



***UMLifeOptions* Lay Long-Term Disability (LTD) and Life Insurance Plan** Plan Sponsor Adoption Agreement and Exhibits A and B

Part 1 – General Information. *Please print.*

1. Name of plan sponsor _____
 2. Employer # _____ - _____
 3. Federal employer identification # _____
 4. Plan sponsor mailing address _____
 5. Plan sponsor telephone # (____) _____
 6. Name and title of contact person(s) _____
 7. Contact person(s) telephone # and e-mail address _____
 8. Name of annual conference _____ Website address _____
-

Part 2 – The Plan

1. Wespath administers the *UMLifeOptions* Plan (Plan).
2. The Plan is a welfare benefit plan as defined in §3(1) of the Employee Retirement Income Security Act of 1974, as amended (ERISA) that provides life insurance benefits and long-term disability income protection benefits to employees of participating plan sponsors, and is a church plan as defined in §3(33) of ERISA and §414(e) of the Internal Revenue Code of 1986, as amended (Code), which is exempt from Title I of ERISA pursuant to §4(b)(2) of ERISA.
3. Wespath and the trustee of the Employee Welfare Benefit Trust of The United Methodist Church (Trust) may purchase policies of insurance to provide the benefits under the Plan.
4. The Trust is the policyholder of the insurance policies (Policies) that insure the benefits provided under the Plan.
5. _____ (plan sponsor) is eligible to participate in and wishes to adopt the Plan.
6. Plan sponsor understands that by executing this adoption agreement it becomes a participating employer in the Trust and its lay employees, where applicable, will be eligible for coverage under the terms of the Plan, Policies and this adoption agreement.
7. Effective as of _____, 20 ____ (effective date), plan sponsor hereby adopts the Plan for its eligible employees in accordance with the following provisions.
8. Plan sponsor agrees to be bound by all the terms, provisions, administrative policies and guidelines of the Plan including, but not limited to, the plan document, Policies and this adoption agreement.
9. Plan sponsor agrees to comply fully with all financial, actuarial, legal and administrative policies, guidelines and procedures of the Plan as requested or directed by Wespath.
10. Plan sponsor shall elect on *Exhibit A*, attached hereto and incorporated herein by reference, the categories of Employees eligible for coverage under the Plan and applicable eligibility criteria for those elected categories. Plan sponsor's elections in *Exhibit A* shall become eligibility criteria that employees must satisfy before becoming eligible for coverage in the Plan.

11. Plan sponsor agrees to make any necessary records and data available to Wespath in order to determine the eligibility of all potentially eligible Employees, spouses and other dependents pursuant to the terms of the Plan and this adoption agreement.
12. Plan sponsor agrees to cover 100% of all its eligible Employees and agrees to remit 100% of the required premiums associated with such Employees' coverage under the Plan. Plan sponsor acknowledges that the Plan is a noncontributory plan, meaning that plan sponsor pays the entire premium for coverage of each of its eligible Employees.
13. Plan sponsor shall elect in *Exhibit B*, attached hereto and incorporated herein by reference, whether it shall provide life insurance benefits (lay life component), long-term disability (LTD) income protection benefits (lay LTD component) or both components, to its eligible Employees under the Plan. Plan sponsor shall elect in *Exhibit B* the coverage and design of its elected Plan components (i.e., lay life and lay LTD components) it wishes to provide to its eligible Employees under the Plan.
14. Plan sponsor acknowledges that Wespath has the authority to modify the Plan and the design of the plan components at any time. Wespath agrees that it will, in good faith, use its best efforts to provide notice to the plan sponsor of any material modifications with respect to *Exhibit A* or *Exhibit B* at least six months before the effective date of such modification.
15. Plan sponsor acknowledges that by electing to adopt the lay life component in *Exhibit B* it also elects to sponsor the *UMLifeOptions* Optional Life Insurance Plan, a voluntary supplementary life insurance plan, for its eligible Employees who are enrolled for coverage under the lay life component of the Plan. Employees who enroll in the Optional Life Insurance Plan elect and pay for optional life coverage directly through the insurer; plan sponsor is not under obligation to pay for such optional life coverage.
16. Plan sponsor may amend *Exhibit A* and *Exhibit B* during the annual adoption agreement period (as defined by Wespath) established by the Plan. Amendments will be effective as of the first day of the calendar year (Plan Year) that follows the execution date of the amendment. Plan sponsor may amend *Exhibit A* or *Exhibit B* at other times during a Plan Year, with 90 days advance written notice to Wespath, having an effective date no earlier than the first day of the calendar quarter that follows such notice. Plan sponsor may not make more than one such amendment in any Plan Year. Plan sponsor must provide appropriate notice to its eligible Employees.
17. Wespath or its insurer or agent shall send plan sponsor an invoice of required premium for all eligible Employees no less frequently than quarterly. Plan sponsor has a duty to review invoices for accuracy and timely notify Wespath of any discrepancies related to enrollment or billing.
18. Plan sponsor shall remit the entire amount of required premium (as noted on the invoice) described in Section 12 herein by the due date. Plan sponsor acknowledges that payment of required premium is its duty and not that of Wespath or the Trust.
19. Plan sponsor agrees to abide by all applicable laws and regulations pertaining to the Plan and its participating employers.
20. Plan sponsor agrees to offer coverage under this Plan on a nondiscriminatory basis, in accordance with applicable laws, to all Employees within any category the plan sponsor elects on *Exhibit A*.
21. This adoption agreement shall become effective as of the effective date, and continue in effect for an initial term of three Plan Years from such effective date (Initial Term). Thereafter, this adoption agreement shall automatically renew on the first day of each successive Plan Year for an additional Plan Year until terminated pursuant to Sections 22, 23, 24, 25 or 26, below.
22. After the Initial Term has expired, this adoption agreement may be terminated by plan sponsor effective as of the end of the last day of the then-current Plan Year; provided, however, that the plan sponsor must provide written notice of such termination to Wespath at least six months before the effective date of such termination.
23. After the Initial Term has expired, Wespath may terminate this adoption agreement for any reason effective as of the end of the last day of the then-current Plan Year, by giving the plan sponsor written notice of such termination at least 90 days before the effective date of such termination.
24. Section 23 notwithstanding, Wespath may terminate this adoption agreement immediately if plan sponsor fails to pay any required premium (as described in Sections 12 and 18, above) upon the due date pursuant to the terms of the Plan. In the event Wespath seeks to terminate the adoption agreement with plan sponsor due to nonpayment of required premium, Wespath shall provide plan sponsor written notice of its intent to terminate. Wespath shall provide such written notice to plan sponsor no less than 15 days prior to the effective date of termination.

25. In addition to its right to terminate this adoption agreement on account of nonpayment under Section 24, Wespeth reserves the right to terminate the plan sponsor's participation in the Plan if the plan sponsor fails to abide by any of the other terms of the Plan or this adoption agreement. Wespeth will provide written notice to the plan sponsor of such noncompliance and Wespeth's intent to terminate this adoption agreement (and therefore the plan sponsor's participation in the Plan). Wespeth will allow the plan sponsor the opportunity to correct such noncompliance and continue participation in the Plan within 30 days of the written notice. If such noncompliance is not corrected within the 30-day period, Wespeth will terminate this adoption agreement.
26. Notwithstanding the terms of Sections 24 and 25, or anything in this adoption agreement to the contrary, if the terms of the Policies dictate termination of this adoption agreement for plan sponsor, e.g., on account of nonpayment of required premium, then this adoption agreement shall terminate.
27. Plan sponsor remains obligated to pay required premium for coverage of all eligible Employees under the Plan through the date of termination.
28. Plan sponsor acknowledges the insured nature of the Plan, meaning that the insurer bears the responsibility for adjudication of claims and payment of benefits. Wespeth has no discretion or authority to review or reverse the determinations of the insurer with respect to benefits. Eligibility and enrollment rules, benefits, time limits, claims processes and appeals procedures are governed entirely by the Policies. Failure by plan sponsor to adhere to published rules and procedures may jeopardize the rights and benefits of Employees.
29. Plan sponsor acknowledges that for the purpose of this adoption agreement and its exhibits, the following terms shall have the meaning defined below.

Lay Employee: A lay employee is a person who is a common law employee of an organization or corporation that is affiliated with The United Methodist Church and that has executed an adoption agreement for this Plan. Temporary and seasonal employees shall not be considered lay employees under this Plan. For a plan sponsor that is an annual conference, lay employees are common law employees of the annual conference offices.

Employee: An Employee is a lay employee by the plan sponsor's elections in *Exhibit A*. An employee must be a person who is described as an employee of a church in §414(e)(3) or §7701(a)(20) of the Internal Revenue Code of 1986, as amended.

Part 3 – Adoption

In witness whereof, the undersigned, a duly authorized representative of the plan sponsor, hereby declares the plan sponsor's desire and intent to adopt the Plan by causing this adoption agreement to be executed as of the date indicated below:

Plan Sponsor legal name _____	
Print name of authorized representative _____	Title _____
Authorized signature _____	Date _____
Print name of authorized representative _____	Title _____
Authorized signature _____	Date _____

Part 4 – Wespeth Signatures

In witness whereof, Wespeth accepts the adoption agreement submitted by plan sponsor as of the date indicated below:

Wespeth

Print name of authorized representative _____	Title _____
Authorized signature _____	Date _____
Print name of authorized representative _____	Title _____
Authorized signature _____	Date _____

Plan Sponsor Adoption Agreement *Exhibit A – Lay Employee Eligibility Elections*

This *Exhibit A* is incorporated by reference into and becomes a part of the adoption agreement entered into by and between plan sponsor and Wespath. This *Exhibit A* allows plan sponsor to make certain elections regarding employee eligibility under the Plan.

Part 1 – Active Employee Coverage

Lay Employee Coverage

Please indicate by checking the box below whether plan sponsor elects to cover its Lay Employees in the Plan.

- ☐ Plan sponsor **elects** to cover its Lay Employees in the Plan subject to the terms of Plan.

To be eligible, Lay Employees must satisfy the requirements of the Plan and the Policies.

Plan sponsor may elect to establish additional eligibility requirements beyond the basic criteria of the Plan. If plan sponsor wishes to establish such requirements, please indicate plan sponsor elections below in Part 2, as appropriate. Plan sponsor has a duty to clearly communicate these additional requirements for coverage to its Lay Employees.

Part 2 – Eligibility Requirements for Active Employees

a. Minimum Hours of Service Requirement

Employees must work at least 1,040 hours in a Plan Year (approximately 20 hours a week) to be eligible for coverage under the Plan.

If plan sponsor wishes to require that Employees be regularly scheduled for more than 1,040 hours in a Plan Year to be eligible for coverage, please select one of the following:

- ☐ Plan sponsor **elects** to require that Lay Employees be regularly scheduled to work no less than 1,560 hours in a Plan Year (approximately 30 hours a week) to be eligible for coverage in the Plan.
- ☐ Plan sponsor **elects** to require that Lay Employees be regularly scheduled to work an amount that it considers to be full-time, _____ hours per Plan Year (multiply hours per week by 52 to calculate hours per year), to be eligible for coverage in the Plan.

b. Minimum Age Requirement

Employees must be at least age 15 to be eligible for coverage under the Plan.

If plan sponsor wishes to require that Employees be older than age 15 to be eligible for coverage, please select one of the following:

- ☐ Plan sponsor **elects** to require that Employees be older than age 15; plan sponsor requires its Employees be at least:
- ☐ Age 18 to be eligible for coverage in the Plan
 - ☐ Age 21 to be eligible for coverage in the Plan

c. Waiting Period

The waiting period is the amount of time an Employee must work for his or her plan sponsor before he or she becomes eligible for coverage in the Plan. Plan sponsor may choose a waiting period that new Employees must satisfy before becoming eligible for coverage in the Plan.

- ☐ Plan Sponsor **elects** that new Employees must satisfy the following waiting period:
- ☐ 0 months (i.e., no waiting period)
 - ☐ 3 months
 - ☐ 6 months
 - ☐ 12 months

Note: Service that an Employee accrues in a prior plan of the Plan Sponsor in the year preceding the Plan Sponsor's adoption of this Plan will be applied toward the waiting period that the Plan Sponsor elects under this Plan.

Part 3 – Retired Employee Coverage

Please indicate by checking the box below whether plan sponsor elects to cover its retired Employees in the lay life component of the Plan. If plan sponsor does not complete this Part 3, no retired Employees will be covered in the Plan.

- ☐ Plan Sponsor **elects not** to provide life insurance coverage to retired Employees.
- ☐ Plan sponsor **elects** to provide life insurance coverage, under the terms of the Plan, to Employees who have retired from employment in accordance with plan sponsor's retirement policy.

Minimum Years of Coverage Requirement

An Employee must have been covered in the Plan for at least five consecutive years, immediately preceding retirement, to be eligible for coverage as a retired Employee. Alternatively, if the Employee has not been covered for five consecutive years due to a break in coverage resulting from an uncovered leave of absence that lasted no longer than one year, the Employee will be eligible for coverage as a retired Employee if he or she has been serving at or employed by the plan sponsor (including the leave of absence) for at least five consecutive years.

Plan sponsor may elect to require that Employees serve or be covered in the Plan for additional years beyond the Plan's five-year minimum rule. If plan sponsor wishes to make such an election, it should elect to do so below. Plan sponsor has a duty to clearly notify its employees of this additional requirement.

- ☐ Plan sponsor **elects** to require Employees to be covered in the Plan for 10 consecutive years preceding retirement to be eligible for coverage as a retired Employee (i.e., five years beyond the Plan's basic five-year requirement).
- ☐ Plan sponsor **elects** to require Employees to be covered in the Plan for 15 consecutive years preceding retirement to be eligible for coverage as a retired Employee (i.e., 10 years beyond the Plan's basic five-year requirement).
- ☐ Plan sponsor **elects** to require Employees to be covered in the Plan for 20 consecutive years preceding retirement to be eligible for coverage as a retired Employee (i.e., 15 years beyond the Plan's basic five-year requirement).

Note to new Plan Sponsors: An Employee's service/coverage under the prior life insurance plan of a new plan sponsor will be credited toward satisfying the Plan's five-year coverage requirement for retired Employee eligibility (or toward the plan sponsor's longer elected service requirement), provided that such Employees had coverage under the prior plan as of the effective date of the adoption agreement.

Part 4 – Leaves of Absence

Lay Employees taking a leave of absence may be eligible for continued coverage in the Plan, subject to the Plan terms, for up to 60 days from the beginning of such leave of absence, if the plan sponsor continues to pay the required premium for coverage of such Lay Employee. If the leave of absence is a leave subject to the Family and Medical Leave Act of 1993 (FMLA) or a similar applicable state family medical leave law, the Lay Employee may be eligible for continued coverage in the Plan, subject to the Plan terms, for up to 12 weeks from the beginning of such leave of absence, if the plan sponsor continues to pay the required premium for coverage of the Lay Employee.

- ☐ Plan Sponsor **elects not** to continue coverage for Employees on the leaves of absence described in this Part 4.
- ☐ Plan Sponsor **elects** to continue coverage for Employees on the leaves of absence described in this Part 4 for the applicable period of time that the Employee is eligible to continue coverage on such leave of absence, i.e., 60 days or 12 weeks.

Note: An Employee returning to work from a leave of absence from which the Employee lost coverage will have coverage reinstated when he or she returns to active employment, provided he or she returns to active employment within 12 months of the beginning of the leave. He or she will not have to satisfy a new waiting period.

Part 5 – Coverage Requirements

Plan sponsor must cover all eligible Employees that plan sponsor has **elected** to make eligible under the terms of the Plan through this adoption agreement. Plan sponsor hereby agrees to abide by this coverage requirement and to pay all required premiums for such coverage of eligible Employees. Plan sponsor is not required to pay premiums for Employees not eligible under the terms of the Plan, Policies or this *Exhibit A*.

Plan Sponsor Adoption Agreement *Exhibit B* – Benefit and Coverage Options

This *Exhibit B* is incorporated by reference into and becomes a part of the adoption agreement entered into by and between plan sponsor and Wespath. This *Exhibit B* allows plan sponsor to make certain elections regarding types of coverage and coverage amounts and features under the Plan.

Plan sponsor elections in this *Exhibit B* apply to all Lay Employees eligible by plan sponsor's elections in *Exhibit A*.

Part 1 – Long-Term Disability Income Protection Benefits

Plan sponsor must select one of the following choices related to long-term disability (LTD) coverage under the Plan:

- ☐ Plan sponsor **elects not** to provide LTD coverage to its Employees through the Plan.
- ☐ Plan sponsor **elects** to provide LTD coverage to its Employees through the Plan as specified below.

a. Monthly Disability Income

The Plan provides an LTD income replacement benefit equal to 60% of the disabled Employee's predisability compensation.

b. Elimination Period

The elimination period is the amount of time that must elapse after the date of an Employee's disability, before LTD benefits begin. Plan sponsor must select one of the following options.

- ☐ Plan sponsor **elects** a 90-day elimination period for all LTD claims.
- ☐ Plan sponsor **elects** a 180-day elimination period for all LTD claims.

c. Mental Illness

Plan sponsor can choose a plan with a limit on disability benefits in cases where the primary basis for the disability benefits is mental illness.

Default: *If no option is selected, assumes 24-month lifetime limit on mental-nervous disabilities.*

- ☐ Plan sponsor **elects** plan with 24-month lifetime limitation on mental illness disability benefits.
- ☐ Plan sponsor **elects** plan with unlimited mental illness disability benefits (22% increase in premium).

d. Retirement Plan Contributions

The Plan will make a contribution to a disabled Employee's account in the Personal Investment Plan (PIP) if plan sponsor was making contributions (non-matching, matching or conditional) to the Employee's PIP account for at least three months before the date of disability. The contribution will be equal to the contribution plan sponsor was making to PIP on behalf of the Employee before the date of disability, but the contribution shall not exceed 3% of predisability compensation.

Part 2 – Life Insurance Coverage Options

a. Active Employee Coverage

Plan sponsor must select one of the following choices related to life insurance coverage for active Employees under the Plan:

- ☐ Plan sponsor **elects not** to provide life insurance coverage to its Employees through the Plan.
- ☐ Plan sponsor **elects** to provide life insurance coverage to its actively-employed Employees through the Plan as specified below.

Plan sponsor may elect to provide flat-dollar coverage to Employees or percentage of compensation coverage to Employees, but may not elect to provide both types of coverage. (See page 8.)

Please select one amount from Column 1 or 2:

1. <i>Flat-dollar Amount Options</i>	2. <i>Percentage of Compensation Options</i>
<input type="checkbox"/> \$10,000	<input type="checkbox"/> 100% (rounded to the nearest \$1,000; up to \$250,000)
<input type="checkbox"/> \$25,000	<input type="checkbox"/> 150% (rounded to the nearest \$1,000; up to \$250,000)
<input type="checkbox"/> \$50,000	<input type="checkbox"/> 200% (rounded to the nearest \$1,000; up to \$250,000)
<input type="checkbox"/> \$75,000	<input type="checkbox"/> 250% (rounded to the nearest \$1,000; up to \$250,000)
<input type="checkbox"/> \$100,000	<input type="checkbox"/> 300% (rounded to the nearest \$1,000; up to \$250,000)
<input type="checkbox"/> \$125,000	
<input type="checkbox"/> \$150,000	
<input type="checkbox"/> \$175,000	
<input type="checkbox"/> \$200,000	
<input type="checkbox"/> \$250,000	

3. *Accidental Death and Dismemberment (AD&D) Benefit.*

The AD&D benefit provides up to an additional 100% of the face value of life insurance coverage for active Employees who suffer accidental death or dismemberment.

If plan sponsor provides life insurance coverage, it must select one of the following choices related to the AD&D benefit under the Plan:

- ☐ Plan sponsor **elects not** to provide AD&D benefits through the Plan to its covered Employees.
- ☐ Plan sponsor **elects** to provide AD&D benefits through the Plan to its covered Employees.

b. *Spouse Coverage*

If plan sponsor provides life insurance coverage, it must select one of the following choices related to the spouse coverage under the Plan:

- ☐ Plan sponsor **elects not** to provide life insurance coverage to the legal spouse of any covered Employee through the Plan.
- ☐ Plan sponsor **elects** to provide life insurance coverage through the Plan to the legal spouse of any covered Employee as specified below.

Flat-Dollar Amount Options (select one):

- ☐ \$5,000
- ☐ \$10,000
- ☐ \$15,000
- ☐ \$20,000
- ☐ \$25,000
- ☐ \$30,000
- ☐ \$35,000
- ☐ \$40,000
- ☐ \$45,000
- ☐ \$50,000

The coverage for any spouse may not exceed the amount of coverage of the Employee through whom the spouse is covered.

The Plan prohibits an individual from being covered as both a participant and a spouse within the same policy (i.e., lay and clergy split couple cannot claim each other if they are covered under the Lay LTD and Life Insurance Plan and Clergy Supplemental Life Insurance Plan) or *UMLifeOptions* Clergy LTD or Life Insurance Plan.

c. Dependent Child Coverage

If plan sponsor provides life insurance coverage, it must select one of the following choices related to dependent child coverage under the plan:

- ☐ Plan sponsor **elects not** to provide life insurance coverage to dependent children of its Employees through the Plan.
- ☐ Plan sponsor **elects** to provide life insurance coverage through the Plan to the dependent children of its covered, active Employees as specified below.

Flat-Dollar Amount Options (select one):

- ☐ \$2,000
- ☐ \$3,000
- ☐ \$4,000
- ☐ \$5,000
- ☐ \$6,000
- ☐ \$7,000
- ☐ \$8,000
- ☐ \$9,000
- ☐ \$10,000

A dependent child cannot be covered by more than one Employee.

d. Retired Employee Coverage

Plan sponsor may select one of the following choices related to life insurance coverage of retired Employees under the Plan only if plan sponsor has elected to provide life insurance coverage to active Employees in Part 2, Section a, above:

- ☐ Plan sponsor **elects not** to provide life insurance coverage to its retired Employees through the Plan.
- ☐ Plan sponsor **elects** to provide life insurance coverage specified below through the Plan to its retired Employees who have retired in accordance with plan sponsor's retirement policy, as indicated in *Exhibit A*, and who are eligible as retired Employees under the rules of the Plan.

Flat-Dollar Amounts (select one):

- ☐ \$5,000
- ☐ \$10,000
- ☐ \$15,000
- ☐ \$20,000
- ☐ \$25,000
- ☐ \$30,000
- ☐ \$35,000
- ☐ \$40,000
- ☐ \$45,000
- ☐ \$50,000

The spouse and dependent children of a covered retired Employee cannot be covered under the Plan.