A Guide to the Lay Defined Benefit Plan

Rules in effect as of January 1, 2024
Revised as of October 2024

CHURCH PENSION FUND
Passionate About Our Purpose

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Dear Friends:

As The Church Pension Fund looks ahead to its second century of administering pensions, we continue to be inspired by the audacious vision of our founder, Bishop William Lawrence, who said, “The object of pensions is security.”

We remain committed to helping you achieve financial security in retirement. As you review A Guide to the Lay Defined Benefit Plan, if you have any questions about your benefits, or are considering retiring in the near future, we encourage you to contact us at (866) 802-6333, Monday to Friday, 8:30 AM to 8:00 PM ET or at *benefits@cpg.org* to schedule a retirement discussion.

Thank you for your continued confidence and support.

Faithfully,

Mary Kate Wold

CEO and President
The Church Pension Fund

About This Guide

- This Guide is a summary of The Episcopal Church Lay Employees' Retirement Plan (the Plan) as in effect on January 1, 2024, which covers all eligible lay employees who are enrolled in the Plan by their *participating employer*. Please keep in mind that this is intended to be a summary document only, and it should not be viewed as investment, tax, or other advice. To request a guide describing plan provisions in effect prior to January 1, 2024, please contact our *Client Services* group.
- This Guide is intended to help you better understand your benefits and clarify what you need to do to ensure eligibility for the benefits provided by The Church Pension Fund (CPF) to members in the Plan.
- You will note that certain terms are capitalized throughout this Guide, which means they are proper names or are defined in our *Glossary of Terms*. Other more commonly used terms, such as employer-provided housing or participating employer, also appear in our Glossary of Terms because they have a specific meaning for purposes of the Plan.
- This Guide uses "you" and "your" when referencing a lay employee who works (or worked) for an Episcopal employer located in the U.S. and is eligible to participate in and is enrolled in the Plan. Although the primary audience of this Guide is lay employees, your eligible spouse and other eligible beneficiaries may also use it as a reference.
- The Plan is only for lay employees of Episcopal employers that have adopted the Plan. In other words, an Episcopal employer must be a participating employer in the Plan. Episcopal clergy cannot participate in the Plan (unless they were a member of the Plan prior to being ordained).
- The official plan documents will govern the Plan and all the benefits provided by CPF. In the event of a conflict between this Guide and the official plan documents, the terms of the official plan documents will apply. Please be advised that CPF's benefit plans are church plans and are not subject to the Employee Retirement Income Security Act of 1974, as amended.
- Individual situations may differ from those described in this Guide. If you would like to discuss your specific circumstances, please contact our Client Services group.

Important Checklists

Even if retirement is years away, it is important to understand how the Plan works so that you can best prepare for your future, but the closer you are to retirement, the more important it is to start planning in detail. With that in mind, CPF has developed the checklists below to help you understand your options as you make decisions that may affect the rest of your life.

Checklist While You Are Working

- ✓ Make sure *Assessments* are paid in full and on time. (If they are not paid on time, interest may be charged.)
- ✓ Carefully review your annual statement, including the amount of your annual *Earnings*, and contact our *Client Services* group if there are any errors.
- ✓ Please have your employer report through *My Admin Portal (MAP)* any employment status changes or corrections needed to the amount of your reported Earnings.
- ✓ Keep your beneficiary(ies) for the *lump sum death benefit* up to date through *MyCPG Accounts*.

Checklist for an Upcoming Retirement

- ✓ Contact our *Client Services* group at least three calendar months before you plan to retire.
- ✓ Carefully review the estimate of retirement benefits provided after contacting our *Client Services* group.
- ✓ Complete the retirement application provided after contacting our *Client Services* group.
- ✓ Choose a *form of payment* for a surviving spouse or other beneficiary (and obtain spousal consent, if required).
- ✓ Submit a completed retirement package to CPF prior to your planned retirement date. (Please note that retroactive retirements are not generally permitted.)
- ✓ Make sure Assessments are fully paid prior to your planned retirement date. (In general, Assessments will not be accepted by CPF, and adjustments to your Earnings record cannot be made, after you retire other than in the ordinary course of your retirement processing.)
- ✓ For details about Social Security, visit *ssa.gov.*
- ✓ For details about Medicare, please visit the Medicare website at *medicare.gov*.

Checklist for Retirees

- ✓ Please report through *MyCPG Accounts* any change in your address, marital status or banking information, or if your spouse or other named beneficiary dies.
- ✓ Make sure your spouse or beneficiary knows how to contact our *Client Services* group in the event of your death.

Retirement Plan At-a-Glance

CPF is pleased to offer a defined benefit pension plan for eligible lay employees of The Episcopal Church. The main features of the Plan are described below. The plan provides a benefit based on a predefined formula that takes into account your years of service with a *participating employer* and compensation history. Benefits are funded by employer contributions called *Assessments*.

Eligibility

You must be scheduled to work a minimum of 1,000 hours per year to be eligible to participate in the Plan. There is no minimum age or waiting period.

Portability

Vesting and *Credited Service* will be carried with you to any other participating employer.

How Benefits Are Calculated

Your retirement benefits are calculated using a formula that takes into account various factors, including:

	What is it?	Why is it important?
Credited Service	The period of years and months for which full *Assessments* have been paid while you are working for a *participating employer.*	Credited Service is used to *calculate* your retirement benefit.
Highest Average Compensation	If you earn Credited Service on or after January 1, 2018, *Highest Average Compensation* is generally the average of your seven highest-paid, non-overlapping 12-month periods during which you earned Credited Service over your entire career.	Highest Average Compensation is used to calculate your retirement benefit.

	What is it?	Why is it important?
Earnings	The basis for the amount that your participating employer pays in Assessments. Specifically, your participating employer must pay 9% of your Earnings, which is the sum of the following annualized amounts: • Base salary (excluding housing) and scheduled taxable cash payments; plus • Cash housing allowance and/or utilities; plus • Employer contributions to a qualified and/or non-qualified plan; plus • One-time payments (applies to month when paid); plus • The value of *employer-provided housing* (in accordance with the Plan's formula). See *A Closer Look at Your Retirement Benefit* for more details.	Both Highest Average Compensation and Credited Service are dependent on your Earnings. For each month that your participating employer pays the full Assessment due, you will earn one month of Credited Service, and your Earnings for that month may be counted toward your Highest Average Compensation.

Please note:

- Your *Earnings* are taken into consideration when determining your Highest Average Compensation only if and when Assessments (and, if applicable, interest) are paid in full.
- Earnings do not include: (1) any form of severance (including pay continuation following a termination of employment), or (2) Earnings above the Internal Revenue Code annual compensation limit.
- CPF reserves the right to request documentation, such as a Form W-2, at any time to support the amount of an individual's Earnings that is reported to us.

Vesting

Vesting means you are entitled to receive a retirement benefit from the Plan upon your retirement. You become vested upon the first of the following to occur:

- You earn five years of Credited Service; or
- You reach age 55 or older while enrolled in the Plan; or
- You become eligible for *disability payments*.

In addition, if you were, became, or become an *Active* member in the Plan on or after January 1, 2013, your previous employment with any Episcopal employer (even one that does not participate in the Plan) will count toward vesting service under the Plan if you worked at least 1,000 hours per year for that previous employer and also provide verification of that prior employment to CPF.

If you are ordained: If your enrollment in the Plan ends before you are vested and you later are ordained in The Episcopal Church, any future vesting service under the Clergy Pension Plan or the International Clergy Pension Plan will count toward the vesting requirement under this Plan, subject to the following: (1) your benefit has not previously been forfeited, and (2) you provide written notice to CPF.

Financial Protection While Working

Subject to eligibility requirements, the Plan may provide both survivor and disability benefit coverage from the time Assessment payments begin all the way through retirement, as long as *Assessments* are paid in full and on time. This includes:

- Disability payments for *Active* members who incur a serious and long-term disability before age 65. (See *Benefits if You are Disabled Prior to Retirement* for more information.)
- A preretirement survivor benefit for your eligible surviving spouse if you die before you retire. (To be eligible, you and your spouse must have been married for at least 12 months, and your death must occur on or after age 55. Other eligibility requirements apply. See *Preretirement Survivor Benefit* for more information.)
- If you die after retirement, the Plan provides an automatic 50% survivor's benefit to your surviving spouse, unless it was waived by your spouse at the time you retired. (If you are not married at the time of retirement, the Plan provides several *payment options* that will provide a survivor's benefit to a named beneficiary after your death. If you are married, with spousal consent in certain cases, you may also elect one of these other options.)
- A *lump sum death benefit* is available in the event you die while an Active member. The benefit is equal to two times your *Earnings*, up to a maximum of $50,000.

Since there are no individual accounts, the Plan does not provide loans. A *lump sum payout* at retirement is available on a limited basis.

When You Can Begin Receiving Benefits

You can begin receiving your *vested* retirement benefit at the following point in time:

Early Retirement	At or after age 55
Normal Retirement	At or after age 65*

**If you are vested, have not yet retired under the Plan, and are no longer working for a participating employer, the Internal Revenue Service requires that you must begin receiving your retirement benefit after you reach your IRS required beginning date. Your IRS required beginning date is April 1 of the year following the year in which you stop working for a participating employer or, if later, April 1 of the year following the year in which you turn the following age: age 70.5 (if born on or before June 30, 1949), age 72 (if born on or after July 1, 1949, and on or before December 31, 1950), age 73 (if born on or after January 1, 1951, and on or before December 31, 1959), and age 75 (if born on or after January 1, 1960).*

Participation and Eligibility

Employer Participation

An Episcopal employer must file an adoption agreement with CPF to become a participating employer in the Plan. The Plan cannot be adopted retroactively. An employer can fill out, sign, and submit the adoption agreement online through MAP.

A participating employer should report all eligible lay employees to CPF and enroll them in the Plan as soon as they are scheduled to work 1,000 or more hours per year. A participating employer is solely responsible for monitoring employees' hours.

Employer Assessments

- After an employer adopts the Plan, it must pay *Assessments* in full and on time for its enrolled employees, or members. These Assessments are a percentage (currently 9%) of each member's *Earnings*. Contributions from members are not permitted.
- All Assessments are due on the last day of the month for which they are billed. This means that every month, your participating employer is required to pay a percentage of 1/12 of your projected annual Earnings.
- If a participating employer does not pay the full Assessment when it is due, interest will be charged on Assessments that are three months or more overdue. The annual rate used to calculate interest is 4%. This rate is subject to periodic review.

Please note that CPF will not accept late Assessment payments unless the accrued interest is also paid. Once you retire under the Plan, no Assessments will be accepted other than in the ordinary course of your retirement processing.

Important note: We strongly encourage you to monitor whether your participating employer is paying Assessments in a timely manner. Late Assessment payments may accrue interest and also mean that you **will not:**

- Earn *Credited Service* unless and until Assessments are paid in full; and
- Receive all the benefits for which you and your family may be eligible because your member status under the Plan (*Active*/*Terminated*) may be impacted.

If Your Employer Stops Participating in the Plan

A participating employer can choose to stop participating in the Plan as of the end of a calendar year; however, CPF reserves the right to require a final contribution from the employer to ensure that the benefits of its members are fully funded, as determined by CPF in its sole discretion.

If you are actively working and enrolled in the Plan at the time your employer stops participating, you will become fully vested. You will not earn any additional benefits under the Plan while your employer is not a participating employer.

In keeping with the requirements of the Constitution and Canons of The Episcopal Church, an employer that chooses to stop participating in the Plan will be required to enroll eligible lay employees in The Episcopal Church Lay Employees' Defined Contribution Retirement Plan (or any other plan permissible under General Convention Resolution 2009-A138).

Employee Eligibility

To be eligible to participate in the Plan, you must be scheduled to work 1,000 hours or more per year at a *participating employer*. If you are scheduled to work less than 1,000 hours per year, you will become eligible on the first day of the month coinciding with or following the date on which you meet this requirement. It is your participating employer's responsibility to monitor scheduled hours.

Part-time employees scheduled to work less than 1,000 hours per year are not eligible.

There is no minimum age or waiting period to be eligible to participate in the Plan.

Employee Participation

- Your participating employer must enroll you in the Plan in order for you to become a member. Your employer can do this by filing an *Employee Application for Membership form* with CPF or by enrolling you online through MAP.
- You will become a member in the Plan on the first day of the month coinciding with or immediately following the later of the date your employer has adopted the Plan or the date you satisfy the minimum hours requirement described above. If you feel that you have met the participation requirements but have not been notified of your Plan membership, please contact our *Client Services* group or your employer to confirm your enrollment.

If you change jobs in the Church and move from one participating employer to another, your new participating employer may enroll you in the Plan if you meet the minimum hours requirement described above.

Important Date Affecting Your Benefits

Date of participation: Once your employer has adopted the Plan, your participation begins when your employer enrolls you in the Plan and makes the first Assessment payment on your behalf. For example, if your employer already has adopted the Plan, and you are hired to work full-time on March 15, 2024, your enrollment in the Plan will begin on April 1, 2024, but only if your employer enrolls you and pays the full Assessment due for April.

Member Status

Eligibility for the benefits described in this Guide is based on your member status under the Plan as follows:

You Will Be…	If…
Active	• You are scheduled to work 1,000 hours or more per year at a participating employer; and • Your participating employer has enrolled you in the Plan; and • You earn at least one month of *Credited Service*; and • *Assessments* are not more than 24 months past due.
Terminated	• You are entitled to a *vested* benefit; and • Your enrollment in the Plan has ended because: – You are not employed by a *participating employer*; or – You are employed by a participating employer but are scheduled to work less than 1,000 hours per year; or – *Assessments* are more than 24 months past due (even though you are employed by a participating employer and are scheduled to work 1,000 hours or more per year).
Retired	• You have initiated retirement and started to receive your retirement benefit and have not subsequently *returned to active service* with a participating employer. (If you previously retired under the Plan and then later return to active service, your retirement benefit may be suspended unless you meet certain criteria. See *Returning to Work After Retirement* for more information.)

The chart below shows the benefits you are eligible for based on your member status under the Plan. Please note that this is a high-level overview; other eligibility requirements and conditions apply. You will find summaries of these benefits in this Guide.

Benefit	Active	Terminated	Retired
Disability Payments	Yes (before age 65)	No	No
Preretirement Survivor Benefit	Yes, if you die after age 55 (benefit is based on a minimum of 10 years of *Credited Service*)	Yes, if you became a Terminated member after age 55 (benefit is based on actual Credited Service)	N/A
(Preretirement) Lump Sum Death Benefit	Yes	No	N/A
Post-Retirement Survivor Benefit	N/A	N/A	Yes, if elected at retirement
Monthly Retirement Benefit	N/A	N/A	Yes (unless you received a *lump sum payment* of your entire retirement benefit)
Discretionary Cost-of-Living Adjustments	N/A	N/A	Yes (unless you received a *lump sum payment* of your entire retirement benefit)

A Closer Look at Your Retirement Benefit

The following will help you understand the key components of the Plan and how your retirement benefits are calculated.

Credited Service

Beginning January 1, 2018, you will receive a month of Credited Service for each month that you are enrolled in the Plan and for which your participating employer pays the monthly *Assessment* (including interest, if applicable) in full. If your participating employer only partially pays (or does not pay) the Assessment due, you will not earn any Credited Service for that month.

Credited Service will vary depending on the length of your service while a member of the Plan. Service as an ordained Episcopal cleric or as an employee of the Church Pension Group Services Corporation does not count toward Credited Service under this Plan.

Highest Average Compensation

If you earn Credited Service on or after January 1, 2018, Highest Average Compensation is generally the average of the seven highest-paid, non-overlapping, 12-month periods during which you have earned Credited Service over your entire career. (The seven 12-month periods do not need to be consecutive; however, they cannot overlap.)

If you have less than seven years of compensated employment during which you earned Credited Service, then all of the months in which you earned compensation and Credited Service will be used to determine your "career average." This amount may fluctuate until a Highest Average Compensation is established.

Prior to January 1, 2018, the Plan used other definitions to determine Highest Average Compensation. If you established a Highest Average Compensation on or before December 31, 2017, then it can never be lower than that established amount.

Earnings

Earnings are used to calculate pension Assessments for your employer and your Highest Average Compensation.

Earnings* are the sum of the following annualized amounts:

1. Base salary (excluding housing) and scheduled taxable cash payments; plus
2. Cash housing allowance and/or utilities; plus
3. Employer contributions to a qualified and/or non-qualified plan; plus
4. One-time payments (applies to month when paid); plus
5. The value of *employer-provided housing*, which equals 30% of the sum of #1 – 4 above. However, if the sum of #1 – 4 above is less than the Clergy Pension Plan's Hypothetical Minimum Compensation ($18,000 per year beginning on January 1, 2018), the value of employer-provided housing equals 30% of the *Hypothetical Minimum Compensation*.

Earnings do **not include: (1) any form of severance (including pay continuation following a termination of employment), or (2) Earnings above the Internal Revenue Code annual compensation limit.*

Note that, if the only type of compensation that your *participating employer* provides is housing, then your *Earnings* equal 30% of the Clergy Pension Plan's Hypothetical Minimum Compensation.

A Note About Housing

The types of compensation included in the definition of Earnings are consistent with the types of compensation that are assessed on behalf of clergy under the Clergy Pension Plan. As such, the terms "housing" and "cash housing allowance" are used in the definition of Earnings. However, CPF defines such terms as cash payments that are paid on a regular basis and are excludible from an employee's gross income for income tax purposes. As such, lay employees generally should not have any housing to exclude from their base salary or any cash housing allowance to report.

Special Situations That Could Impact Your Retirement Benefit

Qualified Military Service

Qualified military service is covered by the Uniformed Services Employment and Reemployment Rights Act (USERRA), which provides important benefits for all Reserve and National Guard members who are called to active duty. This act requires employers to maintain pension coverage during the period of eligible military deployment and to guarantee equivalent employment after release from federal service. In accordance with USERRA, the Plan requires that pension *Assessments* be paid in full for the period of eligible active duty if you return to employment with your participating employer within the time period required by law.

Indianapolis Plan

Special rules apply if you previously participated in The Episcopal Diocese of Indianapolis Retirement Plan. Please contact our *Client Services* group for information.

When You Can Retire

Once *vested*, you can retire at one of the following times:

Early retirement:

- On or after age 55 but before age 65; and
- When you are no longer employed by a participating employer.

Normal retirement:

- On or after age 65; and
- When you are no longer employed by a participating employer or are scheduled to work less than 1,000 hours per year for a participating employer.

IRS required beginning date: If you are vested, have not yet retired under the Plan, and are no longer working for a participating employer, the Internal Revenue Service requires that you must begin receiving your retirement benefit after you reach your IRS required beginning date. Your IRS required beginning date is April 1 of the year following the year in which you stop working for a participating employer or, if later, April 1 of the year following the year in which you turn the following age: age 70.5 (if born on or before June 30, 1949), age 72 (if born on or after July 1, 1949, and on or before December 31, 1950), age 73 (if born on or after January 1, 1951, and on or before December 31, 1959), and age 75 (if born on or after January 1, 1960).

How Your Retirement Benefit Is Calculated

At Early Retirement

If you are vested and retire on or after age 55 (and before age 65), your annual retirement benefit is subject to reduction and calculated as follows:

Highest Average Compensation x 1.5% x Credited Service
= Your Total Annual Normal Retirement Benefit
Less
5% x each year (approximately 0.4167% per month) your early retirement date is short of age 65, with a maximum total reduction of 50%
= Your Total Annual Early Retirement Benefit

Special Transition Rule for Grandfathered Members: If you were age 50 or older and were Active (or Terminated but had a vested benefit) as of December 31, 2017, you will be grandfathered under different early retirement reduction factors, which are described below:

- If you retire on or after age 55 and before age 60, your benefit will be reduced according to a schedule (ranging from a minimum total reduction of about 12% to a maximum total reduction of approximately 40%).

– If you retire on or after age 60 and before age 65, your benefit will be reduced by 2.4% per year (or 0.2% per month) that your early retirement date precedes age 65, with a maximum total reduction of 12%.

At Normal (or Late) Retirement

Here is how your annual retirement benefit is calculated if you are *vested* and retire at or after the normal retirement age of 65:

Highest Average Compensation x 1.5% x Credited Service
= Your Total Annual Normal Retirement Benefit

For example:

John has decided to retire at age 65. He has 10 years of *Credited Service* and his highest Earnings for seven highest-paid, non-overlapping 12-month periods are:

$28,000	
$30,000	
$30,000	
$32,000	**John's Highest Average Compensation = $32,286**
$33,000	
$35,000	
$38,000	

John's annual normal retirement benefit equals:

Highest Average Compensation x 1.5% x Credited Service	$32,286 x 1.5% x 10 =
Total Annual Normal Retirement Benefit	**$4,842.90** (or $403.58 per month)

Benefit Payment Options

Listed below are all of the forms of payment available under the Plan. You choose a form of payment and, if applicable, name a beneficiary at the time you retire.

Single life option:

- Provides a monthly benefit for your lifetime only. No survivor's benefit is payable after you die.
- This is the normal form of payment (the default option) if you are not married at the time you retire.

Joint and survivor option:

- Provides an actuarially reduced monthly benefit for your lifetime and, after your death, a monthly survivor's benefit to your named beneficiary for their lifetime.
- The survivor's benefit can equal 50%, 75%, or 100% of your benefit.
- Your benefit is actuarially reduced to pay for the cost of providing the survivor's benefit.
- Upon your death, your beneficiary will receive the survivor's benefit that you elected at retirement.
- The 50% joint and survivor option is the normal form of payment (the default option) if you are married at the time you retire.

Important note:

You may not change the form of payment or your beneficiary designation after your retirement date under any circumstances. In addition, if your beneficiary predeceases you after you retire, you cannot name a new beneficiary as a replacement. In this case, no survivor's benefit is payable, even if you later remarry.

15-year certain and life option:	• Provides a reduced monthly benefit for your lifetime and may or may not provide a survivor's benefit depending on when you die. • If you die after receiving payments for 15 years, no further benefits will be paid after your death. • However, if you die before receiving payments for 15 years, then your named beneficiary will receive a monthly benefit for the remainder of the 15-year period. • If your beneficiary dies before the end of the 15-year period, the balance of any remaining payments will be paid to the estate of whoever is the last to survive.
Lump sum payment of small benefit:	• Provides a single payment of your entire retirement benefit if the value is below a certain amount. A lump sum payment may be mandatory or optional, as further explained below. • If your monthly benefit is $50 or less and the actuarial equivalent value (that is, present value) of your total retirement benefit is $1,000 or less, your entire retirement benefit automatically will be paid in a single lump sum. • If the previous bullet does not apply and your monthly benefit is less than or equal to $100, you may elect to receive a single lump sum payment of your entire retirement benefit. If you are married, your spouse must provide consent. • Lump-sum benefits generally may be rolled over to another eligible retirement plan or individual retirement account, unless you have reached your *IRS required beginning date*.

Spousal consent is not required if you are married and elect any of the joint and survivor options for your spouse. However, your spouse's consent will be required if you want to:

- Choose the single life option or 15-year certain and life option; and/or
- Name someone other than your spouse as your beneficiary.

Requesting Your Retirement Benefits

In general, you must contact CPF to request a retirement package at least three months prior to the date you want to retire. Retroactive retirements are not generally permitted.

As part of the retirement process, you will choose a form of payment and, if applicable, designate a beneficiary. You should plan to send your completed retirement application and all required forms to CPF at least four weeks prior to your anticipated retirement date in order for our *Client Services* group to process your retirement for that date, although there is one application filing exception noted below. If CPF receives your completed paperwork fewer than four weeks in advance, but in any event prior to your anticipated retirement date, then your retirement date will be honored, but payment of your benefit may not commence on time. If CPF receives your completed paperwork on or after your anticipated retirement date, then your retirement date will not be honored, and it will be pushed back to the first of the month following CPF's receipt of your completed paperwork.

For example:

Mary wishes to retire on January 1. She must contact CPF to request a retirement package by no later than October 1. If she contacts CPF on October 4, the earliest that she can retire is February 1.

Let's assume that Mary contacted CPF on or before October 1 to request a retirement package with a January 1 effective date. Mary should plan to send CPF all completed paperwork by December 1 if she wants to receive her first benefit payment by January 1. If CPF receives her completed paperwork between December 2 and 31, Mary's first payment may not be made until February 1, but she will receive a retroactive payment for her January benefit. If CPF receives her completed paperwork on January 3, then her January 1 retirement date will not be honored, and her retirement date will be pushed back to February 1.

Application Filing Exception: CPF recommends that you request and complete a retirement package to ensure that you select the payment option that meets your needs. However, CPF will automatically begin your retirement benefit payments even if you do not request and/or complete a retirement package if you have reached your *IRS required beginning date*. In this case, if CPF does not receive a completed retirement package on time, your retirement benefit will be based on the normal form of payment and your marital status in CPF's records at that time. If you want to choose your form of payment and designate a beneficiary, we encourage you to contact our *Client Services* group at least three full calendar months before your IRS required beginning date.

Receiving Your Retirement Benefit Payments

CPF strongly encourages you to have all retirement benefit payments sent directly to your bank by electronic transfer. Using this method allows CPF to transmit retirement benefit payments directly to your bank account, which helps to ensure that they arrive safely and are deposited on time. All you need to do is complete a *Direct Deposit Authorization Form*. Once the banking relationship is established, there is no need for further maintenance, unless your banking information changes.

Taxes on Retirement Benefits

- Benefits paid from the Plan are subject to federal income tax and possibly state and/or local income taxes.
- If you receive a *lump sum payment* or any other payment that is eligible for rollover to another eligible retirement plan or an individual retirement account (IRA), no tax will be withheld if the payment is directly rolled over to that other plan or IRA. However, if the payment is not directly rolled over, 20% of the payment will be withheld for federal income tax (unless you elect a higher withholding percentage). Mandatory state income tax withholding also may apply, depending on where you reside.
- At retirement, you will receive federal and state income tax withholding forms to complete and return to CPF.
- Every January, retired members will receive a tax form that reports the distributions from the Plan during the previous calendar year.
- You should consult your tax advisor before making any federal, state, and/or local tax withholding elections.

Mistaken Payments

If you or your survivors receive incorrect payment(s) for any reason, overpayments may be charged against, and underpayments may be added to, any benefits otherwise payable to you or your survivors. Interest may be charged or paid, depending on the circumstances.

After You Retire

Discretionary Cost-of-Living Adjustments

Although not required by Plan rules, the CPF Board of Trustees has the discretion to grant a cost-of-living adjustment to retirement benefits when inflation justifies it and the financial condition of the Plan allows for it. To evaluate the financial strength of the Plan, CPF stress tests it periodically using sophisticated financial models to determine whether it can support the granting of a cost-of-living adjustment. To protect the long-term viability of the Plan and the continuity of retirement benefit payments to members and beneficiaries, a cost-of-living adjustment will not be granted unless the Plan is fully funded and these stress tests show that the financial strength of the Plan will not be compromised over the long term.

Returning to Work After Retirement

If you retire and then return to work with a *participating employer*, your retirement benefits may be suspended, and you may earn an additional benefit under the Plan.

If you are scheduled to work 1,000 hours or more per year with a participating employer, your retirement benefits will be suspended unless you have reached your *IRS required beginning date*. If you have reached your IRS required beginning date, you will continue to receive your retirement benefits, even though you have returned to work. In either case, you will earn an additional benefit under the Plan if your employer pays the required *Assessments*.

Upon your subsequent retirement (or “re-retirement”), you will receive a retirement benefit that consists of the following:

- The retirement benefit that you were previously receiving, adjusted for cost-of-living increases, if any, paid in the *form of payment* that you previously elected; and
- The retirement benefit that is only based on the Credited Service and Earnings after your return to active service, payable in the form of payment that you elect on your subsequent retirement date.

These restrictions on working after retirement apply only if you return to work with a participating employer and are scheduled to work 1,000 hours or more per year at that participating employer. If you are scheduled to work less than 1,000 hours per year at a participating employer, if you return to work with an Episcopal employer that does not participate in the Plan, or if you work outside The Episcopal Church, your retirement benefits will not be impacted.

Medicare Secondary Payer

If you are age 65 or older and are eligible for active health coverage through your employer, then Medicare will not be the primary payer for your health claims. Instead, you should receive coverage under your employer’s health plan for active employees. This is true regardless of whether or not you have retired under the Plan or whether or not your retirement benefits under the Plan are suspended.

If you continue to work in The Episcopal Church after retirement (whether that work is for a participating employer or not) and are eligible for your employer’s active health coverage, you should receive coverage under your employer’s active health plan. This means that you will not be eligible for coverage under a Group Medicare Advantage plan (or other retiree health plan) offered by The Episcopal Church Medical Trust.

There is an exception from the Medicare Secondary Payer rules for active employees who are employed by small employers. Learn more about the *Medicare Secondary Payer Small Employer Exception*.

Medicare Secondary Payer is a term generally used when Medicare is not the primary payer of health claims for individuals who are eligible for active health coverage through their employer. The U.S. government designed Medicare to provide health coverage for retired individuals, not actively employed individuals.

Financial Protection While Working

Benefits if You are Disabled Prior to Retirement

If you are disabled before you retire and prior to age 65, you may be eligible to receive disability payments from the Plan. To qualify:

- You must be an *Active* member in the Plan; and
- You must file a written application for disability payments with the Plan Administrator; and
- CPF's Medical Board, designated as *American Family Life Assurance Company of New York (Aflac)*, must certify that you are disabled (as defined below).

You will be considered disabled under the Plan if you are unable to engage in substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or be of long-continued and indefinite duration, as determined by Aflac. From time to time, you may be required to submit documents confirming your continuing disability to Aflac. In order to continue to receive disability payments, CPF reserves the right to require that you receive regular and appropriate care as determined by a qualified health care provider.

> **Important note:**
>
> If you die after disability payments are approved but before choosing a *form of payment*, the Plan has certain default rules that apply. If you were married, your benefit as of the date of disability will be paid in the form of a 50% joint and survivor option. If you were not married, your benefit as of the date of disability will be paid in the form of a single life option, which means that no survivor's benefit will be payable following your death. Your marital status on record with CPF at the time of death will be used to determine the form of payment.

Amount of Disability Payments

Once approved for disability, you will become fully *vested* under the Plan (if you are not already), and you will receive disability payments determined using the formula for normal retirement based on your *Highest Average Compensation* and *Credited Service* earned through the date of disability, provided that a minimum of 10 years of Credited Service will be used for this purpose.

When you become eligible for disability payments, you choose a *form of payment* and, if applicable, designate a beneficiary.

Duration of Disability Payments

Disability payments will begin after Aflac has determined that you are *disabled* and entitled to disability payments.

Disability payments will end when the first of the following occurs:

- When you are no longer disabled or
- When you die; or
- If you fail to submit proof of your continuing disability; or
- When you turn age 65.

If you are receiving disability payments when you reach age 65, the disability payments will automatically be considered to be a normal retirement benefit, payable in the same amount and in the same form of payment as the disability payments.

Preretirement Survivor Benefit

If you die before you retire, your eligible spouse will receive a monthly preretirement survivor benefit for life if:

- You were an *Active* member in the Plan and died on or after reaching age 55; or
- You ended employment with a *participating employer* on or after reaching age 55 and were entitled to a *vested* benefit.

An eligible spouse is the person to whom you were legally married at the time of death and for at least 12 months prior to your death. If you do not have an eligible spouse at the time of your death, no preretirement survivor benefit will be payable from the Plan.

An eligible spouse's preretirement survivor benefit will be determined as follows:

- The amount of your *calculated retirement benefit* based on your *Credited Service* and *Highest Average Compensation* at the time of death; however, if you were an Active member who had not yet attained age 65, a minimum of 10 years of Credited Service will be used for this purpose.
- If applicable, the benefit, as calculated above, will be adjusted based on the Plan's *early retirement reduction factor* as if you had retired at the time of death.
- The benefit will be further adjusted as if you had elected the 50% joint and survivor option.

If You Die During Qualified Military Service

Special provisions may apply. Please contact our *Client Services* group.

Lump Sum Death Benefit (If You Die Prior to Retirement)

If you are an Active member in the Plan and die before you retire (regardless of your age at the time of death), then your designated beneficiary(ies) is eligible to receive a benefit from The Episcopal Church Lay Employees' Death Benefit Plan (the Death Benefit Plan).

The lump sum death benefit payable from the Death Benefit Plan is equal to two times your *Earnings*, up to a maximum of $50,000.

If you do not name a beneficiary, the Death Benefit Plan provides that the following will be your default beneficiary(ies):

1. Your spouse; or
2. If you were not married, your children; or
3. If you were not married and had no children, your estate.

Keep Your Beneficiary Information Updated

Be sure to name a beneficiary for the lump sum death benefit when you first become a member of the Plan and update your beneficiary information as needed throughout your career. You can update your beneficiaries through *MyCPG Accounts* or download the form *here*. It is important that beneficiary information (including contact information) be kept up to date. If you name your spouse as a beneficiary, your spouse will remain your beneficiary even if you subsequently divorce or legally separate, unless you designate a new beneficiary, or revoke your designation in writing.

Life Event Changes

Changes to Your Personal Information

To ensure that you earn full benefits and that benefits are provided as you intend, it is your responsibility to make sure CPF receives accurate and up-to-date personal information regarding:

- *Earnings*; and/or
- Major life events (such as marriage, divorce, or birth/adoption of a child); and/or
- Any change in beneficiaries (including their contact information).

Your employer should report any changes in your *Earnings* or employment status through *MAP* and you should report any changes in your marital status, or make any needed updates to your beneficiaries, through *MyCPG Accounts* as soon as possible. You should also review your annual pension statement (because it reflects the information on file with CPF) as well as your current Earnings and projected retirement benefits

Monitoring Assessments:

Your participating employer is required to regularly pay *Assessments* on your behalf. You should verify that your employer is paying Assessments in full and on time. If Assessments are not paid, you will not earn *Credited Service* and may lose *eligibility* for certain benefits (such as *disability benefits*, the *preretirement survivor benefit*, and the *lump sum death benefit*). In addition, overdue Assessments may accrue interest. See *Employer Assessments* and *Member Status* for more information.

If You Divorce Before You Retire

If you divorce before retiring, the court that has jurisdiction over the dissolution of your marriage may require that your retirement benefit be divided with your former spouse because it constitutes marital property. The division of your retirement benefit may be determined by a divorce decree or marital property settlement agreement. In either case, if your former spouse is entitled to a share of your retirement benefit, and you would like CPF to pay that share directly to your former spouse, then you and your former spouse must file a qualified domestic relations order (QDRO) with the appropriate court. The QDRO also must be approved by CPF. Your divorce decree and/or marital property settlement agreement generally will not act as a QDRO because a QDRO must meet certain specific requirements before CPF will approve and implement it.

CPF has developed two different types of model QDROs that you may use as a template when preparing your own. (The type that you use will depend on your own personal situation.) Using a model can greatly speed approval of the QDRO by CPF, saving you both time and legal fees. We strongly recommend that you submit a draft QDRO to CPF for pre-approval before signing it and filing it with the appropriate court. If we receive an order that has been executed by both you and your former spouse (or your attorneys) or an order that has been certified by a court, CPF will place a hold on your account to prevent the payment of any retirement benefits until we either approve the order or the order is withdrawn.

Once a QDRO has been approved by CPF, you will not have to pay income taxes on any amounts paid from the Plan to your former spouse in accordance with the terms of the QDRO.

Unless a QDRO has been approved by CPF, CPF will not pay any portion of your retirement benefit to your former spouse. However, even if you do not have an approved QDRO, you may still be legally obligated to pay a portion of your retirement benefit directly to your former spouse, if required by your divorce decree and/or marital property settlement agreement.

If you are about to enter or have entered the divorce process, we recommend that you contact our *Client Services* group well before your court date. In addition, in the event of your divorce, you should also consider whether to update your beneficiary designation for the *lump sum death benefit*, if necessary.

If You Divorce After You Retire

If you divorce after retiring, the person whom you designated as your beneficiary (if any) remains eligible for the survivor's benefit elected at retirement. This cannot be changed.

You may enter into a qualified domestic relations order (QDRO) in order to divide your retirement benefit with your former spouse, *as described above*.

If You Marry After You Retire

If you marry after retirement, your new spouse is not considered a beneficiary of the Plan and will not be entitled to a benefit. You may not change the *form of payment* that you elected at retirement under any circumstances; therefore, whomever you designated as your beneficiary at that time, if you did so, will receive the survivor benefit that you elected in the event of your death.

If your beneficiary predeceases you and you marry after retirement, you cannot substitute your new spouse as the beneficiary, even though the person whom you designated at retirement is no longer living. In this case, no survivor benefit is payable following your death.

In addition, because your eligibility for the Death Benefit Plan ends at retirement, a new spouse whom you marry after retirement will not be entitled to a *lump sum death benefit* following your death.

The Appeals Process

Appeal Not Related to a Disability Determination

First-Level Appeal

If you, your beneficiary, or any other person (a "claimant") believes that they have been denied benefits under the Plan or the Death Benefit Plan, or believes that they have any other claim, dispute, or controversy arising out of the Plan or Death Benefit Plan, the claimant may file an appeal with CPF, which will be subject to a full and fair review. A filed appeal must:

- Be in writing;
- Be submitted either by the claimant or by their authorized representative; and
- Provide detailed reasons, including any supporting evidence either by email to *appeals@cpg.org* or by mail, about why the claimant believes that CPF's initial decision was incorrect. You should submit a first-level appeal either by email to *appeals@cpg.org* or by mail to:

  Church Pension Group
  Attn: First-Level Review
  19 East 34th Street
  New York, NY 10016

The claimant generally will receive a written response to their appeal within 60 days after the appeal is received by CPF. If CPF needs additional time (up to 60 days) to review the appeal, the claimant will be notified of the reason(s) for the delay and the anticipated response date, which may not exceed a total of 120 days from the date CPF receives the appeal.

If CPF denies the appeal, in whole or in part, CPF's written response to the claimant will include:

- The specific reason(s) for the denial;
- Specific reference to the applicable plan's provision(s) on which the denial is based; and
- A description of the applicable plan's procedures for filing a second-level appeal.

Second-Level Appeal

Within 60 days following the date the claimant receives CPF's denial letter for the first-level appeal, the claimant, or their authorized representative, may submit a second-level appeal to CPF. (CPF may, in its sole discretion, extend the 60-day period to file a second-level appeal.)

The appeal letter must be in writing and should give a detailed explanation of why the claimant believes the first-level appeal should not have been denied. It should also include any other documents or supporting information that may have a bearing on the appeal. The second-level appeal will be subject to a full and fair review that does not give deference to the determination of the first-level appeal. You should submit a second-level appeal either by email to *appeals@cpg.org* or by mail to:

Church Pension Group
Attn: Benefit Appeals Committee
19 East 34th Street
New York, NY 10016

The claimant will generally receive a written response to their second-level appeal within 90 days after it is received by CPF. If CPF needs additional time (up to 90 days) to review the second-level appeal, the claimant will be notified of the reason(s) for the delay and the anticipated response date, which may not exceed a total of 180 days from the date CPF receives the second-level appeal.

If the second-level appeal is denied, CPF's written response will give the specific reason(s) for the denial and the applicable plan's provision(s) on which the final denial decision is based.

Appeal Relating to a Disability Determination

First-Level Appeal

All disability claims are reviewed by CPF's Medical Board, Aflac. If Aflac denies your claim, in whole or in part, and you do not agree with Aflac's decision, you, your attorney, or a person legally authorized as your representative may request a review of your claim by filing a first-level appeal. The appeal must be in writing and submitted within 180 days after the date you receive Aflac's denial letter.

If a disability claim is denied, disability benefits will be suspended. However, if the denial is subsequently overturned, disability benefits will be paid retroactively.

Aflac will complete a full and fair review of your appeal. The review will be independent and will not be completed by the person who made the initial decision. Aflac will provide you with a full written explanation of its decision generally within 45 days after its receipt of your first-level appeal. If Aflac needs additional time (up to 45 days) to review your appeal, it will let you know of the extension before the expiration of the first 45 days.

You have the following options to submit a first-level appeal to Aflac by

- fax to (800) 206-9186; or
- Take a photo of or scan your appeal information and upload it to your case at *mygrouplifedisability.aflac.com/personal/s/login* or send it by email to *myPLADSappeal@aflac.com* (make sure to include your case number in the subject line of the email); or
- mail to

Appeals Administrative Office
PO Box 8308
Columbus GA 31908-8308

Second-Level Appeal

After Aflac's appeals procedures have been exhausted and the denial determination has been upheld, the claimant, or their authorized representative, may submit a second-level appeal to CPF. This must be done within 180 days after the date the claimant receives Aflac's denial letter for the first-level appeal. (CPF may, in its sole discretion, extend the time period to file a second-level appeal.)

The appeal letter must be in writing and should give a detailed explanation of why the claimant believes the first-level appeal should not have been denied. It also should include any other documents or supporting information that may have a bearing on the appeal. You should submit a second-level appeal either by email to *appeals@cpg.org* or by mail to:

Church Pension Group
Attn: Benefit Appeals Committee
19 East 34th Street
New York, NY 10016

The second-level appeal will be subject to a full and fair review that does not give deference to the determination of the first-level appeal. CPF may, in its sole discretion, consult with an independent expert of its choosing when it reviews the second-level appeal.

The claimant will generally receive a written response to their second-level appeal within 90 days after it is received by CPF. If CPF needs additional time (up to 90 days) to review the second-level appeal, the claimant will be notified of the reason(s) for the delay and the anticipated response date, which may not exceed a total of 180 days from the date CPF receives the second-level appeal.

If the second-level appeal is denied, CPF's written response will give the specific reason(s) for the denial and the applicable plan's provision(s) on which the final denial decision is based.

After CPF's Final Determination

If a claimant is not satisfied with CPF's final determination (of the second-level appeal) and has exhausted the appeals process outlined above, the claimant may contest CPF's final determination only and exclusively by submitting the matter to arbitration. An arbitrator will be jointly selected by the claimant and CPF from a list of arbitrators supplied by a disinterested third-party alternative dispute resolution (ADR) services provider, as described in more detail in the Plan or Death Benefit Plan, as applicable.

If the denial concerns plan benefits, the claimant must submit the matter to arbitration no later than the earlier of (1) 180 days after receiving CPF's final determination or (2) two years after the date on which the claimant knew or should have known the material facts on which the dispute is based. In all other cases (for example, a denial of eligibility to participate), the claimant must submit the matter to arbitration no later than two years after the earliest date the claimant knew or should have known the material facts on which the dispute is based.

In addition, by participating in the Plan or the Death Benefit Plan, or by seeking or receiving any benefit under the Plan or the Death Benefit Plan, a claimant waives the right to commence, be a party to, or be an actual or putative member of any class, collective, or representative action arising out of or relating to such plan. As such, any claim must be brought on an individual basis only, and a claimant may not seek or receive any remedy that has the purpose or effect of providing additional benefits or monetary relief to any other claimant, participant, or beneficiary.

Glossary of Terms

Active member	A member who meets **all** of the following requirements: • Is scheduled to work 1,000 hours or more per year at a *participating employer*; and • Is enrolled in the Plan by that participating employer; and • Has earned at least one month of *Credited Service*; and • *Assessment* payments are not more than 24 months past due.
Aflac	American Family Life Assurance Company of New York, which is designated as CPF's Medical Board.
Assessment(s)	This is the contribution amount that your *participating employer* is required to pay CPF on your behalf. The contribution amount is currently equal to 9% of your *Earnings*.
Church	The Episcopal Church
Clergy Pension Plan	The Church Pension Fund Clergy Pension Plan, as amended from time to time.
CPF	The Church Pension Fund, a New York State not-for-profit corporation. CPF is the plan sponsor and plan administrator of the benefit plans explained in this Guide. As the plan administrator, CPF is responsible for the operation of the plans, including interpreting plan provisions and authorizing benefit payments. The plan administrator has the power and authority to interpret and construe the provisions of a plan and has sole discretion in making determinations under a plan. This includes but is not limited to determinations of fact and eligibility for benefits, and deciding any dispute that may arise regarding the rights of participants or their beneficiaries under a plan. All interpretations and decisions of the plan administrator are final and binding on all interested parties. The plan administrator may delegate any or all of this authority to a third party. To the extent that the plan administrator has delegated its authority, the third party has all of the powers and responsibility of the plan administrator.
Credited Service	The years and months for which full Assessments have been paid to CPF on your behalf. Credited Service only includes service as a lay employee of a participating employer and generally requires completion of 1,000 hours of service in a 12-month period.
Death Benefit Plan	The Episcopal Church Lay Employees' Death Benefit Plan, as amended from time to time.

Disabled	A disability that results in the inability to engage in substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or be of long-continued and indefinite duration, as determined by *Aflac.* In order to continue to receive disability payments, CPF reserves the right to require that a member receive regular and appropriate care as determined by a qualified health care provider.
Early retirement age	Age 55 through age 64.
Earnings	The sum of all the following annualized amounts* on which your participating employer is required to pay *Assessments*: 1. Base salary (excluding housing) and scheduled taxable cash payments; plus 2. Cash housing allowance and/or utilities; plus 3. Employer contributions to a qualified and/or non-qualified plan; plus 4. One-time payments (applies to month when paid); plus 5. The value of *employer-provided housing*, which equals 30% of the sum of #1 – #4 above. However, if the sum of #1 – #4 above is less than the Clergy Pension Plan's Hypothetical Minimum Compensation ($18,000 per year beginning on January 1, 2018), the value of employer-provided housing equals 30% of the *Hypothetical Minimum Compensation*. ** Any form of severance (including pay continuation following a termination of employment) should be excluded in all cases.* Note that if the only type of compensation that your employer provides is housing, then your Earnings equal 30% of the Clergy Pension Plan's *Hypothetical Minimum Compensation.*
Employer-provided housing	A physical residence that is provided to you by your participating employer, such as a dormitory. This includes (1) housing that is owned or rented directly by your employer and provided to you cost-free or (2) housing that your employer arranges to provide cost-free to you but that is not owned or rented directly by either you or your employer. A physical residence owned or rented directly by you is not considered employer-provided housing even if your employer pays or reimburses you for the full amount of the mortgage or rent.
Highest Average Compensation	If you earn *Credited Service* on or after January 1, 2018, generally the average of the seven highest-paid, non-overlapping, 12-month periods during which you earned Credited Service over your entire career.
Hypothetical Minimum Compensation	An amount established by the Clergy Pension Plan to determine the value of your employer-provided housing in certain cases. Beginning January 1, 2018, the amount is $18,000 per year (or $1,500 per month).
Member	Any person who is an *Active* member, *Terminated* member, or *Retired* member of the Plan. You are no longer considered a member when you die, your accrued benefit has been forfeited, or you have received a lump sum distribution of your entire retirement benefit.
Normal retirement age	Age 65 (or, if later, your age when your participating employer adopts the Plan).
Participating employer	An Episcopal organization located in the U.S. that has adopted the Plan in accordance with the requirements set by CPF and that has not terminated its participation in the Plan.

Plan	The Episcopal Church Lay Employees' Retirement Plan, as amended from time to time.
Qualified Domestic Relations Order (QDRO)	A court order that has been approved by CPF that is used to divide your retirement benefit with an alternate payee (usually your former spouse). See *If You Divorce Before You Retire* for more information.
Retired member	A member who has begun receiving a retirement benefit from the Plan and has not subsequently *returned to active service* with a participating employer.
Terminated member	A member who is entitled to a *vested* benefit under the Plan and whose enrollment in the Plan has ended because of any of the following situations: • The member is not employed by a participating employer; or • The member is employed by a *participating employer* but is scheduled to work less than 1,000 hours per year; or • *Assessments* are more than 24 months past due (even though the member is employed by a participating employer and is scheduled to work 1,000 hours or more per year).

Contacts

Aflac	For disability benefits information and claims assistance	Member Services: (800) 206-8826 *https://mygrouplifedisability.aflac.com/personal/s/login*
Client Services	For assistance with the following: • Pensions • Group Life insurance • Retirement savings	(866) 802-6333 Monday to Friday, 8:30 AM to 8:00 PM ET *benefits@cpg.org* The Church Pension Fund 19 East 34th Street New York, NY 10016
Financial and Life Planning	For planning your financial future, including reviewing your retirement needs and goals and understanding your benefit choices	(888) 735-7114 Monday to Friday, 8:30 AM to 8:00 PM ET
Forrest T. Jones	For assistance with the following: • Annuities • Individual Life insurance • IRAs	(877) 679-2678 Monday to Friday, 7:30 AM to 7:30 PM ET *www.ftj.com* Forrest T. Jones & Company PO Box 10428 Kansas City, MO 64171
Health Plans	For assistance with medical, dental, and vision plans	(800) 480-9967

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