

Adoption Agreement for Conference Sponsorship of Compass Retirement Plan

Information

This form should be used by United Methodist Conferences to sponsor Compass for Clergy Under Episcopal Appointment to:

- a Local Church or Pastoral Charge located in the Conference,
- the Conference,
- a Conference-Responsible Unit [as provided in paragraph 344.1(a)(1) of *The Book of Discipline*] located within the Conference,
- a Conference-Elective Entity approved by the Conference,
- Clergypersons entitled to Compass benefits under USERRA who last served the Conference, or
- Clergypersons Appointed by the Bishop who are covered by the Comprehensive Protection Plan (CPP) and become CPP Disabled.

This Adoption Agreement should be reviewed and completed in conjunction with the *Compass Retirement Plan document and decisions made by the Annual Conference governing body*.

Capitalized terms in this Adoption Agreement have the meanings as defined in the *Compass Retirement Plan document*.

Read the Instructions and complete all parts of the Adoption Agreement.

Instructions

Part 1 – Plan Sponsor Information

Provide all the information requested in Part 1 of the Adoption Agreement.

Part 2 – Plan Eligibility

Specify the Clergy who are eligible to participate in Compass based on Appointment Percentage.

Part 3 – Plan Compensation

Compensation is described in the Compass Retirement Plan document. Under these terms, the Plan Sponsor may elect to include or exclude any additional wages or salary paid to the Participant in lieu of Plan Sponsor-provided group health plan coverage, including coverage of the Participant's family members.

If this is not applicable to the Annual Conference's health plan, then select Not Applicable.

Part 4 – Participant Contributions

4.1 Automatic Enrollment. The Plan requires Plan Sponsors to automatically enroll Eligible Clergy at a minimum rate of 4% of Plan Compensation.

Clergy who are automatically enrolled must be given an *Initial Automatic Enrollment Notice* and *Contribution Election*¹ form prior to the initial Effective Date of Compass or, if later, on their hire date or upon transfer to a different Conference. See the *Instructions for Furnishing Initial Automatic Enrollment Notice*¹ for information on how to provide this notice to Eligible Clergy. Also see the *Initial Automatic Enrollment Notice* for situations for which Automatic Enrollment will or will not apply. Eligible Clergy will be provided with the *Initial Automatic Enrollment Notice* and will be informed how they can make elections that differ from those that would apply under Automatic Enrollment.

Participants enrolled below the Conference’s Automatic Enrollment rate will be periodically automatically re-enrolled based on the Plan administration. Automatic re-enrollment will occur in the same month as the Automatic Contribution Escalation occurs.

4.2 Automatic Contribution Escalation. Plan Sponsors must also adopt Automatic Contribution Escalation. Under this feature, the rate of Participants’ Contributions may increase every year by a chosen percentage, up to a maximum percentage, in a certain month of the year, selected by the Plan Sponsor. Escalation of Participant Contributions will occur whether the Participant was making Contributions under Automatic Enrollment or by affirmatively completing the required documentation.

Participants may opt out of Automatic Contribution Escalation, or opt back into it, at any time by submitting the required documentation. See the *Initial Automatic Enrollment Notice* for information on which Clergy are eligible for Automatic Contribution Escalation and situations for which Automatic Contribution Escalation will not apply.

Part 5 – Plan Eligibility for Participants on Medical Leave

Plan Sponsors may choose whether to cover Clergy on Medical Leave who are not disabled under CPP.

Part 6 – Plan Sponsor Acknowledgements

This section outlines the Plan Sponsor’s responsibilities related to Compass and acknowledges the Plan Sponsor’s agreement with the terms upon execution of the Adoption Agreement.

Part 7 – Effective Date

This is the effective date of the Plan Sponsor’s sponsorship of Compass or the effective date of an amendment to the Plan Sponsor’s agreement. Generally, the effective date must be the first of a month on or after the authorized representative of the Plan Sponsor signs and dates the Adoption Agreement in Part 6.

Part 8 – Adoption

An authorized representative of the Plan Sponsor must execute the Adoption Agreement.

Part 9 – Wespath Signatures

By signing the Adoption Agreement in Part 7, Wespath signifies acceptance of the Plan Sponsor’s completed Adoption Agreement and the Plan Sponsor’s sponsorship or continued sponsorship of Compass. A signed copy of the Adoption Agreement will be sent to the Conference for their records.

¹ Available at Wespath.org.

Adoption Agreement for Conference Sponsorship of Compass Retirement Plan

Part 1 – Plan Sponsor Information

1.1 Conference _____

1.2 Conference # _____

Part 2 – Plan Eligibility (indicate **one** choice below):

- Clergy Appointed full-time (100%) only
 - Clergy Appointed three-quarter time (75%) and above
 - Clergy Appointed half-time (50%) and above
-

Part 3 – Plan Compensation (indicate **one** choice below):

- Include** additional wages or salary paid in lieu of Plan Sponsor-provided group health plan coverage, including coverage of the Participant's family members
 - Exclude** additional wages or salary paid in lieu of Plan Sponsor-provided group health plan coverage, including coverage of the Participant's family members
 - Not Applicable**
-

Part 4 – Participant Contributions

- 4.1 **Automatic Enrollment** starting at _____% (enter 4% or greater in whole numbers) of Plan Compensation, unless the Participant elects not to have Automatic Enrollment apply.
- 4.2 **Automatic Contribution Escalation** increases at _____% (enter 1% or greater in whole numbers) each _____ 1st (enter month of increase) up to a maximum of _____% (enter 5% or greater in whole numbers and not less than the percent elected in Part 4.1), unless the Participant elects not to have Automatic Contribution Escalation apply to his or her Participant Contributions. The first Automatic Contribution Escalation will occur after the first calendar year of Plan adoption.
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Part 5 – Plan Eligibility for Participants on Medical Leave (indicate **one** choice below):

- Participants on Medical Leave who are not CPP disabled are eligible for the Plan
- Participants on Medical Leave who are not CPP disabled are **not** eligible for the Plan

Part 6 – Plan Sponsor Acknowledgements

By executing this Adoption Agreement, the Plan Sponsor hereby acknowledges, understands and agrees that:

- 6.1 Upon acceptance of this Adoption Agreement by Wespath, the Conference will become a Plan Sponsor as defined in Compass.
- 6.2 The Plan Sponsor agrees to and will comply with the terms of Compass, as amended periodically, and the rules, regulations and procedures promulgated by Wespath, or its successors.
- 6.3 If Compass is amended in accordance with its amendment provisions, Wespath may (but need not) require the Plan Sponsor to execute a new Adoption Agreement.
- 6.4 Wespath will disclose to the Plan Sponsor all Compass Retirement Plan investment options and fees.
- 6.5 Wespath does not provide legal or tax advice to the Plan Sponsor or Plan Participants.
- 6.6 Compass is a Church Plan that is not subject to ERISA, including requirements such as the filing of annual reports and various reporting and bonding requirements.
- 6.7 In the event of any discrepancies between this Adoption Agreement and the Compass Retirement Plan document, the Compass Retirement Plan document will control.
- 6.8 The Plan Sponsor will enroll eligible Clergy into Compass upon their election to make Participant Contributions and/or their satisfaction of the applicable Plan Sponsor Contribution eligibility requirements.
- 6.9 A Plan Sponsor who elects Automatic Enrollment will furnish an Automatic Enrollment Notice to individuals within a reasonable period of time before deducting Participant Contributions from Plan Compensation to provide such individuals with time to change their contributions or opt out.
- 6.10 The Plan Sponsor will provide accurate data relevant to plan administration to Wespath in a timely manner.
- 6.11 The Plan Sponsor will limit the total of Before-Tax and Roth Contributions to Compass (and any other 403(b) plans sponsored by the Conference) to the annual dollar limit under Internal Revenue Code (Code) section 402(g), and total Contributions to Compass to the lesser of the annual dollar limit under Code section 415 or 100% of Code section 415 Compensation (generally taxable compensation plus before-tax salary deferrals, but not including housing allowance or parsonage).
- 6.12 The Plan Sponsor will remit Contributions to Wespath in a timely manner as required by Compass. Late Contributions may require payment of investment earnings and fees as specified in Compass and applicable procedures.

Part 7 – Effective Date

The Plan Sponsor agrees to amend Compass as of _____ 1, 20_____.

Part 8 – Adoption

The undersigned, on behalf of the Plan Sponsor named in Part 1.1, hereby declares a requirement to sponsor Compass or continue sponsorship in an amended Compass (as reflected in this Adoption Agreement) and hereby certifies that the appropriate governing board and/or officers have authorized the Plan Sponsor's sponsorship or continued sponsorship in Compass as of the effective date indicated in Part 7. The Plan Sponsor agrees to the terms and conditions of this Adoption Agreement, its instructions, and the *Compass Retirement Plan document*, which are incorporated herein by reference. If there is any conflict between these documents, the terms of the *Compass Retirement Plan document* will control.

Authorized signature _____ Date _____

Print name of signatory _____ Title _____

Part 9 – Wespath Signatures

Wespath hereby accepts this Adoption Agreement submitted by the Conference named in Part 1.1, and accepts that Conference as one of the adopters and Plan Sponsors of Compass as of the effective date noted in Part 7.

Authorized signature #1 _____ Date _____

Print name and title _____

Authorized signature #2 _____ Date _____

Print name and title _____

If you are **NOT** completing this document online, please complete it and return to Wespath by one of the following methods:

- E-mail (scanned copy) to csmteam@wespath.org, or
- Fax to **1-847-866-4894** or
- Mail to Wespath
Client Services Management Team
1901 Chestnut Avenue, Glenview, IL 60025

Be sure to keep a copy for your records.