs). As soon as you are aware of any court proceedings that may affect your Plan benefits, contact Wespath.

When the Plan receives a domestic relations order, Wespath will notify you and send you a copy of the procedures for determining the qualified status of the order.

Within a reasonable period of time after the receipt of the order, Wespath will determine whether the order is a QDRO and notify you and each person named in the order, in writing, of the determination.

If a claim is submitted to the Plan with respect to your account balance under the Plan while Wespath is determining whether an order related to your account balance is a QDRO, the Plan will suspend payment of all or any portion of your benefits otherwise due until the order is determined to be a QDRO or not. If the order is determined to be a QDRO, any person (an “alternate payee”) named to receive benefits under the QDRO will become a beneficiary of the specified portion of your account balance with the same rights and responsibilities as a terminated Employee.

If you are in the process of a divorce or other domestic relations proceeding and would like more information about QDROs or a sample form to give to your attorney, contact Wespath.

All rights and benefits provided to you in this Plan will be afforded to an alternate payee under a QDRO. A distribution to an alternate payee will be permitted if authorized by a QDRO, even if the affected participant is not yet eligible for a distribution.

### **USERRA and the HEART Act of 2008**

Contributions, benefits and Service credit with respect to qualified military service will be provided in accordance with Internal Revenue Code section 414(u) and the HEART Act. If you have had a period of military service during your employment, contact your employer or Wespath to learn whether you qualify for additional Service credit, the right to make before-tax, Roth and catch-up contributions and to receive employer contributions relating to the period of your military service, and the right to take a distribution.

### **How Benefits Could Be Unclaimed, Relinquished, Disclaimed, Delayed or Forfeited**

The value of your Plan account is fully vested and payable to you except in the following circumstances.

- If you do not notify Wespath when your (or your beneficiary’s) address changes, and we cannot locate you (or your beneficiary) when benefits are due (for instance, at the required beginning date or when you terminate employment with an account balance that does not exceed \$5,000), we will send a notice by certified letter with return receipt requested to the last address we have on file. If you fail to contact us within 12 months after the notice, your benefits will be forfeited and become the benefit of your beneficiary (including any default beneficiary). If your beneficiary(ies) fails to contact Wespath within 12 additional months after notification, your benefits will be forfeited used by Wespath to defray the administrative expenses of the Plan.
- If Wespath issues a check for benefits that is not returned or cashed in a reasonable period of time, those benefits may be forfeited and used by Wespath to defray the administrative expenses of the Plan. Uncashed checks returned to Wespath because the payee is missing, or for other reasons, are handled as described above.
- If you relinquish (i.e., permanently renounce) your benefits, they will be forfeited and used by Wespath to defray the administrative expenses of the Plan.

- You may Disclaim all or any portion of a benefit that is due provided that the disclaimer is in writing in a form acceptable to Wespath and it is done before receiving the benefit. A disclaimer is a voluntary waiver. The person who Disclaims is treated having predeceased the Employee enrolled in the Plan, and the benefit is paid to next beneficiary in line.

### **Non-Reversion**

All contributions made by employers are irrevocable and cannot be repaid to the employer, except in the situations listed below:

- If the IRS determines that the Plan is not qualified under Code sections 401(a) or 401(k), or makes some other determination that Wespath believes makes the Plan unworkable, provided Wespath does not succeed in challenging that determination the Plan will terminate on notice by Wespath to all participating employers, and all contributions (adjusted for any gains or losses) will be returned to employer.
- If the Plan terminates, and there are monies remaining because of an erroneous computation after the satisfaction of all fixed and contingent liabilities under the Plan, the monies will revert to the applicable employer.
- If an employer makes a contribution by mistake, the employer may request its return if the employer sends a written request to Wespath within one year after the contribution was made along with documentation of such mistake. If the contribution includes before-tax or Roth contributions, such contributions will be refunded promptly by the employer to the Employee.

### **Non-Alienation of Benefits**

No benefits payable at any time under the Plan will be subject in any manner to alienation, sale, transfer, pledge, attachment or garnishment. Any attempt to alienate, sell, transfer, assign or pledge will be considered void. Benefits assigned under a QDRO are an exception (see the “Assignment of Benefits and Qualified Domestic Relations Orders (QDROs)” section).

### **Ineligible Contributions**

If contributions are made by or for a person who is not eligible to participate in the Plan and the employer sends a written request for its return within one year after the contribution is made, the contributions (adjusted for any gains and losses) will be refunded to the employer. (See the “Nonreversion” section.) Employer QMAC/QNEC contributions made more than one year after the contribution is made will be forfeited and used by Wespath to defray the administrative expenses of the Plan. Before-tax or Roth contributions made with respect to the ineligible Employee will be refunded to the employer (for return to the Employee) no matter when contributions were made.

### **If the Plan Is Terminated or Modified**

The General Conference of The United Methodist Church and the Board of Directors of Wespath reserve the right to terminate, suspend or modify this Plan at any time. Also, the Board of Directors of Wespath is authorized to amend the Plan at any time as long as the amendment does not retroactively reduce an accountholder’s account balance or degree of vesting, or eliminate an optional form of distribution.

In addition, employers may amend the elective provisions of their Adoption Agreement at any time with an effective date no earlier than the end of the 12-month period following the effective date of the previous Adoption Agreement. The employer also may terminate the Plan or suspend employer contributions at any time provided Wespath is properly notified 90 days in advance of the termination date and the Employees are properly notified 30 days in advance of the notification to Wespath. The employer must have maintained the plan for a period of at least 12 months as required in accordance with the Internal Revenue Code section 401(k)(12), unless the employer meets certain exceptions outlined in the Code.

If the General Conference or Wespath terminates the Plan, or if your employer terminates its participation in the Plan, your account is fully vested and will either remain in the Plan or be distributed according to the provisions of

the Plan. If your employer terminates participation, Plan accounts may be merged, consolidated or transferred to another plan as described below.

The Plan is subject to approval by the IRS. If the IRS requires changes to the Plan, Wespeth will either make the changes or terminate the Plan.

### **If the Plan Is Merged, Consolidated or Transferred**

Each employer reserves the right, provided the Plan is properly terminated, to merge its portion of this Plan with, consolidate its assets with, or transfer its assets to another Code section 401(k) plan. (See the “If the Plan is Terminated or Modified” section.) Your benefit will never be reduced because of a merger, consolidation or transfer.

### **Plan Sponsors**

The Plan is sponsored by qualifying entities that adopt the Plan with the consent of Wespeth for the benefit of its Employees, pursuant to an Adoption Agreement. A qualifying entity may include the following units controlled by or associated with The United Methodist Church or an autonomous affiliated church in the United States:

- a local church,
- an annual, provisional or missionary conference,
- a conference board, agency or commission,
- any other organization eligible to participate in a “church plan”, or
- any for-profit organization that is controlled by or affiliated with the entities listed above.

### **Plan Administrator**

The Plan is administered by the General Board of Pension and Health Benefits of The United Methodist Church, Incorporated in Illinois (Wespeth), and any successors. As of July 2018, the General Board is doing business as Wespeth Benefits and Investments (Wespeth).

The plan administrator may be reached at:

1901 Chestnut Avenue  
Glenview, Illinois 60025-1604  
1-800-851-2201

In its role as plan administrator, Wespeth keeps records for the Plan and is responsible for its administration in accordance with its terms. The plan administrator has authority to interpret the terms of the Plan in its sole discretion and to make determinations on questions that may affect your eligibility for benefits and benefit amounts.

### **Plan Name, Type and Year**

The name of the Plan is the Horizon 401(k) Plan. It is a defined contribution profit sharing plan that includes a cash or deferred arrangement under section 401(k) of the Internal Revenue Code. The Plan also is intended to be a safe harbor plan and a multiple employer plan involving more than one plan sponsor. The Plan is intended to meet the requirements of a “church plan” under section 414(e) of the Internal Revenue Code and to be exempt from ERISA to the extent permitted under applicable laws.

The Plan is administered on a plan-year basis, beginning on January 1 of each year and ending on December 31 of that same year.

### **Special Securities Laws**

The Horizon 401(k) Plan is a church plan that is not subject to registration, regulation or reporting under the Investment Company Act of 1940, the Securities Act of 1933, the Securities Exchange Act of 1934, Title 15 of the United States Code, or state securities laws. Similarly, the administrator and the trustee of the Plan and the entities maintaining any investment funds under the Plan are not subject to those provisions of those Acts or laws. Therefore, Employees enrolled in the Plan and beneficiaries will not be afforded the protection of those provisions.

### **Agent for Service of Legal Process**

Any legal process related to the Plan should be served on:

General Counsel  
Wespath Benefits and Investments  
1901 Chestnut Avenue  
Glenview, Illinois 60025-1604

### **Plan Trustee**

All Plan assets are held in a trust, called the Horizon 401(k) Plan Trust, which is qualified under sections 501(a) and 503(c)(3) of the Internal Revenue Code, or they may be held in one or more other trusts or insurance contracts. The trustee pays all Plan benefits from the trust. The trustee for the Plan is the UMC Benefit Board, Inc., an Illinois not-for-profit corporation. The trustee can be reached at:

1901 Chestnut Avenue  
Glenview, Illinois 60025-1604

## GLOSSARY

**Accounting Date** means the last business day of each calendar year and each other date upon which contributions to, distributions from, or transfers to or from account balances are made or upon which account balances are adjusted.

**Affiliate** means any business entity that is:

- a corporation that is a member of the same controlled group of corporations, as defined in Code section 414(b), as an employer;
- a trade or business, whether or not incorporated, that is under common control with an employer within the meaning of Code section 414(c);
- a member of the same affiliated service group, as defined in Code section 414(m), as an employer; or
- otherwise required to be aggregated with an employer pursuant to Treasury Regulations issued under Code section 414(o), but that is not itself a Plan Sponsor.

**Adoption Agreement** means agreement executed by each Plan Sponsor and accepted by Wespath that is a part of this Plan and is the means by which an employer adopts the Plan and specifies any optional provisions that are a part of the Plan as to that Plan Sponsor.

**Beneficiary** means the person(s) (including an estate) to whom Wespath will pay your Horizon Account if you die before receiving a distribution of your entire Account.

**Beneficiary Designation form** means the form on which a Participant, Terminated Participant, Beneficiary or Alternate Payee specifies his or her Designated Beneficiary for acceptance by Wespath.

**Break in Service** means a period of absence from employment with a Plan Sponsor and its Affiliates that results in the cessation of crediting hours of Service that begins when an Employee incurs a termination of employment and ends when he or she is re-employed by the Plan Sponsor or an Affiliate.

**Code** means the Internal Revenue Code of 1986, as amended from time to time.

**Compensation** means all amounts paid or made available by the plan sponsor during the plan year for services as an Employee that constitute:

- wages as required to be reported on Form W-2 (or such other form as may be prescribed pursuant to Code sections 6041(d) and 6051(a)(3)) as defined by Code section 3401(a) for the purpose of income tax withholding, but excluding amounts paid to you in lieu of Conference-provided group health coverage for you and your family; or
- elective contributions excluded from income under Code section 125 (relating to cafeteria plans), Code section 132(f) (relating to qualified transportation fringe benefits), Code section 402(e)(3) (relating to 401(k) plans), Code section 402(h) (relating to simplified employee pension plans), Code section 403(b) (relating to tax-sheltered annuity plans), or compensation deferred under a plan qualified under Code section 457 (relating government and non-profit organization retirement plans).

**Disclaim** means to refuse or waive a benefit before receiving it such that it passes to another person under the terms of the Plan, such as a successor beneficiary.

**Eligible Designated Beneficiary** (as defined in the SECURE Act for Required Minimum Distribution purposes) means a designated Beneficiary who is a surviving Spouse, a designated Beneficiary who is not more than 10 years younger than the Participant, a chronically ill individual as defined in Internal Revenue Code section 7702B(c)(2), a disabled individual as defined in Internal Revenue Code section 72(m)(7) or a minor until the age of majority, who is receiving or entitled to receive a benefit under the Horizon 401(k) Plan.



**Eligible Rollover Distribution** means any distribution of all or any portion of a distributee's account balance, except that the term "Eligible Rollover Distribution" does not include:

- any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of such distributee the joint lives (or joint life expectancies) of such distributee and such distributee's beneficiary or for a specified period of 10 years or more,
- any distribution that is required under Code section 401(a)(9) (relating to required minimum distributions), or
- any hardship distribution described in Code section 401(k)(2)(B)(i)(IV).

**Employee** means any person who is currently employed (in the common law sense) by the Plan Sponsor or an Affiliate, or who is a Leased Employee with respect to a Plan Sponsor or Affiliate, but such term excludes any person who is employed as or through an independent contractor and any elder or deacon under Episcopal appointment. For the purpose of eligibility under the Plan, however, "Employee" will not include a Leased Employee or a nonresident alien who receives no earned income [as defined in Code section 911(d)(2)] from a Plan Sponsor that constitutes income from sources within the United States [as defined in Code section 861(a)(3)].

**Entry Date** means the date upon which an Employee begins participation in the Plan.

**415 Compensation** means all amounts paid or made available by a Plan Sponsor or Affiliate to an Employee in a Limitation Year, including:

- the Employee'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 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 described in Treasury Regulations section 1.62-2(c)];
- in the case of a self-employed Employee who is an employee within the meaning of Code section 414(e)(5)(A)(i)(I) and the regulations thereunder, the Employee's earned income [as described in Code section 401(c)(2) and the regulations thereunder];
- amounts received in connection with accident or sickness and described in Code sections 104(a)(3), 105(a), and 105(h), but only to the extent that these amounts are includable in the gross income of the Employee;
- amounts paid or reimbursed by the Plan Sponsor for moving expenses incurred by an Employee, but only to the extent that at the time of the payment it is reasonable to believe that these amounts are not deductible by the Employee;
- amounts relating to before-tax elective contributions (specified in ¶2 of the Compensation definition); and
- foreign earned income [as defined in Code section 911(b)].

**General Board** means the General Board of Pension and Health Benefits of The United Methodist Church, incorporated in Illinois. As of July 2018, the General Board is doing business as Wespath Benefits and Investments (Wespath).

**Leased Employee** means a person who, in accordance with an agreement between the recipient and any other person (leasing organization) has performed services for the employer [or for the recipient and related persons determined in accordance with Code section 414(n)(6)] on a substantially full-time basis for a period of at least one year, and such services are performed under the primary direction or control of the service recipient. Contributions or benefits provided to a Leased Employee by the leasing organization that are attributable to services performed for the recipient employer will be treated as provided by the recipient Plan Sponsor.

**LifeStage Investment Management** means the entity that “manages” your account balance(s) for you. LifeStage Investment Management selects a mix of Wespath investment funds for your account based on key information about you.

**Limitation Year** means the 12-month period used by the Plan for the purpose of applying the limitations of Code section 415, which is the same as the plan year (which is the calendar year).

**Month of Service** means any calendar month during which an Employee performs at least one Hour of Service.

**Participant** means a person who qualifies or once qualified for Plan enrollment and currently has an account balance under the Plan.

**Plan** means the Horizon 401(k) Plan, as reflected in the official plan document as amended, as applied to all Plan Sponsors or any particular Plan Sponsor, as the context requires, including any applicable Adoption Agreements, amendments or supplements hereto.

**Plan Sponsor** means any qualifying entity that adopts the Plan with the consent of Wespath for the benefit of its Employees pursuant to an Adoption Agreement. A singular reference to a Plan Sponsor will be understood to be a reference to any Plan Sponsor individually, except where the context is inconsistent with such interpretation. Qualifying entities include the following units controlled by or associated with The United Methodist Church or an autonomous affiliated church in the United States:

- a. a local church;
- b. an annual, provisional, or missionary conference;
- c. a conference board, agency, or commission;
- d. any other organization eligible to participate in a Church Plan; or
- e. any for-profit entity controlled by or affiliated with one of the entities listed in a through d above.

**Pre-Break Service** means Service rendered by an Employee before a Break in Service.

**Required Beginning Date** means, with regard to a Participant who attained age 70½ by December 31, 2019, April 1 of the calendar year following the later of the calendar year in which the Participant:

- Retires or incurs a Termination of Employment, or for a Clergy Employee, incurs a Termination of Employment and a Termination of Conference Relationship; or
- attains age 70½.

With regard to a Participant who attains age 70½ after December 31, 2019, the Required Beginning Date means April 1 of the calendar year following the later of the calendar year in which the Participant:

- Retires or incurs a Termination of Employment, or for a Clergy Employee, incurs a Termination of Employment and a Termination of Conference Relationship; or
- attains age 72.

In the context of a Beneficiary, Required Beginning Date means the day Required Minimum Distributions must begin as stated in IRS Regulations.

**Required Minimum Distribution** means the amount that a Participant must begin receiving from his or her Retirement Accounts by his or her Required Beginning Date. Required Minimum Distribution amounts must then be distributed each subsequent year. IRS Regulations also establish minimum distributions for surviving Spouses and other Beneficiaries.

**Service** means employment (in the common law sense of the term) with a Plan Sponsor or Affiliate.

**Spouse** means the husband or wife or surviving husband or wife of a Participant or an account holder who is legally married to such Participant or account holder, or was so legally married on the date of the Participant or account holder's death, under the laws of the jurisdiction where the Participant or account holder resides or resided. Notwithstanding the foregoing, the term "Spouse" will not include common law spouses, even in states that recognize common law marriage.

**The Book of Discipline** means the body of the Church law established by the General Conference of The United Methodist Church, as amended from time to time.

**Wespath** (Wespath Benefits and Investments) administers the Horizon 401(k) Plan and other retirement, health and welfare benefits and investments. Wespath is a general agency of The United Methodist Church.



**Wespath**

BENEFITS | INVESTMENTS

1901 Chestnut Avenue  
Glenview, Illinois 60025-16048  
1-800-851-2201  
wespath.org