Wespath



SUMMARY PLAN DESCRIPTION

Compass Retirement Plan

Wespath

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For 24-hour access to your current account information, log in to Benefits Access (**BenefitsAccess.org**).

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IMPORTANT INFORMATION

This booklet is a Summary Plan Description (SPD), which provides information regarding the Compass Retirement Plan (Compass), a program of one or more church-sponsored retirement income accounts within the meaning of Internal Revenue Code (Code) §403(b)(9). Compass is a Defined Contribution plan, as that term is defined in Code §414(i). Compass is also a Church Plan within the meaning of Code §414(e).

You will notice that some words used in this SPD begin with capital letters. These words have special meanings and are addressed in a glossary at the end of this SPD to assist you in better understanding your benefits.

Please keep in mind as you read this SPD that it is a summary of Compass' main features and not a detailed description of all provisions. The complete details of Compass can be found in the official Compass plan document, which is available upon request. You can always access the most current version of the SPD on the Wespath website—**wespath.org**.

This SPD describes the terms and conditions of Compass and is based on the plan document effective January 1, 2026. Every attempt has been made to summarize accurately these terms and conditions; however, if there are any discrepancies between this SPD 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 Compass, which is subject to amendment or termination as provided therein.

Similarly, if there are any discrepancies between this SPD and your Conference's Adoption Agreement, your
Conference's Adoption Agreement will govern at all times. Nothing contained in this SPD is intended to be nor will be construed as constituting a contract of employment with any employee or Participant or a contract or other arrangement between Wespath or Trustee and any employer, Conference, Participant or any other person.

Furthermore, Wespath may, at any time, change the statements made in this SPD. All distributions are subject to rules adopted by Wespath as the plan administrator. Moreover, Wespath has the authority to interpret the plan provisions and the SPD, to develop administrative rules and procedures, and to resolve or otherwise decide matters not specifically covered by the terms and conditions of Compass. There are additional powers and duties of Wespath and the Conference; please contact Wespath for more information. You may request a Compass plan document at any time.

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 nonexistent 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 offered to those in its service, including the Compass Retirement Plan (Compass).

This plan summary explains the provisions of Compass, which is designed to provide retirement benefits for eligible Clergy serving The United Methodist Church. Keep in mind that Compass is only one part of your retirement picture. You also may be eligible for retirement benefits from the Clergy Retirement Security Program (CRSP), Personal Investment Plan (PIP) and Social Security. Your personal savings and investments could add another source of retirement income.

CRSP will continue to be the Clergy retirement plan **through December 31, 2025**, and then it will "freeze." The CRSP defined benefit (DB) accrued benefit will continue to increase by 2% per year until the Clergy participant retires. At that point, the Clergy participant can choose the monthly annuity form of payment that best suits their needs during retirement.

Compass goes into effect **January 1, 2026**. Clergy participants in CRSP will automatically be enrolled in Compass (assuming the conference does not change its elections regarding eligibility). CRSP DC account balances will be transferred to Compass at a later point in time.

Here is an overview of how Compass works:

- Your Conference makes contributions to Compass on your behalf.
- The account-based Defined Contribution plan provides flexibility with a defined amount of money that your annual Conference will contribute to your Account monthly for as long as you are an active Clergyperson eligible for contributions to Compass. Your account balance at Retirement is the accumulated amount of contributions plus earnings (or minus losses) in your Account.
- You can make before-tax, Roth and/or after-tax Participant Contributions.
- You can save a percentage or dollar amount of your Compensation on a before-tax basis. Before-Tax Contributions are withheld from your Compensation before your federal and, in most cases, state and local income taxes are withheld. This lowers your taxable income and, in turn, lowers your current taxes. (Remember, you may owe income taxes on distributions from Compass in the future.)
- You can also save a percentage or dollar amount of your Compensation as Roth contributions. This means that your Roth contributions to Compass 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.
- You can also save a percentage or dollar amount of your Compensation on an after-tax basis. This means that your Contributions to Compass 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. (Clergy may avoid taxation on a portion or all of the earnings because of a housing allowance exemption.)

- Your Plan Sponsor Contributions are invested by LifeStage Investment Management. You decide how to invest your Participant Contributions. Compass offers a variety of investment fund options or you can choose to have this portion of your Account managed by LifeStage Investment Management. 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 are immediately 100% vested in your Participant and Plan Sponsor Contributions.
- Compass is designed to provide retirement income. Generally, you can begin to receive a distribution from your Account upon your Retirement, Termination of Conference Relationship or Disability.
- In addition, Compass allows you to withdraw or borrow money from your Participant Contribution Account if you have an approved financial hardship or to withdraw money from your Participant Contribution Account if you are age 59½ or older.
- You may roll over accounts from your other qualified retirement plans to your Rollover Account in Compass and elect to receive withdrawals from your Rollover Account at any time.
- Upon your death, your Account is available to your Beneficiary.

As with any retirement plan, there are some limitations and restrictions on participation, contributions and distributions. To make sound decisions and take full advantage of Compass' features, you should understand how Compass works. The best way to start is to read this Summary Plan Description (SPD). Then, if you have further questions, please contact your Conference or Wespath.

Questions?
For additional information regarding Compass or the other plans administered by Wespath, or investments and financial planning, please visit the Wespath website at **wespath.org**. For information about your Account, you have 24 hour, seven days a week access through Benefits Access at **benefitsaccess.org**. You also can call and speak with a customer service representative at **1-800-851-2201** Monday through Friday between 8:00 a.m. and 6:00 p.m., Central time. Throughout this document, we will refer you to Benefit Access or Wespath if you want more information about your Account or you have questions about the content of this SPD.

PARTICIPATION IN THE PLAN

To participate in Compass, you must be eligible under the terms of Compass and the Adoption Agreement between Wespath and your Conference—or the General Council on Finance and Administration (GCFA) if you are a bishop.

Who Is Eligible to Participate?

You are eligible to participate in Compass if you are a United Methodist Clergyperson who is:

- Under full-time Episcopal appointment or, depending on the Adoption Agreement of your Conference, half-time or three-quarter-time Episcopal appointment to a local church, pastoral charge, district or Conference-elective entity specified by the Conference and receiving eligible Compensation for your services;
- Receiving Disability benefits under the Comprehensive Protection Plan (CPP) and appointed full-time (or at least half-time or three-quarter-time if elected by your Conference on its Adoption Agreement) at some time during the 24 months (excluding periods while on leave of absence) immediately preceding the effective date of your CPP Disability benefits;
- On Medical Leave but not receiving CPP Disability benefits if:
  - Medical Leave is elected by your Conference as an eligible category for participation; and
  - you were appointed full-time (or at least half-time or three-quarter-time if elected by your Conference on its Adoption Agreement) at some time during the 24 months (excluding periods while on leave of absence) immediately preceding the effective date of your Medical Leave; or
- A bishop of The United Methodist Church, elected by a jurisdictional conference.

How and When You Enroll

Once you are eligible to participate, your Conference will enroll you in Compass beginning on the earlier of:

- the Effective Date of Compass if you satisfy the eligibility requirements on that date, or
- the first day of the month on or immediately following the date upon which you satisfy the eligibility requirements.

If you are a Clergyperson appointed to less than full-time Service or if you are a part-time or student local pastor, you may voluntarily elect not to participate (waive participation) in Compass (either the entire Plan, or in the Plan Sponsor Contributions portion of the Plan) by completing and submitting a *Waiver of Participation* form, available from your Conference, not later than 60 days after the effective date of such election. You may revoke this waiver at any time, but your Conference is not responsible for contributions for any period during which a waiver was in effect.

PLAN SPONSOR CONTRIBUTIONS

Once you are enrolled in Compass, your Conference makes contributions on your behalf as long as you are eligible. Conferences make three types of Contributions to each eligible Clergyperson's Compass account:

- $150 per month flat-dollar contribution (increasing 2% per year after 2026 rounded down to the nearest $5 increment and prorated based upon appointment percentage);
- 3% of Clergy's Compensation;
- $1 for $1 match on up to 4% of the Clergy's Compensation, based on how much the Clergy contributes to Compass.

If you are receiving CPP Disability benefits and continue to be eligible to participate in Compass after becoming Disabled, CPP will make the maximum amount of matching Contributions to Compass regardless of whether any Participant Contributions are made.

If you are on Medical Leave and your Conference has elected to make Compass contributions on your behalf, the contribution amount will be based on the Compensation you received immediately preceding your Medical Leave and increases by 3% each year, starting with the year following the year you first went on Medical Leave. If you no longer have a Conference relationship with The United Methodist Church because a Termination of Conference Relationship has occurred, such as the surrender of your ministerial or local pastor credentials, you will no longer be eligible to receive this Compass contribution.

Compass also provides matching contributions on Qualified Student Loan Payments ("QSLPs") made by Clergy. In essence, the plan treats clergy's QSLPs as if they are Clergy contributions and then provides an appropriate match as if such payments had been Clergy contributions to the plan. To receive this match, Clergy must certify annually how much they made in QSLPs for that year. Your Conference can contribute a matching contribution on QSLPs up to 4% of your Compensation, reduced by the amount of any matching contributions made for the current plan year. Matching contributions on QSLPs will be made once per plan year and will be posted to your account no later than a specified date determined by the plan administrator after the end of the year in which the QSLPs were made.

PARTICIPANT CONTRIBUTIONS

If you are a Clergyperson enrolled in Compass and not on Medical Leave, you may contribute Participant Contributions.

Compass permits several types of Participant Contributions:

- Before-Tax Contributions;
- Roth Contributions;
- After-Tax Contributions; and
- Rollovers from other qualified retirement plans or IRAs;

Wespath encourages you to save as much as you can by contributing to your Participant Contributions Account. However, the Internal Revenue Code (Code) places some limits on the total amount that you and your Conference can contribute. (Please see the "Contribution Limitations and Excess Contributions" section)

Before-Tax Contributions

If you elect to contribute to Compass on a before-tax basis, your Salary-Paying Unit will deduct your Contributions from your Compensation (i.e., paycheck) before your Salary-Paying Unit has withheld federal and, in most cases, state income taxes. You may elect to contribute either a flat-dollar amount or a percentage of your Compensation. The Contributions are not treated as taxable income in the year they are withheld from your Compensation; thus, the amount will reduce your gross income for federal tax purposes. Your Conference will collect the Contributions from your salary-paying unit and remit them to Wespath, which will credit your Before-Tax Contributions Account as soon as practicable after receipt.

Roth and After-Tax Contributions

If you elect to make Roth or After-Tax Contributions to Compass, your Salary-Paying Unit will deduct your Contributions from your Compensation (i.e., paycheck) after your Salary-Paying Unit has withheld federal and state income taxes. You may elect to contribute either a flat-dollar amount or a percentage to your Compass Account. The Contributions are treated as taxable income in the year they are remitted, just as your Compensation is taxable income in the year you receive it. Your Conference will collect the Contributions from your Salary-Paying Unit and remit them to Wespath, which will credit your After-Tax and/or Roth Contributions Account as soon as practicable after receipt.

Contribution Elections

To make Participant Contributions, you must log in to Benefits Access and navigate to **Retirement** and select **Accounts**. From there, select **Change Personal Contributions**. By completing this online election and agreement, you are:

- authorizing your Conference or Salary-Paying Unit to deduct the amount you specify from your Compensation;
- electing whether you want to contribute on a before-tax, Roth and/or after-tax basis; and
- specifying the amount in the form of a flat-dollar amount or a percentage (equal to at least ½ of 1%) of your Compensation.

The total of your Contributions made to Compass is subject to some limits established by Compass provisions and sections of the Code. Wespath may correct any excess contributions in a manner consistent with the rules of Compass, but together with your Conference, you are responsible for ensuring that your Participant Contributions do not exceed the limits allowed by the Code. (Please see the "Contribution Limitations and Excess Contributions" section.)

Automatic Enrollment

Compass requires your Conference to automatically enroll eligible Clergy who are not currently making contributions (after providing appropriate notice) for Before-tax Contributions at a default contribution rate of 4% of your Compensation (or higher default rate, if selected by your Conference), unless you elect not to make contributions or choose to change the amount or type of contribution. Your salary-paying unit will automatically deduct this amount from your pay and your Conference will remit it to Wespath for deposit into your Participant Contributions Account.

Participants making only one type of contribution (e.g., Before-tax, Roth, or After-tax) at a rate below the Conference's default contribution rate will be automatically increased to the default contribution rate for that same type of contribution.

Participants making more than one type of contribution (e.g., Roth and Before-tax, or Before-tax and After-tax) are excluded from automatic enrollment—even if the combined total of all contribution types is less than your Conference's default contribution rate.

If you do not wish to have contributions automatically deducted and remitted to your Account, you must inform your Conference and complete the prior to any future Contributions. You may stop or change your future contributions at any time by logging in to Benefits Access and navigating to **Retirement** and selecting **Accounts**. From there, select **Change Personal Contributions**.

Automatic Contribution Escalation

Your Conference must adopt Automatic Contribution Escalation. Under this feature, your rate of Contributions (Before Tax, Roth or After-tax, if you are contributing only one type) will increase every year by a chosen percentage, up to a maximum percentage, in a certain month of the year, all of which are selected by your Conference. Escalation of Participant Contributions will occur whether you were making Contributions under Automatic Enrollment or by affirmatively completing a *Contribution Election* form. Participants may opt out of Automatic Contribution Escalation, or opt back into it, any time by logging in to Benefits Access and navigating to **Retirement** and selecting **Accounts**. From there, select **Change Personal Contributions**. Participants enrolled below the Conference's Automatic Enrollment rate or Participants who elected not to contribute, may be periodically reviewed and automatically re-enrolled based on rules established by the Administrator. See the *Initial Automatic Enrollment Notice* for information on which Participants are eligible for Automatic Contribution Escalation and situations for which Automatic Contribution Escalation will not apply.

Changing Your Contributions

You may change the amount of your Contributions by logging in to your Benefits Access account and entering your new elections online. You are permitted to make, revoke or revise an election as of any future date. (Some Conferences may require sufficient notice for payroll changes. Please contact them for more information.) The election, revocation or revision is effective as soon as administratively feasible. If you stop contributing, you may start again at any time by making new elections online.

A change to your Participant Contributions may affect your Plan Sponsor Contributions. Matching Plan Sponsor Contributions are determined by the amount of your Participant Contributions. (Please see the "Plan Sponsor Contributions" section.) If you stop or reduce your Participant Contributions, your Plan Sponsor Contributions may stop or be reduced.

Rollover Contributions

You can roll over an account balance into Compass from a Code section 403(b) plan, 401(a)/401(k) qualified plan, 457(b) government plan or traditional IRA if that balance is an Eligible Rollover Distribution. Roth IRAs, after-tax contributions in IRAs and Code section 457(f) plan assets cannot be rolled over to Compass. However, if you convert your Roth IRA to a traditional IRA, it can be rolled over to Compass. You can roll over amounts into Compass if you are a Participant, Retired Participant, Terminated Participant, surviving Spouse or Alternate Payee provided that the total Account balance of a Terminated Participant will be at least $5,000 upon completion of the rollover.

There are two kinds of rollovers:

- Direct rollovers: You must inform the trustee or custodian of the other plan to: a) directly roll the amount over to your Compass Account; or b) issue a check payable to Wespath for remittance to your Account.
- Traditional or indirect rollovers: You receive a distribution check payable to you and you remit the amount to your Compass Account within 60 days after the date of the check.

CONTRIBUTION LIMITATIONS AND EXCESS CONTRIBUTIONS

The Code and related regulations contain many complex rules that determine the maximum contributions you and your Conference can make to all of your retirement plans. Wespath has summarized the contribution limits; however, we cannot provide tax advice to you. If you contribute an amount greater than the limit, you are responsible for any taxes, penalties or fees assessed by the IRS and any IRS-required adjustments to your prior years' tax liabilities. You and your Conference are ultimately responsible for monitoring these limits.

Before-Tax and Roth Participant Contributions Limit

The total of your Compass Before-Tax and/or Roth Participant Contributions, plus any before-tax and/or Roth contributions made to any other defined contribution retirement plans, may not exceed $24,500 in 2026. The IRS may adjust this limit in later years as allowed under the Code for increased cost of living. If you contribute more than this limit, you may be able to re-characterize your excess contributions as catch-up contributions.

If you would like more information about contribution limits, visit our website at **wespath.org/r/cl** or the Internal Revenue Service (IRS) website. If you have further questions concerning contribution limitations, you may want to consult your personal tax adviser.

Catch-Up Contributions

15 Years of Church Service
If you have 15 years or more of Service with any organization controlled by or associated with the same denomination (e.g., United Methodist), you may be able to make additional Before-Tax and/or Roth Contributions to Compass. The additional amount cannot exceed the smallest of the following amounts:

- $3,000 in any calendar year, or
- $15,000 minus the aggregate of all 15-year catch-up contributions made in all previous years, or
- $5,000 times your years of Service minus the aggregate of all elective deferrals previously made during such years of Service[1].

Amounts contributed as 15-year catch-up contributions are exempt from the $72,000 annual account additions limit (see below).

Age 50 Catch-Up Contributions
As of 2026, beginning in the year in which you will reach age 50, you may contribute additional Before-Tax and/or Roth Contributions. The IRS may adjust this limit in later years as allowed under the Code for increased cost of living.

Your total before-tax and Roth contributions for the year to Compass (and any other qualified retirement plans) cannot exceed the lesser of your compensation or the 2026 limits in the chart below.

Your Age	Total Before-tax and Roth Contribution Limit
Under age 50	**$24,500**
Age 50-59 by December 31, 2026	**$32,500** (includes $8,000 "catch-up" contribution)
Age 60-63 by December 31, 2026	**$35,750** (includes $11,250 "super catch-up" contribution)
Age 64 or older by December 31, 2026	**$32,500** (includes $8,000 "catch-up" contribution)

[1] Prior year elective deferrals in this calculation do not include any Age-based Catch-up Contributions.

Note: *If you have at least 15 years of service within your denomination, you may be able to contribute a higher amount than the above limits—call Wespath for further information. The Internal Revenue Service requires that, if you are eligible for both the catch-up based on age and the 15 years of service limit, you must use the 15 years limit first, before the age-based catch-up limit. If you are impacted by the SECURE 2.0 Act requirement that catch-up contributions must be made on a Roth basis, as described above, any 15 years of service contributions must also be made on a Roth basis.*

Total personal and Conference contributions (not including "catch-up" or "super catch-up" contributions) to all 403(b) plans sponsored by your Conference cannot exceed the lesser of 100% of compensation or $72,000 for 2026.

Clergy housing allowance is excluded from "compensation" for this purpose.

You cannot withdraw contributions from Compass unless you have a financial hardship as defined under Compass, attain age 59½, are Disabled as defined under Compass, Retire, terminate employment and/or you are a Clergyperson and terminate your relationship with your denomination.

Annual Account Additions Limit

Generally, the total amount of your Conference Contributions and Participant Contributions, excluding Rollover Contributions, cannot exceed the lesser of the following:

- $72,000 in 2026 (or as indexed in later years); or
- 100% of your 415 Compensation.

This limit also includes contributions to other Wespath-administered plans, such as the Personal Investment Plan (PIP) or any other 403(b) plan you or your Conference contribute to on your behalf. If the annual contributions to your Accounts exceed either of the limits set forth above, Wespath must follow IRS guidelines to correct, or re-characterize, the excess contributions to PIP and Compass, including refunding the excess amount to you or your Conference. Wespath will first correct your Participant Contributions Account, then your Conference Contributions Account. Your Conference is responsible for monitoring your total contributions to ensure that you do not exceed the annual IRS limits and for notifying Wespath accordingly.

INVESTMENT OF YOUR ACCOUNTS

You may direct the investment of your Compass Participant 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
- U.S. Equity Index Fund
- Social Values Choice Equity Fund
- International Equity Fund
- Short Term Investment Fund
- International Equity Index 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 Wespath website at **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 the Wespath website or call Wespath.

Instead of electing the specific investments for your Compass Participant Contributions, you may use LifeStage Investment Management)—to manage the investment of your Account. (Please see the "LifeStage Investment Management".) If you do not make an investment election for your Participant Contributions, they will be invested through LifeStage Investment Management.

Compass Plan Sponsor Contributions must be invested by LifeStage Investment Management.

LifeStage Investment Management

LifeStage Investment Management allocates your Compass 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 Compass account. As you age or your profile changes, LifeStage adjusts your allocation accordingly. LifeStage 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, change your profile or discontinue its use via Benefits Access.

Making Your Compass Investment Elections for Your Participant Contributions Account

If you choose to self-manage your investments instead of using LifeStage Investment Management, 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.

To change your investment fund choices, you can visit Benefits Access at **benefitsaccess.org**. Benefits Access allows you to access information about your Compass Account and make changes 24 hours a day, seven days a week.

If you have not yet registered for Benefits Access, click "**New User Registration**" and follow the prompts.

Keeping Track of Your Accounts

You can access your account information and quarterly statements in Benefits Access (**benefitsaccess.org**). Quarterly statements show contributions, any applicable earnings or losses, and other transactions during the quarter.

ACCESS TO YOUR ACCOUNT

There are different times at which you may access your Accounts, each of which may impact your financial security in retirement. Before you elect to receive a distribution, loan or withdrawal, Wespath recommends that you seek financial, tax and/or legal advice to help you understand the consequences.

You may access your Accounts by requesting the following:

- Distribution at the time of Retirement,
- Distribution if you become a Terminated Participant (of your Participant Contributions)[2],
- Distribution if you become Disabled (and remain an active Participant; applies only to Participant Contributions)[3].
- Hardship loan from your Participant Contribution Account,
- Hardship withdrawal from your Participant Contribution Account,
- In-service withdrawal from your Participant Contribution Account upon attaining age 59½,
- In-service withdrawal from your Rollover Account,
- Withdrawal from your Participant Contribution Account or Rollover Account due to qualified military duty.

The following is a summary of the requirements for distributions, loans and various types of withdrawals. Please remember that the loan or withdrawal is subject to rules and the use of forms established by Wespath. If you decide to take a loan or withdrawal, please contact Wespath for up-to-date information on the rules and applicable forms.

Please consider each loan or withdrawal type carefully and be sure to understand the impact on your financial security in retirement. Also, remember to contact Wespath for the up-to-date rules and forms.

Retirement

You may begin receiving benefits from Compass upon Retirement at:

- age 62 or upon completion of 30 years of Service under appointment, in accordance with ¶358.2b of *The Book of Discipline*;
- age 65 or upon completion of 40 years of Service under appointment, in accordance with ¶358.2c of *The Book of Discipline*; or
- the mandatory Retirement age of 72, in accordance with ¶358.1 of *The Book of Discipline*.

If you retire under ¶358.2a of *The Book of Discipline*—which allows for voluntary retirement with at least 20 years of service—you will not be eligible to begin receiving distributions from your Plan Sponsor Contributions account until you reach age 62. However, your Participant Contributions account may be distributed immediately upon Retirement regardless of age.

In no case are Conference members “Retired” until they have been granted the Retired relationship by their Conference. Retirement provisions for Clergy are governed by ¶358 of *The Book of Discipline*. Please consult the Disciplinary language or speak with someone in your Conference office for more information on Retirement eligibility and the Retirement process.

Termination

If you experience a Termination of Conference Relationship, you may begin distributions from your Plan Sponsor Contributions account upon reaching age 62. Your Participant Contributions account, however, may be distributed at any time after termination, regardless of age.

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[2] See “Forms of Payment” section regarding exceptions for Terminated Participants that are Critically or Terminally Ill.

[3] See “Forms of Payment” section regarding exceptions for Disabled Participants that are Critically or Terminally Ill.

Small Accounts
If the total value of your Compass Account plus any other Wespath-administered Account balances or Accrued Benefits does not exceed $5,000 at the time you terminate your Conference relationship or Retire, your Compass Account balance will be distributed as follows:

- If the aggregate value of your Wespath-administered plans exceeds $1,000 but does not exceed $5,000 and you do not request a lumpsum distribution or a rollover to another eligible plan or IRA, Wespath will automatically roll over your Account into an IRA in your name provided by a custodian designated by Wespath.
- If the aggregate value of your Wespath-administered plans at Termination of Conference Relationship or Retirement is $1,000 or less and you do not request a distribution or a rollover to another eligible plan or IRA, Wespath will automatically pay your Account to you as a lump-sum distribution as soon as administratively feasible.

Small Compass Plan Sponsor Contributions Account Balance
If you Retire or become a Terminated Participant, and your Plan Sponsor Contributions account balance is less than $20,000, it will be systematically transferred to your Participant's Contributions Account and immediately available to you for distribution.

Disability

You may elect to receive a distribution if you satisfy the definition of Disability or Permanent Disability for the different types of Participant Contributions. To receive a distribution, you must complete and return an *Application for Benefits for Disability* to Wespath. You may be asked to provide documentation or a certification of your disability in order for Wespath to determine your eligibility to receive a distribution.

If you are Disabled, you may take a distribution of your after-tax Contributions (plus related earnings). You are considered Disabled, for distribution purposes, if you are determined to be disabled by the Social Security Administration or under the terms of CPP, another long-term disability plan provided by your Conference, if you are on Medical Leave, or if you are a Terminated Participant and deemed disabled by a Wespath-selected third party vendor. The distribution may be subject to a 10% early withdrawal penalty for federal income taxes depending upon the severity your disability.

To withdraw amounts from your Before-Tax Contribution or Roth Contribution Accounts, you must be Permanently Disabled and not expected to recover within the meaning of Code sections 403(b)(11)(A) and 72(m)(7). You are considered Permanently Disabled for distribution purposes if you are unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of indefinite duration. You are responsible for satisfying any applicable IRS Regulations under Code section 72(m)(7). Wespath will accept a completed "*Permanent Disability Certification"* form as certification of permanent disability. If you are Permanently Disabled, distributions you receive before turning age 59½ may not be subject to a 10% early withdrawal penalty. If you are not considered Permanently Disabled, you may owe the 10% penalty on any distributions you receive before you turn age 59½. Contact the IRS for more information regarding the excise tax and any reporting requirements.

Hardship Loans

When you take a loan from your Compass Account, you are essentially borrowing from yourself and paying yourself back with interest. Remember, however, that the money you borrow will not provide investment earnings until it is repaid. As a result, your Account balance may be significantly reduced compared to what it would have been had you not taken a hardship loan.

You may request a loan only for the hardship reasons listed below:

- to meet certain unreimbursed medical expenses for you, your Spouse, your dependents or your named primary Beneficiary for this plan;
- to purchase a residence for yourself (excluding mortgage loan payments);

- to pay tuition and related educational fees (including room and board) for post-secondary education for you, your Spouse, your dependents or your named primary Beneficiary for this plan;
- to prevent your eviction from or foreclosure on your principal residence;
- to pay for the repair of damage to your principal residence that qualifies for a casualty deduction;
- to pay for funeral or burial expenses for your deceased parent, your Spouse, your dependent or your named primary Beneficiary for this plan;
- to pay expenses related to any natural disaster for which relief has been granted by the IRS; or
- to pay the costs of any other immediate and heavy financial need affecting you that qualify under federal regulations.

The maximum loan amount available is the lesser of:

- 50% of your Account balance; or
- $50,000 reduced by your highest outstanding loan balance from Compass during the preceding 12 months; over the outstanding loan balance from Compass on the date the loan was approved.

PIP account balances that include contributions from appointments as a Clergyperson may be combined with Compass when calculating the eligible loan amount. Regardless of your Account balance, the loan amount you request cannot exceed the amount needed to meet your financial hardship. The minimum loan amount is $1,000. If you are an active Clergyperson, the amount of the loan cannot exceed your Participant Contributions account balance at the time your loan is approved. If you are retired, your loan amount cannot exceed the combined total of your Compass Participant Contributions account balance, your former CRSP DC account balance (when transferred to your Compass Account), and your PIP balance at the time the loan is approved.

Wespath maintains a loan policy that includes the application, payment and default rules. The following is a summary of the current policy. At any time, Wespath has the authority to change the loan policy.

Applying for the Loan
You may apply for a loan if you are an active Participant in the Plan, Retired and not terminated, or on a leave of absence (including transitional leave or between appointments). You may only have one outstanding loan from Compass and PIP. There is a $50 non-refundable application/loan processing fee, which is deducted from your Compass Account balance. (This fee is subject to change.)

If you would like to model a loan or request a loan application to determine how much you can borrow and your repayment terms, log on to Benefits Access or contact Wespath at **1-800-851-2201** for additional information.

Upon approval of your completed loan application, Wespath will process your application. If the application is approved, we will deposit the new loan amount in your bank account within 30 days. Once you pay off a loan, you are eligible to request a new loan immediately following your repayment date. As noted earlier, however, a loan balance during the previous 12 months may reduce the loan amount for which you qualify.

Repaying the Loan
Your loan will bear a reasonable rate of interest based on market rates at the time of your loan. 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 checking or savings account via electronic funds transfer (EFT) and are remitted to Wespath. Loan repayments are returned to your Compass Account and invested according to your investment election on file or, if you have elected LifeStage, according to your target allocation.

The repayment period may be up to five years. However, if the loan is for the purchase of your primary residence, your repayment period may extend for as long as 15 years. You may prepay all or a portion of the outstanding principal (and interest due) in full at any time without penalty (by money order, cashier's check or certified check).

If you terminate or Retire, you may choose to repay the outstanding loan balance immediately or to continue loan payments over the term of the loan via EFT. However, if you elect to take a full distribution of your Account balance or if your balance (including the outstanding loan balance) is subject to an automatic distribution, you must pay the outstanding loan prior to the distribution. If you do not repay the loan, the outstanding balance will be defaulted and become a taxable distribution to you. If you are under age 55 when you terminate or Retire, this amount may also be subject to a tax penalty. Upon your death, if your Beneficiary is your Spouse, he or she may choose to repay any outstanding loan balance according to the terms of the loan. Otherwise, the balance will default and become a taxable distribution. A non-Spouse beneficiary may not continue loan repayments and must repay the entire outstanding loan balance plus any outstanding interest in one payment or the balance will default.

Loan Defaults
If you do not repay your loan according to the terms of the loan, the loan is considered to be in default. A loan is subject to default if there is at least one outstanding payment on the last day of the second month of the quarter following the quarter in which the payment was due. Defaulting on your loan has several consequences:

- The IRS treats your outstanding loan balance plus unpaid interest as a taxable distribution to you
- The IRS's 10% penalty tax on early distributions may apply (please see the "10% Federal Excise Tax" section on page 36)
- Wespath will issue an IRS Form 1099-R to you and to the IRS indicating the amount of the taxable distribution
- Future loans are not available from any Compass or PIP Account resulting from Service at any Conference
- You will be responsible for paying applicable taxes, including any penalties that may apply

Hardship Withdrawals

You may be eligible for a hardship withdrawal of your Before-Tax Contributions and/or Roth Contributions (excluding
earnings thereon) and After-Tax Participant Contributions account if you have a financial hardship while you are an eligible Clergyperson. However, neither your Plan Sponsor Contributions nor the earnings on them are eligible for hardship withdrawals. Unlike hardship loans, you cannot repay hardship withdrawals to Compass. Hardship withdrawals of Before-Tax Contributions are considered taxable income. Since Roth Contributions have been taxed, they are not taxable upon distribution. See "Taxation Considerations" section for more information. A 10% early withdrawal excise tax may also apply. (Please see the "10% Federal Excise Tax" section.)

Generally, a financial hardship exists if a withdrawal is required because of certain immediate and heavy financial needs. In addition, you must be able to prove and to certify that this financial need cannot be met by any other reasonably available sources. This will include exhausting funds available through savings, conventional loans and loans from Compass or other retirement vehicles in which you participate. The amount of your withdrawal request may not exceed the amount needed to meet the hardship, plus any tax liabilities you would incur as a result of the distribution.

While Wespath does not require you to submit supporting documentation for the hardship withdrawal, you should retain this supporting documentation in the event you are audited by the IRS.

You may request a hardship withdrawal for any of the following reasons:
- to meet certain unreimbursed medical expenses for you, your Spouse, your dependents or your named primary Beneficiary for this plan;

- to purchase your principal residence (excluding mortgage loan payments);
- to pay tuition and related educational fees (including room and board) for post-secondary education for you, your Spouse, your dependents or your named primary Beneficiary for this plan;
- to prevent your eviction from or a foreclosure on your principal residence;
- to pay for the repair of damage to your principal residence that qualifies for a casualty deduction;
- to pay for funeral or burial expenses for your deceased parent, your Spouse, your dependent or your named primary Beneficiary for this plan; or
- to pay expenses related to any natural disaster for which relief has been granted by the IRS.

Applying for a Hardship Withdrawal
You may request a withdrawal by completing a *Hardship Withdrawal Application* indicating the reason for the financial hardship. Only the hardship reasons listed on the application qualify you for a hardship withdrawal. Once this application has been submitted, Wespath will determine your eligibility to receive a hardship withdrawal. You may request information and an application online at **wespath.org**, or by contacting Wespath at **1-800-851-2201**.

Rollover Account Withdrawal

If you have rolled over your account balances from another retirement plan or IRA to Compass, you will have a Rollover Account. You may withdraw all or part of your Rollover Account for any reason.

In-Service Withdrawal Upon Attaining Age 59½

When you reach age 59½, you may withdraw all or part of your Participant Contributions Account for any reason. Your withdrawal request is subject to the rules adopted by Wespath regarding the form and the frequency of the withdrawals. Generally, your distribution is not subject to a 10% early withdrawal penalty for federal income taxes. However, you should check with your tax advisor before electing to receive a distribution.

Qualified Military Reservist Withdrawal

If you are a reservist called to active duty on or after September 11, 2001 for a period of at least six months and are still on active duty, you may withdraw all or part of your Participant Contributions Account. You must submit a copy of your military orders along with the appropriate Wespath form. This distribution is not subject to a 10% early withdrawal penalty for federal income taxes.

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 Participant Contributions Account. 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, Roth and After-Tax Contributions will be suspended for six months.

Death

Your Compass Account is payable to your Beneficiary (please see the “Beneficiary Designation” section) if you die before benefit payments begin to you or before your entire Account is paid out to you. In each case, Wespath must pay your Account to your Beneficiary in accordance with the Code’s Required Minimum Distribution rules.

Death Before You Begin Receiving Benefits

Spousal Beneficiary and Eligible Designated Beneficiary Options
If your Beneficiary is your Spouse or is an Eligible Designated Beneficiary, after your death, your Spouse or Eligible Designated Beneficiary may elect to:

- receive payment immediately;
- receive payment over his or her remaining life expectancy (must be elected within the calendar year following your death);

- request a direct rollover to another qualified plan or IRA (as long as the Account balance is greater than $200), **OR**
- defer payment until December 31 of the calendar year containing the tenth anniversary of your death. If this is elected, the entire balance is treated as an RMD in the 10th year and is not eligible for rollover.

If you die before your Required Beginning Date and your Spouse's required beginning date is on or after 1/1/2025, and your spouse is the *sole* Beneficiary of your retirement accounts and has not begun receiving RMDs, your Spouse's RMDs will be calculated using the Uniform Lifetime Table and your Spouse's remaining life expectancy, generally resulting in smaller RMDs.

In addition, if your Beneficiary is your Spouse, after your death, your Spouse may elect to defer payment no later than the Required Beginning Date in the chart below:

If the deceased participant's **Birth Date** was…	Your Surviving Spouse's Required Beginning Date is December 31 of the year after the year of the participant's death, or December 31 of the year they would have reached this age, whichever is later:
Before July 1, 1949	70 ½
July 1, 1949 - December 31, 1950	72
January 1, 1951 - December 31, 1959	73
On or after January 1, 1960	75

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 tenth anniversary of your death.

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 longest 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 an inherited IRA (as long as the Account balance is greater than $200 and the amounts to be rolled over are not RMDs). 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 Spousal Beneficiary 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 must either continue receiving annual Required Minimum Distributions (RMDs) for the first nine years following the participant's death, with the entire remaining balance distributed by December 31 of the tenth year or elect to receive the entire account balance immediately in a lump sum.

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 longest 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. (Please see the "Beneficiary Designation" section on page 10).

Required Minimum Distributions (RMDs)

You must begin receiving RMDs from your Account by your Required Beginning Date according to the following chart:

If your **Birth Date** is…	Your **Required Beginning Date** is April 1 after the year you retire or April 1 after the year in which you reach the age below, whichever is later:
Before July 1, 1949	70 ½
July 1, 1949 - December 31, 1950	72
January 1, 1951 - December 31, 1959	73
On or after January 1, 1960	75

For each subsequent year (and possibly the year of your initial distribution), you must receive an RMD by December 31 of that year. **Effective January 1, 2024**, Roth accounts and Roth rollover accounts are no longer subject to RMD rules while the participant is alive.

To satisfy the RMD 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 your expected lifetime may be accomplished by electing LifeStage Retirement Income or self-managed retirement income, described in the following section. Wespath may need to make an additional payment to you, if necessary, to meet the RMD requirement for that year. The amount of the RMD is determined by IRS regulations, which are subject to change. If you do not request a distribution that satisfies the RMD 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 an RMD 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 penalty of up to 25% 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. Please refer to the RMD brochure at **wespath.org/r/rmd** that summarizes the RMD rules, how to evaluate your options and what you need to do to start receiving payments.

Forms of Payment

You may leave your Compass account balance until you have to start receiving Required Minimum Distributions. However, when you are ready to start taking distributions there are different rules and options for your Plan Sponsor Contributions and Participant Contributions accounts.

Compass requires distributions to be made via LifeStage Retirement Income (LSRI) for your Plan Sponsor Contribution Account. However, the following distribution scenarios are exempt from the LSRI requirement for Participants and are not subject to the rule that distributions from your Plan Sponsor

Contributions Account may not commence until you have reached early retirement age:

1. Participants who are Retired, Terminated or Disabled and meet Wespath's established procedures for Critical or Terminal illness. To qualify for this exception, the Critical and Terminal Illness Certification Form must be completed by both you and your physician.
2. Participants subject to the Departing Clergy Benefits Conversion (DCBC), or who would have been subject to DCBC if they had a CRSP-DB benefit.
3. Participants with a Plan Sponsor Contributions account balance less than $20,000 at termination or Retirement.

Compass offers a choice of distributions options from your Participant Contributions Accounts. These are:

- cash installments;
- lump-sum distribution; and
- partial-sum distribution.

Once you are eligible to receive a distribution from your Participant Contributions account, you may elect one of these choices.

Cash Installments

Cash installments is a series of distributions taken from your Account on a monthly or annual basis. Your Account continues to be subject to investment gains, losses and expenses while you are receiving retirement income payments. Retirement income payments are subject to rules established by Wespath and RMD regulations.

LifeStage Retirement Income

LifeStage Retirement Income is a program that manages monthly retirement income payments from Wespath-administered defined contribution (DC) retirement accounts. The monthly payment amount automatically adjusts for annual cost-of-living increases, and is based on your age, remaining account balance and other factors, with the goal of providing monthly income for your lifetime (and survivor's lifetime, if applicable). The LifeStage Retirement Income program is mandatory for distribution to Participants from Plan Sponsor Contributions accounts (exceptions listed above) and optional for your Participant Contributions accounts.

LifeStage Retirement Income consolidates your DC account balances (into a single account. You can then choose how much to include in LifeStage Retirement Income, with the account balance managed by LifeStage Investment Management.

The investment of any Compass Participant Contributions account balance excluded from LifeStage Retirement Income can be self-managed or you can use LifeStage Investment Management. You can also transfer money between LifeStage Retirement Income and your Compass Participant Contributions account at any time. When money is transferred into or out of LifeStage Retirement Income, your next monthly retirement income payment will be adjusted to reflect the transaction.

LifeStage Retirement Income has two optional, customizable features:

- **The Social Security Bridge,** which bridges the financial gap that would occur if you chose to delay the start date of Social Security benefits—a decision that could boost your Social Security benefits by 8% each year you delay, up to age 70. This decision would apply a larger portion of your balance as income early on, then reduce the amount paid from LifeStage as Social Security starts. You may be eligible to select the Bridge if:
  - You are not already receiving Social Security
  - You did not opt out of Social Security
  - You have enough money in LifeStage Retirement Income to support it
  - You are younger than 70 years old

- **Longevity Income Protection,** which is a deferred annuity contract provided by a Wespath-selected insurance company. You can use a portion of your LifeStage Retirement Income funds when you enroll to purchase Longevity Income Protection. This annuity guarantees retirement income payments starting at age 80, regardless of how long you (and, if applicable, your spouse) live. The purchase is final, and the contract cannot be revoked. The contract does not include a refund of premium if you and your spouse die before the payments start. Income tax withholding is applied once your monthly annuity payments begin. You are eligible to purchase Longevity Income Protection if:
  - You are a retiree or surviving spouse at least 55 years old, or a terminated participant or alternate payee at least 61 ½ years old
  - You are younger than RMD age (generally between age 72 and 75, depending on your birth date)
  - You have sufficient funds to support it

If you are married at the time you purchase Longevity Income Protection and are receiving annuity payments from the contract, 70% of your monthly payment continues to be paid to your surviving spouse upon your death, provided you were married to the surviving spouse at the time of purchase. If you had not yet begun receiving annuity payments when you die, in this same scenario, your Spouse will begin receiving 70% of the monthly payments when you would have attained age 80. If both you and your Spouse die before annuity payments begin, no annuity benefits will be payable.

If your marital status changes after the purchase of the annuity, then one of the following situations applies:

- **If you were married when the deferred annuity was purchased:**
  - If a divorce occurs during the deferral period, the joint life policy of the deferred annuity will be converted to a single life policy for you only in the absence of a Qualified Domestic Relation Order (QDRO).
  - If Wespath receives a separate interest QDRO that seeks to divide the benefits paid by the deferred annuity, the QDRO will be honored and two separate deferred annuities will be issued to the two individuals over their single lifetimes, with the division percentages being based on the QDRO language. Wespath will administer the QDRO and provide direction to the insurance company on how to divide the deferred annuity. (i.e., division percentages).

- **If you were single at the time the deferred annuity was purchased:**
  - If you get married during the deferral period, the deferred annuity cannot be reissued over joint lifetimes. It will remain a single life policy for you only.

You can learn more about LifeStage Retirement Income at **www.wespath.org/r/lsri**.

Self-Managed Retirement Income
You can elect to manage your own Participant Contributions account retirement income payments. You may elect a specific payment amount to be paid each month or year or the expected period of distribution (which will establish the monthly or annual payment amount based on your Account balance at the time of each payment).

If you elect a specific dollar amount, your retirement income payments will continue until you change your election or until your entire Account is distributed. If you elect a specified period for your distributions, your payments may vary in amount, depending on your investment returns, so that your Account balance will be completely distributed at the end of the period you named.

Partial Lump Sum Distribution

You may not want to receive a single-sum distribution due to the tax consequences and loss-of-earnings potential.
Instead, you may want to receive a lesser amount to meet your current financial needs. If so, you may elect a partial-sum distribution. If you have attained your Required Beginning Date, you must elect partial-sum distributions at least equal to the RMD each year. (Please see the “Required Minimum Distributions” section.)

Single Sum (or Lump Sum) Distribution

You may elect to receive one cash payment (single sum or lump sum) equal to your Participant Contributions account balance valued as of the Accounting Date coinciding with or immediately before the date of distribution.

Electing Your Benefits

You may elect your benefits by logging onto **benefitsaccess.org** or completing an application for benefits; however, LifeStage Retirement Income must be elected online.

Trailing Account Balances

A trailing Account balance occurs when there is a delayed contribution or other credit to your Account after Wespath has distributed your entire Account balance. If the trailing Account balance is less than $200, you will automatically receive the payment as a lump-sum distribution. If the trailing Account balance is greater than or equal to $200, Wespath will automatically distribute it in the same form of payment that was applied to your previous distribution.

Eligible Rollover Distribution

You may 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, traditional IRA or Roth IRA. It is your responsibility to determine if the other plan accepts rollovers. When Compass' trustee directly rolls an amount to another eligible plan or IRA, you will not be subject to immediate taxation or tax withholding on the amount of the rollover. However, conversions to a Roth IRA may be taxable at the time you file your tax return for the year of the distribution.

When an Eligible Rollover Distribution is made payable to you, it is subject to an automatic 20% federal income tax withholding. If you wish to roll over the entire amount of the Eligible Rollover Distribution, you will have to substitute money from another source to make up for the 20% that was withheld. If you do not substitute money and roll only the 80% you received to the other plan or IRA, then the 20% of your distribution withheld will become a taxable distribution at the end of the 60-day rollover period. The 20% amount will be subject to ordinary income tax and possibly a 10% early withdrawal penalty. To avoid the 20% withholding, you may use a direct rollover (see the preceding paragraph).

Eligible Rollover Distributions may also be subject to state income tax withholding, which may also be deferred by the use of a direct rollover. The rules differ from state to state. You will receive more information and a form upon which to indicate your elections regarding state income tax withholding at the time of a distribution.

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 of your distribution or rollover. Wespath cannot process distributions until 30 days after you receive the notice unless you waive the 30-day notice period online or 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) Compass, contact Wespath or the administrator of the other plan or IRA.

The housing allowance exclusion available to Clergy may no longer apply to funds rolled out of a Wespath-administered UMC retirement plan into an IRA, a retirement plan not administered by Wespath or to a non-UMC church retirement plan administered by Wespath. Clergy may risk losing the housing allowance exemption on their Wespath-administered UMC account balance after the rollover. Please consult with your tax adviser for more detailed information on this exclusion from taxable income.

The Distribution Election Process

Most participants can apply for retirement benefits at **benefitsaccess.org**. The online application provides a step-by step process tailored to your Wespath-administered retirement plans—there is no need to complete any forms. As you answer each question, the interactive system reacts to these elections, so that you only see information and questions that apply to your situation.

You will also be prompted to make federal and, if applicable, state tax withholding elections and provide your bank account information so your payments are deposited quickly and securely into your account via EFT.

We recommend logging in at benefitsaccess.org to complete the following actions so that, when you do apply, the process is smooth:

- Confirm your contact information. Check your email, mailing address, and phone number. Make any necessary updates. Make sure that you are using a personal email address for this purpose.
- Confirm your account information. Verify your personal information and your spouse's information (if applicable). Contact Wespath immediately if you need to make a change to your spousal information so your benefit options are correct.
- Verify and/or update your beneficiary designations, both primary and secondary.
- Confirm your Clergy Service Record. Available under "Retirement" / "Profile"/ "Service and Compensation" summary. If this information is not correct, please contact your Annual Conference immediately. If this information is incorrect, it will delay the calculation of your benefits.
- Review your retirement account balances and DB plans— if applicable.

If you have service with pension credit under the Pre-82 Plan, your retirement kit will also include a copy of your service record as well as a Pre-82 Plan application for benefits that will allow you to delay the start of these benefits. If you are eligible for Pre-82 Plan benefits and do not return the Pre-82 Plan application, the benefit will begin the first day of the month following the month in which you retire based on your marital status on file.

BENEFICIARY DESIGNATION

Your Beneficiary is the person or persons to whom Wespath will pay your Compass Account if you die before receiving a distribution of your entire Account. Your Beneficiary will also receive your Account if Wespath or the Conference cannot locate you when you must begin receiving a distribution from your Account.

Wespath has sole discretion in determining the Beneficiary of any Accounts payable under the terms and conditions of Compass.

You may designate a Beneficiary by logging into your account at **benefitsaccess.org**. If you are not able to go online, you may submit a completed *Beneficiary Designation* form to Wespath. If you are married at your death, your primary Beneficiary is your Spouse unless your Spouse consents or consented to the designation of someone else. If you are not married at your death and you did not designate a Beneficiary or your designated Beneficiaries are all deceased or cannot be located, then Wespath will pay your Account to your estate as your default Beneficiary. If you want to direct payment to someone in addition to or instead of your Spouse or estate, it is important that you designate a Beneficiary. In order to be valid, beneficiary designations must be received by Wespath during your lifetime.

If your Beneficiary does not immediately elect to receive a distribution, he or she may designate his or her own Beneficiary. If he or she does not designate a Beneficiary, Wespath will pay the Account to your Beneficiary's spouse or estate at your Beneficiary's death.

Married Participants

If you are married, you may designate someone in addition to or in place of your Spouse, but your Spouse must consent to the designation as instructed on the Beneficiary Designation Form. If your Spouse does not consent and you die married, your designation will not be effective unless one of the following exceptions applies:

- 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 in writing before receiving them;
- your Spouse cannot be located when you are required to receive a distribution; 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. (Please see the "Assignment of Benefits and Qualified Domestic Relations Orders" section.)

If you and your Spouse divorced on or after January 1, 1998, any Beneficiary designation you made before the divorce in favor of your former Spouse is automatically revoked. Your former Spouse is no longer your Beneficiary unless:

- the Administrator receives and approves a QDRO that requires Compass 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.

Designation Procedures

You may designate one or more individuals, trusts or other legal entities as your Beneficiary subject to Spousal consent (see the abovementioned "Married Participants" section). Each designated Beneficiary will receive an equal share, per capita, unless you clearly specify otherwise in Benefits Access or on the Beneficiary Designation form. (If the shares you specify do not equal 100%, each Beneficiary will receive an equal share.) Also, 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, your other primary Beneficiaries, if any, or secondary Beneficiary may receive your Account. Wespath will determine, in its sole discretion, the Beneficiary of your Account pursuant to the terms and conditions of Compass.

You may designate Beneficiaries by logging onto **benefitsaccess.org**. If you cannot access your account online, you may request a Beneficiary Designation form from Wespath. After completing the form, please sign and return it to Wespath. Your Beneficiary designation is effective only if the election is made in Benefits Access or form is received by Wespath during your lifetime, or if the form is postmarked or sent by private courier (such as FedEx or the United Parcel Service) to Wespath before your death. Wespath will send a letter confirming receipt and acceptance of your Beneficiary designation to you. The most current Beneficiary Designation election made online or on a form will revoke all previous elections once Wespath accepts it as valid.

It is a good idea to keep a copy of the information you submitted and your confirmation and check it periodically (especially after a birth, death, marriage or divorce) to make sure that it still represents your wishes. If you elect to make a change, you must make the changes via Benefits Access or submit a new form to Wespath.

If you do not complete the Beneficiary Designation Form according to the rules, Wespath may not accept the form and will return it to you. If Wespath determines that your Beneficiary Designation Form is not valid, your previous designation will remain in effect. If Wespath returns a form to you because it is not valid, it is important that you understand the reason and go online or submit a new form with your desired Beneficiary designation. If the reason that Wespath did not accept the form is not clear, please contact Wespath for an explanation. (If Wespath fails to return a form to you, such failure is not an indication that the form is valid.)

In addition to the aforementioned rules, the Beneficiary designation rules include the following:

- Do not indicate groups of people such as "my children," "my parents" or "my nieces and nephews." Instead, be sure to indicate their names. Wespath cannot investigate who might belong to a class of persons you have named.
- If you have a birth or adoption, you will need to add the child in Benefits Access or submit a new *Beneficiary Designation Form* if you wish to designate your new child as a Beneficiary.
- Sign and date the *Beneficiary Designation Form* (if you use a form instead of going online).
- Clearly indicate whom you are designating as your primary Beneficiary.
- Do not write the name of a person whom you wish to name as a primary Beneficiary in the section reserved for secondary Beneficiary designation (or vice versa).
- Clearly indicate your intent regarding your designation of a Beneficiary, because we cannot assume any intent except that which you clearly indicate on your *Beneficiary Designation Form*.

Please keep your Beneficiary designations up-to-date. You may change or view your current Beneficiary designations on Benefits Access at **benefitsaccess.org**. Any time you make a change, Wespath will send you a Beneficiary confirmation by email or mail. You also should keep a copy of the most recent Beneficiary confirmation you receive and Designation form if you sent one to Wespath.

If your Beneficiary dies or you divorce, you may wish to change your Beneficiary designation. In addition, please provide Wespath with your Beneficiary's address and phone number and keep it up-to-date. If your Beneficiary does not submit a claim for benefits at your death or Wespath cannot locate your Beneficiary, he or she may forfeit the benefits.

If you wish to name more than one person as your primary Beneficiary, list all such persons in the space reserved for primary Beneficiary designation. Keep in mind that no secondary Beneficiaries will receive benefits unless all primary Beneficiaries are deceased or cannot be located.

Wespath reserves the right to change the Beneficiary designation procedures at any time in accordance with the terms and conditions of Compass.

It is important that you understand the Beneficiary designation rules. Please contact Wespath for more information.

If your Beneficiary does not immediately elect to receive a distribution, he or she may designate his or her own Beneficiary. If he or she does not designate a Beneficiary, Wespath will pay the Account to your Beneficiary's estate upon your Beneficiary's death.

CLAIMS AND APPEALS

Once eligible, you or your Beneficiary may apply for 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 for benefits within one year after the later of:

- when the events giving rise to the claim occurred; or
- when you knew or should have known of the facts or events giving rise to the claim.

If you do not file your claim within the timeframe above, the claim will be deemed to be irrevocably waived. If you or your Beneficiary does not claim benefits sooner, they must be claimed by your Required Beginning Date. (Please see the "Required Minimum Distributions" section on page 29.) Failure to do so could result in the forfeiture of Compass benefits.

Denial of the Application or Claim

If Wespath denies a claim for benefits under Compass, we will notify you or your Beneficiary in writing. The notice will:

- describe the specific reasons for the denial;
- cite Compass provisions on which the denial was based; 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.

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. You must file the notice within 90 days after the date of the letter denying your claim for benefits. You may submit facts and supporting documentation relevant to your appeal. 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.

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

Intermediate Appeal
If the Initial Appeals Committee denies your claim for benefits, in whole or in part, your appeal will be referred to Wespath's Intermediate Appeals Committee for consideration. The Intermediate Appeals Committee will decide the appeal within 60 days of the decision by the Initial Appeals Committee. The Intermediate Appeals Committee will conduct a review of your intermediate appeal and notify you, in writing, of its decision, the specific reasons for the decision and the provisions of Compass upon which the decision is based.

Final Appeal
If your claim for benefits is still fully or partially denied by the Intermediate Appeals Committee, you may request a review of the decision by filing a Notice of Final Appeal with the Final Appeals Committee of Wespath Board of Directors. You must file the notice with the Final Appeals Committee within 90 days after the date on which you receive the Intermediate Appeals Committee's written decision. You may submit comments and supporting documents to the Final Appeals Committee for its consideration. If the notice is not filed in a timely manner, the Intermediate Appeals Committee's decision to fully or partially deny your 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 Final Appeals Committee's next meeting. Appeals filed fewer than 30 days before a Final Appeals Committee meeting may not be heard until the following meeting (which could be some 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 Final Appeals Committee.

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

The Final Appeals Committee will conduct a review of your final appeal and send its decision to you within 15 days of the date on which the Final Appeals Committee makes its determination. The Final Appeals Committee's decision will be in writing and will include the specific reasons for its decision and the Compass provisions upon which its decision is based. The Final Appeals Committee's decision is final.

Your Responsibilities
You may not initiate a request for mandatory arbitration with the Plan, Wespath, any of the Claims Administrators or your Conference, with respect to any Claim of any kind until you have exhausted the Claims and appeals processes applicable to your Claim. Upon completion of the appeals process, you must initiate the request for mandatory arbitration within 12 months of the date of the written notice from Wespath regarding the final outcome of the final 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.

Mandatory Arbitration

All Participants agree to be bound by the Plan's mandatory arbitration provisions. A request for mandatory arbitration must be made within 12 months of the date of the written notice from Wespath regarding the final outcome of the final appeal, or such right to seek arbitration will be deemed waived.

TAXATION CONSIDERATIONS

You may owe taxes on all of the amounts paid to you under Compass plus any outstanding loan balances and unpaid interest.

Taxes While Your Account Is in Compass

Taxes are deferred on the Before-Tax Contributions you make and the Plan Sponsor Contributions your Conference makes to Compass when they are credited to your Account, and any earnings thereon, as long as this money remains in Compass and within your contribution limits. (Please see the "Contribution Limitations and Excess Contributions" section.) This tax deferral may provide significant advantages to you in increasing the value of your Account, because earnings can compound on amounts 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 the IRS and, in most
cases, your state of residence. You will receive a notice describing the taxability of your distribution from us before
the distribution.

Distributions of Before-tax Contributions and Plan Sponsor Contributions

Distributions of Before-Tax Contributions, Plan Sponsor 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.

Most Clergy can qualify for the housing allowance exclusion in accordance with the housing allowance rules of Code section 107. Such Clergy may exclude from their taxable income the least of the following amounts:

- the amount of their pension distribution designated as a housing allowance by their annual Conference,
- their actual costs of providing a home in such year, or
- the fair rental value of their furnished home, plus the annual cost of utilities.

Wespath will send a retirement packet that includes information about the housing allowance exclusion of your Church-service related retirement income to you after we receive your retirement notification.

Mandatory Withholding

If you receive an Eligible Rollover Distribution but do not roll it over, Wespath is required to withhold 20% of your taxable distribution for federal income taxes. 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, Wespath will pay the distribution directly to the eligible plan or IRA. The portion directly rolled over is not subject to immediate taxation. Any portion not directly rolled over will be subject to mandatory 20% federal income tax withholding.

Wespath is required by federal tax law to withhold 10% from non-periodic (over a period of fewer than 10 years) distributions that are not Eligible Rollover Distributions unless you direct us otherwise. For periodic distributions (over a period of 10 years or more) that are not Eligible Rollover Distributions, Wespath must withhold according to the IRS tax withholding table as though you claimed married with three allowances, unless directed otherwise by you.

Wespath also is required to apply state income tax withholding to your retirement distribution pursuant to the tax laws of your resident state. Based upon the type of distribution and the state in which you reside, you may be able to make a “no-withholding” election for your state taxes. In those cases, it is still your responsibility to pay any state taxes for which you are liable under that state’s tax laws. However, there are some states that require withholding on Eligible Rollover Distributions. In those states, even if you do not provide a state tax withholding election or make a no-withholding election, Wespath is required to withhold and remit state taxes on your behalf.

10% Federal Excise Tax

Your distribution may be subject to a 10% federal excise tax on the taxable portion you receive before you reach age 59½. This tax is sometimes called an excise tax or an early withdrawal penalty. Generally, this additional tax does not apply if the distribution is rolled over to an IRA or another eligible 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 your Conference or your relationship with your Conference (for Clergypersons) during the year you attained age 55 or later;
- because of total disability as defined in Code section 72(m)(7);
- to an Alternate Payee according to a qualified domestic relations order;
- 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 your life or the joint lives of you and your Beneficiary or contingent annuitant;
- as a direct rollover;
- as the distribution of elective deferrals you contributed that exceed the annual limits under Code sections 415 or 402(g); or
- as corrective distributions of excess aggregate contributions.

Tax laws are complex and change often. This SPD contains only a partial discussion of taxes. Because Wespath cannot provide you with tax advice, it is in your best interest to seek the advice of a qualified tax advisor before receiving distributions. This will help ensure that you receive up-to-date 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. Except as provided below, attempts to alienate, sell, transfer, assign or pledge your Account will be considered void.

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 Compass benefits, contact Wespath.

When Wespath 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 will notify you and each person named in the order, in writing, of the determination.

If a claim is submitted to Compass with respect to your Account while Wespath is determining whether an order related to your Account is a QDRO, we 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 named to receive benefits under the QDRO (an Alternate Payee) will be assigned the specified portion of your Account with the same rights and responsibilities as a Terminated Participant.

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 provided to a Terminated Participant under Compass will be afforded to an Alternate Payee under a QDRO. A distribution to an Alternate Payee may be permitted even if the affected Participant is not yet eligible for a distribution.

In addition to QDROs, your Account could be garnished, assigned or alienated under an IRS tax levy, for the payment of health plan premiums that you authorize, for the benefit of another plan administered by Wespath if you have received an overpayment under such plan or if you make a voluntary, revocable assignment in writing that is accepted by Wespath after your Account is eligible to be paid to you.

USERRA and the HEART Act of 2008

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

How Unclaimed, Relinquished or Disclaimed Benefits Can Be Delayed or Forfeited

You are entitled to your Compass Account. This portion is payable to you except in the following circumstances:

- 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 your Required Beginning Date or when you terminate employment with an Account balance in all Wespath-administered plans totaling less than $5,000). In such a case, 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 benefits of your Beneficiary (including any successor or default Beneficiary). If your Beneficiary(ies) fails to contact Wespath within 12 additional months after notification, the benefits will be forfeited and become the benefits of your next successor Beneficiary under the foregoing procedure. If none of your Beneficiaries claims the benefits in a timely fashion, they will be forfeited and used by Wespath to defray administrative expenses of Compass.
- Wespath issues a check for benefits that is not returned or cashed within a reasonable period of time. In such a case, those benefits may be forfeited and used by Wespath to defray the administrative expenses of Compass. Uncashed checks returned to Wespath because the payee is missing or for other reasons are handled as described above (given to your Beneficiary, etc.).
- You relinquish (i.e., permanently renounce) your benefits. In such a case, your relinquished benefits will be forfeited and used by Wespath to defray the administrative expenses of Compass.
- Your Beneficiary Disclaims all or any portion of an Account 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 as having predeceased the Participant enrolled in Compass, and the benefit is paid to the next Beneficiary in line.

Please keep Wespath apprised of your current address and phone number, even after you terminate employment with your Conference. If we do not have a current address for you, you risk forfeiting your Account.

Non-Reversion

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

- If the IRS determines that Compass is not qualified under Code section 403(b) or makes some other determination that Wespath believes makes Compass unworkable, provided Wespath does not succeed in challenging that determination, Compass may terminate on notice by Wespath to all participating Conferences, and all contributions (adjusted for any gains or losses) will be returned to the Conferences or to the Participants.
- If a Conference or Salary-Paying Unit makes a contribution by mistake, the Conference or Salary-Paying Unit may request its return by sending a written request to Wespath within one year after the contribution was made along with documentation of such mistake. Wespath may then return the mistaken contribution.
- Wespath may also return mistaken contributions on its own within 30 days. If the Conference or Salary-Paying Unit does not notify Wespath as described above, the erroneous contribution will be permanently forfeited and used to offset your Conference's future contributions to Compass.

Bankruptcy and Your Compass Benefits

Under a revision to the Bankruptcy Code applicable to anyone who files bankruptcy on or after October 17, 2005, your entire Account in a qualified plan, such as this 403(b) plan, is exempt from the claims of creditors in bankruptcy. If you have an outstanding Compass loan, you may continue to repay that loan during and after your bankruptcy proceeding. Contact Wespath for further information.

Ineligible Participation

If you are not eligible to participate in Compass, you will forfeit all rights to the Conference Contributions and any earnings that were made during the period of ineligibility. Wespath will refund the Contributions to your Conference if your Conference notifies us within one year. Any Contributions made more than one year in the past will be used by Wespath to defray the administrative expenses of Compass. Wespath will refund any and all Participant Contributions to your Conference, which should refund them to you.

If Compass is Terminated or Modified

Compass may be terminated, suspended or modified by the General Conference of The United Methodist Church. Also, Wespath Board of Directors is authorized to amend Compass for any changes in law, or for changes that do not reduce benefits, rights or features, do not increase costs, and do not violate *The Book of Discipline* or Judicial Council rulings.

In addition, a Conference may amend the elective provisions of its Adoption Agreement. The Conference also may freeze or terminate its participation in Compass at any time, provided Wespath is properly notified 90 days in advance of the termination date and the Conference's Employees are properly notified 30 days in advance of the termination date.

Conferences

Compass is sponsored by Annual Conferences of The United Methodist Church for the benefit of their eligible Clergy, pursuant to Adoption Agreements.

Plan Administrator

Compass is administered by Wespath and any successors. The Plan Administrator may be reached at:

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

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

Compass Name, Type and Year

The name of the Plan is the Compass Retirement Plan. Compass is a retirement income account within the meaning of Code section 403(b)(9).

Compass is intended to be a multiple-employer plan involving more than one plan sponsor for the purpose of Code section 401(a)(4) but is intended to be a single-employer plan solely for the purpose of Code section 414(e). Compass is intended to meet the requirements of a "church plan" under Code section 414(e) and to be exempt from the Employee Retirement Income Security Act (ERISA) under ERISA section 4(b) and Code section 410(d) to the extent permitted under those provisions and other applicable laws. Compass is administered on a plan-year basis, beginning on January 1 of each year and ending on December 31 of that same year.

Securities Laws

Compass 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 Compass and the entities maintaining any investment funds under Compass are not subject to those provisions of those Acts or laws. Therefore, Participants enrolled in Compass and Beneficiaries will not be afforded the protection of those provisions.

Agent for Service of Legal Process

Any legal process related to Compass should be served on:

CT Corporation
208 South LaSalle Street, Suite 814
Chicago, Illinois 60604

Compass Trustee

All Compass assets are held in a trust, called the Pension Trust of The United Methodist Church, which is qualified under Code sections 501(a) and 501(c)(3), or they may be held in one or more other trusts or insurance contracts. The trustee pays all Compass benefits from the trust. The trustee for Compass is Wespath. The trustee can be reached at:

1901 Chestnut Avenue
Glenview, Illinois 60025-1604

GLOSSARY

Account means the aggregate of the separate recordkeeping entries maintained by Wespath for the purpose of recording Contributions adjusted for any applicable debits or credits. Any reference to "Account" refers to all of the Accounts maintained in your name under Compass, unless the context otherwise requires.

Accounting Date means each business day of each calendar year and any other date upon which your contributions, debits or credits with respect to your Account are made.

Adoption Agreement means the agreement executed by your Conference and accepted by Wespath as a part of Compass and is the means by which your Conference adopts Compass, becomes a Conference and specifies any optional provisions.

After-Tax Contributions mean your Contributions to Compass made in accordance with your election to contribute a portion of your Compensation after income taxes are withheld, but not as Roth Contributions.

Alternate Payee means your Spouse, former Spouse, child or other dependent entitled to receive a portion of your Account under a qualified domestic relations order (QDRO).

Automatic Contribution Escalation means a Conference election to automatically increase your Participant Contributions to Compass for you, if eligible, each year by a specified percentage unless you elect otherwise. Your salary-paying-unit also elects the maximum percentage to which Contributions will increase and the month in which annual increases will occur. Your Conference will automatically reduce your Compensation by the increased amount of Before-Tax Contributions. Your Conference will collect and remit the amount withheld to your Compass Participant Contributions Account.

Automatic Enrollment means your Conference election to automatically begin Before-Tax Contributions (or increase Before-Tax, Roth or After-Tax Contributions) to Compass for you, if eligible, unless you elect otherwise. Your Salary-Paying Unit will automatically reduce your Compensation by the default contribution percentage your Conference elected on its Adoption Agreement. Your Conference will remit the amount withheld to your Compass Participant Contributions Account.

Before-Tax Contributions mean your Contributions to Compass in accordance with your election to contribute a portion of your Compensation before taxes are withheld. Compensation contributed to Compass on a before-tax basis will not be taxed until it is distributed from Compass.

Beneficiary means the person(s) (including an estate) to whom Wespath will pay your Compass 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.

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

Clergy or Clergyperson means a person who is:

- a bishop;
- an elder or deacon in full connection, a provisional member or an associate member of a Conference who is not currently in the retired relation;
- a full-time, part-time or student local pastor (as defined in the *Discipline*); or
- a clergyperson of another denomination who is under Episcopal appointment within a Conference pursuant to ¶346.2 and ¶346.3 of the *Discipline*, provided such person is not participating in a pension program of the denomination to which he or she belongs.

Code means the Internal Revenue Code, as amended from time to time, and any regulations, rulings or other administrative guidance issued pursuant thereto by the Internal Revenue Service.

Compass Retirement Plan means The Church-provided pension plan available for eligible Clergy of The United Methodist Church.

Compensation for Clergy eligible to participate in Compass means the sum of the following amounts:

- the annual base wages or salary paid or made available by your Conference or Salary-Paying Unit to you in a Plan Year, including, at the Conference's election, any additional wages or salary paid to you in lieu of Conference-provided group health plan coverage, including coverage of your family members, as determined by the Conference. Such wages or salary will include any amount that is excluded from gross income pursuant to Code §107(2); and
- when a parsonage is provided to you as part of your compensation, 35% of the amount described in section (a), not to exceed 35% of the annual rate of compensation for a Bishop, but not less than $10,000 (with such maximum and minimum being pro-rated for partial years during which a parsonage is provided).

Compensation will be determined under procedures that may be established by the Administrator. Compensation excludes, among other things, one-time or occasional payments that are not made regularly as part of your annual base wages or salary, such as expense reimbursements or bonus payments. Severance pay is also excluded from Compensation.

Comprehensive Protection Plan (CPP) is a Church welfare benefits plan for Clergy associated with a jurisdictional Conference of The United Methodist Church, as amended from time to time.

Conference means any annual conference, provisional annual conference or missionary conference that is described in the *Discipline* and is located in a jurisdictional conference.

CPP Disabled or CPP Disability means receiving disability benefits under CPP or having a condition that would entitle you to disability benefits under CPP, as determined by Wespath.

Critical Illness means any life-threatening condition that requires pharmacological and/or mechanical support of vital organ functions without which death would be imminent. Examples of illnesses include but are not limited to heart attack, stroke, major organ transplant and certain cancers.

Default Beneficiary means the person(s) (including an estate) to whom benefits are payable at your death or disappearance when there is no Designated Beneficiary or when Compass otherwise provides.

Defined Contribution means an account, including Compass, Personal Investment Plan (PIP) and Horizon 401(k) Plan (Horizon), for which you may select the investment of the account balance and/or future contributions among several of Wespath's funds.

Disabled or Disability means**:**

- determined to be disabled by the Social Security Administration; or
- receiving long-term disability benefits under the terms of CPP or another long-term disability benefit plan provided by your Conference; or
- placed on Medical Leave by your Conference; or
- if you are a Terminated Participant who is not eligible for a Social Security determination of disability, you are considered disabled by a Wespath-selected third party vendor.

Disclaim means that you or your Beneficiary refuses or waives a benefit before receiving it, such that it passes to another person, such as a successor Beneficiary.

Early Retirement Date means the first day of the month coinciding with or next following the later of:

- the date on which you attain age 62; or
- in the case of a:
  - Participant (other than a bishop): the date on which you Retire; or

- Terminated Participant: the date on which you incur a Termination of Conference Relationship or a five-year no record of appointment, provided that such date is before your Normal Retirement Date; or
- in the case of a Participant who is a bishop, the date specified in ¶408.2 or ¶408.3 of the *Discipline*.

Effective Date means January 1, 2026.

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 Compass.

Eligible Rollover Distribution means any distribution of all or any portion of your vested 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 made (not less frequently than annually) for your life (or life expectancy) or the joint lives (or joint life expectancies) of you and your designated Beneficiary or for a specified period of 10 or more years
- Any Required Minimum Distribution
- Any defaulted loans that are deemed distributions
- Any hardship withdrawal
- Any corrective distributions

415 Compensation means all amounts paid or made available by a Conference or Affiliate to you in a limitation year, including:

- your wages, salaries, fees for professional services and other amounts received (without regard to whether an amount is paid in cash) for personal services actually rendered in the course of employment with the Conference to the extent that the amounts are includable in your gross income—including, but not limited to, bonuses, fringe benefits and reimbursements or other expense allowances under a non-accountable plan, as described in Treasury Regulations section 1.62-2(c);
- amounts received in connection with disability, an accident or a 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 your gross income;
- amounts paid or reimbursed by the Conference for moving expenses incurred by you but only to the extent that at the time of the payment it is reasonable to believe that these amounts are not deductible on your tax return;
- amounts relating to before-tax elective contributions made from your Compensation to a Code section 403(b), 415, or 125 plan;
- foreign earned income (as defined in Code section 911(b)); and
- any of the following compensation earned before, but paid within the 2 ½ months after, a Termination of Employment or Retirement: sick leave, accrued sick leave, vacation pay, accrued vacation pay, regular pay, overtime pay, bonuses or other compensation that would normally have been paid in the normal course of employment.

The following payments, when paid after a Termination of Employment or Retirement, are *not* 415 Compensation: severance pay, unfunded nonqualified deferred compensation and parachute payments.

HEART Act of 2008 means the Heroes Earnings Assistance and Relief Tax Act. It requires that employers fund pension benefits and make certain types of Plan Sponsor contributions for a participant who died or became disabled on a qualified military leave.

LifeStage Investment Management refers to an investment management service that allocates your accounts among Wespath investment funds.

LifeStage Retirement Income refers to a distribution management service that uses your defined contribution accounts to create monthly retirement income payments designed to last for your lifetime.

Medical Leave means a conference relationship specified in ¶¶357 and 410.4 of the *Discipline*.

Participant means a person who qualifies or once qualified for Compass enrollment.

Participant Contributions mean Contributions to your Compass Account from your Compensation on an after-tax basis (including Roth Contributions) or before-tax basis or a rollover or transfer you elect to make to your Account.

Plan Sponsor Contributions mean Contributions to your Account made by a Conference.

Qualified Student Loan Payments or "QSLPs" mean loan payments made by a Participant during the applicable plan year to repay a qualified education loan that was incurred by the Participant to pay for qualified higher education expenses of the Participant, the Participant's spouse, or the Participant's dependent. A loan is considered "incurred by the Participant" only if the Participant is legally obligated to repay the loan and does so. Co-signing a loan is treated as being incurred by the Participant if the Participant is making the payments. Being a guarantor of a loan is not sufficient unless the spouse or dependent has defaulted and the Participant has become legally responsible for repayment and is making the payments. A qualified education loan means any indebtedness (other than to relatives) incurred by the Participant solely to pay qualified higher education expenses. Qualified higher education expenses mean the cost of attendance at an eligible educational institution, and typically include tuition and fees, room and board, books and supplies required by the school, and other necessary expenses, such as transportation.

Required Beginning Date means, with regard to a Participant who is required to begin receiving RMDs no later than attainment of the RMD age, 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 RMD age (between age 70 ½ and 75, depending on their birthdate).

In the context of a Beneficiary, Required Beginning Date means the date RMDs must begin as stated in IRS Regulations.

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

Retire or Retirement means, for Clergy who are not Bishops, being placed in the retired relations in accordance with ¶358 of the *Discipline* or, for Bishops, to have the status of a retired Bishop in accordance with ¶¶408.1, 408.2, or 408.3 of the *Discipline*.

Roth Contributions means your contributions to Compass made in accordance with your election under Code §402A to contribute a portion of your compensation after income taxes are withheld. Roth contributions may earn tax-free investment earnings if the applicable provisions of Code §402A are met.

Salary-Paying Unit means any one of the following associated with The United Methodist Church that pays you Compensation:

- Commission on the General Conference;
- A general agency;
- A jurisdictional conference;
- A Conference;
- A Conference board, agency or commission;
- A local church located in a Conference; or
- Any other entity to which a Clergyperson under Episcopal appointment is appointed.

Salary-Reduction Agreement means an agreement between you and your Conference or Salary-Paying Unit that specifies the amount or percentage of your Compensation to be withheld as Participant Contributions remitted by your Conference to your Participant Contributions Account.

Service means a period of time measured in months during which you earn one or more of the following:

- 15-year catch-up service; and/or
- eligibility service.

Spouse means your husband or wife or surviving husband or wife who is legally married to you or was legally married on the date of your death, under the laws of the jurisdiction where you reside or resided. Notwithstanding the foregoing, the term "Spouse" does not include common-law spouses, even in states that recognize common-law marriage.

Terminal Illness means an illness that has no known cure or has progressed to a point where it cannot be cured, and in the opinion of your physician it's expected to lead to death within 24 months.

Terminated Participant means a Participant who has incurred a Termination of Conference Relationship.

Termination of Conference Relationship means that you have ceased to be a member of any Conference, including by reason of:

- honorable location within the meaning of ¶359 of the *Discipline*;
- administrative location within the meaning of ¶360 of the *Discipline*;
- withdrawal within the meaning of ¶361 of the *Discipline*; or
- surrender of your ministerial credentials within the meaning of ¶361.2 or ¶2720.2 of the *Discipline*.

USERRA means the Uniformed Services and Reemployment Rights Act. It requires that employers fund pension benefits and make certain types of plan sponsor contributions that a re-employed participant did not receive due to qualifying military service.

Wespath administers Compass and other retirement, health and welfare benefits and investments. Wespath is a general agency of The United Methodist Church.

Wespath

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