Plan Description

Introduction

The Annuity Plan for the United Church of Christ (Annuity Plan) is a 403 (b) (9) defined contribution retirement income plan that provides pension and retirement benefits for ministers and employees of churches and related entities of the United Church of Christ (UCC). Contributions are paid by the church or other employing organization on behalf of each member. Contributions may also be paid by the member on a tax-sheltered and/or after-tax basis.

This summary describes the main provisions of the Plan. It does not include every detail, provision, or limitation. If there is a disagreement between this summary and the official Plan document, the Plan document will govern.

Specialized pension and retirement plans are in place for the employees of Brewster Place, Ryder Memorial Hospital, The Council for Health and Human Service Ministries of the UCC, and St. Paul’s Homes. Please contact the Pension Boards for specific information if you participate in one of these plans.

References to “minister” in this booklet generally mean a minister for tax purposes. For more information, please refer to the booklet, “Tax Guide for Ministers,” available on the Pension Boards’ website at www.pbucc.org or by contacting us at 1.800.642.6543, Option 6.

Eligibility

Persons employed by a church or other UCC-related entity that has adopted the Annuity Plan are eligible to enroll in the Annuity Plan. Ministers with full standing in an Association or Conference of the UCC engaged in ministry with employers other than the UCC are also eligible for enrollment.

Joining the Plan

To become a member of the Annuity Plan, complete an Annuity Plan Enrollment Application, available on the website at www.pbucc.org, or by calling Member Services at 1.800.642.6543, Option 6. The application must also be signed by an authorized representative of the employing church or UCC-related entity. Please retain a copy of the application for your records and forward the completed application to the Pension Boards along with a copy of your birth certificate. If you are a minister, please also enclose a copy of your ordination certificate or an official statement from the Association or Conference in which you have UCC ministerial standing.

You will be notified when your application is processed. You or your employer will be billed and your membership will begin upon receipt of the first payment made on your behalf.

Contributions

The amount of annuity paid to a member in retirement depends on the amount of contributions and the earnings on them. You and your eligible employer may contribute to your retirement account.

Employer Contributions

For an adequate retirement income, the General Synod of the UCC and the Pension Boards recommend that employers make pension contributions of 14% of salary basis for each minister. “Salary basis” for ministers is the cash salary plus housing allowance, if any.

To encourage contributions to lay employee accounts, the General Synod also recommends that at least 3% of cash salary be paid by churches and other employers on behalf of lay employees.
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**Employee Contributions**

You may make Tax-Sheltered Annuity (TSA) or after-tax contributions to the Plan within contribution limits established by the Internal Revenue Code. Contributions are generally based on a percentage of your salary basis. The advantage of tax-sheltered contributions is that you pay no federal income tax on the contributions at the time they are made or on their earnings. Only the reduced salary is subject to current income tax. For ministers, TSA contributions are not subject to self-employment (SECA) taxes. However, TSA contributions are subject to Social Security (FICA) taxes for non-ministerial employees. Generally, federal income taxes are payable when these amounts are distributed from the Plan. Your taxes may be lower at retirement because you may be in a lower tax bracket. Also, ministers may be able to claim a housing allowance on all or part of distributed amounts.

Tax-sheltered contributions are made through a written, legally binding TSA Salary Reduction Agreement and must be attributable to salary earned after the agreement is effective and signed. This election will remain in effect until you revoke it in writing or you complete a new salary reduction agreement form. This form is available from the Pension Boards’ website (www.pbucc.org) or by contacting us at 1.800.642.6543, Option 6.

**After-Tax Contributions**

You may also choose to make contributions to the Plan on an after-tax basis. When you receive distributions from the Plan, no additional taxes are due on your after-tax contributions. However, the earnings on the contributions are tax-deferred and will be taxed when they are distributed.

**Rollover and Transfer Contributions**

You may be eligible to make a tax-free rollover to the Plan from another eligible retirement plan or an IRA. In addition, you may be eligible to make a transfer from another 403(b) plan. Please contact the Pension Boards for more information about rollovers or transfers to the Plan.

**Limitations on Contributions**

The IRS imposes limits on the amount of contributions that can be made to the Plan by or for a member. The Pension Boards’ website offers a Tax-Sheltered Annuity (TSA) calculator to assist you in determining your annual limits. We suggest that you speak with a tax advisor or professional about how the limits apply to you.

**Plan Investments**

You may allocate your contributions (including rollover and transfers), as well as your employer contributions, in any of the available investment choices. Information is available on the Pension Boards’ website and in the brochure, *Your Investment Options*.

**Which Allocation Percentages are Best?**

What is best for you may not be best for someone else. Most financial advisors recommend that you base investment decisions on your retirement goals and your risk tolerance. The dollars held for a pension will be paid over an entire lifetime – and the lifetime of a spouse or other joint annuitant in most cases. Financial advisors also suggest that you diversify your investment in order to spread out your risk. While investment options are diversified portfolios with particular objectives, it is important that you consider the risk profile of options you choose, and the risk profile they may reflect as you combine more than one option. To learn more about the investment options, please visit the website at www.pbucc.org.

You may change the investment of your current account balance and your future contribution allocations in the various Plan investments by logging into your account at www.pbucc.org, or by completing an Allocation of Future Contributions.
and Fund Reallocation Form and forwarding it to the Pension Boards.

Vesting

Vesting is the process by which you gain ownership rights to the contributions in your account. Under the provisions of the Annuity Plan, contributions you and your employer make are 100% vested. Contributions from the Herring & Stark Fund and 2030 Contributions are subject to the vesting provisions related to each type of contribution.

Distribution of Benefits

Contributions to the Plan are intended to stay in the Plan until death, disability, or retirement. The IRS places restrictions and penalties on early distributions. Because the regulations and Plan restrictions on distributions can be complex, we suggest you contact the Pension Boards for more information and consult your tax advisor to determine how an eligible distribution will affect your individual tax situation.

You, your surviving spouse, or your beneficiary should contact the Pension Boards if eligible for benefits due to death, approval of a disability annuity, or retirement. Benefits do not begin until a completed application is submitted to the Pension Boards.

Note: The retirement or disability benefits of a retired minister may be designated as a tax-free housing allowance within the legal limits.

Distributions While in Service

Distributions of contributions while you are in paid service are available in limited circumstances. You may receive a portion or all of your Rollover Contribution Account and/or Retirement Savings Account as permitted by law. Restriction may apply to distributions from the Transfer Contribution Account. Please contact the Pension Boards for more information. Employee TSA contributions and earnings may not be distributed until death, approval for disability annuity, or termination from service.

In addition, you are eligible to receive a retirement benefit from the Plan without terminating service if you are at least age 55 and reduce your work schedule to 20 hours per week or less. If you are at least age 65, you are eligible to receive a retirement benefit from the Plan without terminating service or reducing your hours. Please contact the Pension Boards for more details.

Distribution Due to Hardship

The Plan does not provide for a distribution due to hardship.

Plan Loans

The Plan does not provide for plan loans.

Distribution Due to Disability

Disability retirement benefits are available if the disability requirements are met. Our disability plan vendor can determine your eligibility for disability benefits; otherwise, you can submit a copy of your Social Security disability award letter to the Pension Boards. Please contact the Pension Boards for more information if you need to apply for a disability annuity. The disability annuity is not available if you are receiving disability benefits from the UCC Life Insurance and Disability plan.

Distribution Due to Death

Upon your death, your account balance (contributions and earnings) will be payable to your designated beneficiary. Various payment provisions apply based on the beneficiary’s age and relation to you at the time of your death. Please contact the Pension Boards for more information.
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**Distribution at Termination**

If you leave paid service, you may leave your account balance in your Annuity Plan account with the Pension Boards until a distribution is required by law or you begin annuity benefits. IRS regulations call for a Required Minimum Distribution (RMD) to commence April 1 of the year following your reaching age 70 ½ or your retirement, whichever is later, and to continue annually. The Pension Boards will perform the calculation and contact you at that time. The Plan provides for the following withdrawals upon termination of service:

- If your balance is less than $10,000, you may withdraw the entire account balance in a single sum.
- You may withdraw or roll over your TSA, Rollover Contribution Account, Retirement Savings Account, and Transfer Contribution Account (restrictions may apply). Please contact the Pension Boards for more information.
- At age 55 or later, you may commence retirement benefits. Please refer to the Retirement Partial Withdrawal Options.

**Rollover and Transfer (Outbound)**

You may be able to make a tax-free rollover to another eligible retirement plan or IRA, or transfer to another 403(b) plan, with respect to your contributions and up to 20% of church or employer contributions if there has been an event that qualifies as a distributable event. Please contact the Pension Boards for more information.

**Benefit Payment Options**

Your Annuity Plan provides you with various retirement benefit payment options. You may choose from a single sum distribution, annuity payment, or a combination of the two. At least 80% of church and employer contributions must be annuitized, and up to 20% of church and employer contributions and up to 100% of employee deferrals may be taken in a single sum payment or other optional distribution form. You must apply to the Pension Boards to begin receiving distributions. These benefit payment options offer varying degrees of retirement income security for you and your family. It is important that you understand them before making a decision. The amount of your benefit is determined primarily by the value of your account at the time of distribution. The value of your account will depend on the amount of contributions that have been made and their investment earnings. For retirement benefit estimates and for information about the various retirement distributions options, log into your account at [www.pbucc.org](http://www.pbucc.org) or contact the Pension Boards at 1.800.642.6543, Option 6.

**Retirement Age**

The normal retirement age is 65. However, you may apply for reduced benefits if you have reached age 55 and meet other conditions for a distribution. As long as you are employed in the denomination, you may delay starting retirement benefits. The delay increases the annuity you will receive. The increase is the result of additional pension contributions, investment earnings, and shorter life expectancy. If you are not employed in the denomination, Required Minimum Distributions (RMD) must commence April 1 of the calendar year, following your attainment of age 70 ½.

**Annuity Income Options**

**Single Life Annuity Option**

You receive a monthly annuity for your lifetime only. The annuity ends at your death. Your spouse must consent to this option.

**66 2/3% Joint Life and Survivor Option**

You will receive a monthly annuity for your lifetime. If your joint annuitant survives you, he or she will receive continuing payments for life at
66 2/3% of the amount that you received at the time of your death. If your joint annuitant predeceases you, his or her death does not affect the amount of your continuing benefit, and you cannot name another joint annuitant.

100% Joint Life and Survivor Option

You will receive a monthly annuity for your lifetime. If your joint annuitant survives you, he or she will receive continuing payments for life at 100% of the amount that you received at the time of your death. If your joint annuitant predeceases you, his or her death does not affect the amount of your continuing benefit, and you cannot name another joint annuitant.

Benefits with a 10-Year Guarantee

Single Life Annuity Option with 10-Year Guarantee

You receive a lifetime monthly benefit, no matter how long you live. However, if you die in the first 10 years after benefits begin, the remaining balance of the 120 monthly payments will be paid monthly to your chosen beneficiary.

Joint Life and Survivor Options with 10-Year Guarantee

You receive a monthly annuity for life and if you die first, your joint annuitant receives a monthly annuity for life. However, if neither you nor your joint annuitant lives until a total of 120 monthly annuity payments have been made, the remainder of the 120 payments will be paid to a third person chosen as beneficiary. If payments are made to a beneficiary, they will be at 66 2/3% or 100% (according to the percentage selected) of the amount you would have received had you continued to live.

Annuity Types

Basic Annuity

The assets supporting this annuity are invested in fixed-income securities that reflect high overall quality ratings. Given that most of these securities pay a fixed amount of interest, our current assumption is that these securities will produce an average investment return that is close to the 4% return assumption built into the base level annuity benefits. It is not currently anticipated that the benefit will be adjusted (to increase or decrease) in the near-term future. However, if interest rates rise or fall significantly above or below the 4% earnings assumptions for extended periods, there is always a possibility that the benefit could change.

Participating Annuity

The assets supporting this annuity are invested in a portfolio of stocks, bonds, and real assets (targeted allocation of 55% to stocks, 35% to bonds and 10% to real assets). Over longer periods of time, this annuity should produce average returns that are higher than the 4% return assumption built into the base level of annuity benefits and should allow for benefit increases from time to time that are expected to continue to be paid over the annuitant’s lifetime. If investment and mortality experience result in decreased assets that no longer support the benefit levels, then monthly benefit can also decrease.

Adjustments, if any, to these annuities will be effective January 1 each year.

Retirement Partial Withdrawal Options

When you begin your annuity, you may withdraw up to 100% of your personal contributions plus earnings. You may also withdraw up to 20% of the church or employer contributions plus earnings. If you do not have immediate need for a partial withdrawal, you may transfer all of the remaining funds to a Retirement Savings Account (RSA)
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of the Annuity Plan. Contributions transferred to an RSA continue to be tax-deferred until you withdraw them from the account or until a required distribution must be paid. The minimum RSA withdrawal amount is $500; the maximum RSA withdrawal is the full account balance. Withdrawals are subject to a 20% federal withholding tax unless they are directly rolled over to another eligible retirement plan or IRA.

Note: RSA withdrawal amounts payable to ministers may be designated as a tax-free housing allowance within the legal limits.

You may also make a tax-free rollover to another eligible retirement plan or IRA if the payment is not a required distribution.

Divorce Before Commencement of Annuity

In the event of a divorce, your former spouse may be awarded a portion of your account through a special court order called a Qualified Domestic Relations Order (QDRO). The QDRO must be approved by the Pension Boards. Please contact the Pension Boards immediately for important information regarding the effect of divorce on your retirement accounts, fees, and requirements.

Divorce After Annuity Commencement

An annuity that has begun may be transferred to a former spouse under a QDRO. However, no life contingencies will be changed. The benefits will be paid during the remaining lives of the annuitants in effect when the annuity was established. Accordingly, payments could end during the life of the former spouse or could continue to be payable after his or her death depending on the annuity option elected.

Account Statements

You will receive quarterly account statements that provide your account value along with other important data. You may also log in to your account at www.pbucc.org and view your balance and other information regarding your account. It is important that you notify the Pension Boards if your email or home address changes to ensure that you receive statements and other important communications.

Naming Beneficiaries

You must name your beneficiary(ies). We do not automatically pay benefits to your dependents, except if you are married or you have not named a beneficiary. If you are not married and have not named a beneficiary, your estate will be paid the benefit. You should keep your beneficiary designation(s) up-to-date. For example, as children are born, you must designate each child as a beneficiary by completing a new Annuity Plan Beneficiary Designation form.

If no beneficiary is named and you are not legally married, your estate will be paid the benefit. If no beneficiary is named, and you are legally married and not legally separated, your surviving spouse will be paid the benefit.

If you are legally married and not naming your spouse as your sole primary beneficiary, your spouse must provide notarized consent to your beneficiary designation.

To obtain an Annuity Plan Beneficiary Designation form, log in to the Pension Boards’ website, www.pbucc.org or contact us at 1.800.642.6543, Option 6.

Death Before Retirement

All contributions made by you and your employer are fully vested when credited to your account by the Pension Boards. Herring & Stark Fund and 2030 Contributions are subject to vesting. If you die before your annuity begins, your account is not forfeited. The Annuity Plan provides a death benefit to your spouse or other named beneficiary.
or to your estate if there is no living named beneficiary and you are not married.

**Settlement Options**

Depending on his or her age and relationship to you, your named beneficiary will receive payment in one or more of the following ways:

- **An immediate life annuity** – Any person entitled to receive payment can use your accumulation to receive an immediate lifetime annuity. The amount will depend on the amount of the accumulation and your beneficiary’s age (life expectancy). He or she may not select a joint life annuity.
- **Defer payment** – A spouse beneficiary can defer receiving an annuity benefit based on your account until a future date. The account would continue to receive investment earnings. A non-spouse beneficiary can defer receiving benefits until December of the year following your death.
- **Installment payments** – Beneficiaries under the age of 50 may choose to receive the accumulation in monthly installments over a period of three, five, or eight years.
- **Lump Sum payment** – Beneficiaries who are not your spouse or dependent may choose to receive your account in a single sum payment.

**Death After Retirement**

If you die after the start of your annuity, the benefits payable, if any, will be determined by the annuity option you have selected.

**Termination of Employment**

Unlike many private plans, your benefits are fully vested as soon as you or your employer contributions are received by the Pension Boards for you. Contributions, except Herring and Stark and 2030 Fund contributions, cannot revert to your employer if you terminate or lose ministerial standing. Benefits will be paid when you elect to commence benefits, usually at age 55 or later or by qualifying for a disability annuity.

- **Balances $10,000 or greater.** If the balance is $10,000 or more, the account will continue to participate in investment performance.
- **Balance less than $10,000.** If the balance in the account is less than $10,000 and employment has been terminated or after eligible withdrawals (see Personal contributions section below), you may elect to have a single sum paid to you. The Pension Boards will withhold 20% of the taxable amount for federal withholding tax, or you may roll over the distribution to an eligible retirement plan or IRA. See Rollover section below.

**Rollover** – Allowable distributions may be rolled over (outside) to an eligible retirement plan or IRA. Rollovers are not subject to the federal tax withholding.

**Other Benefits**

**UCC Medical, Dental, and Vision Benefits Plans**

The UCC Medical and Dental Benefits Plan, a nationwide plan administered by the Pension Boards, provides uninterrupted coverage should you accept a call in another geographical location. The Plan provides extensive benefits for hospital, medical, and dental expenses.
Life Insurance and Disability Income Benefit Plan (LIDI)

A nationwide plan that provides member and spouse/partner life insurance, and short- and long-term disability income, and 7% Annuity Plan contributions. The benefit amounts are based on salary basis and age.

LIDI Plan participants may also purchase optional additional coverage and optional dependent coverage for their spouse/partner and children at low group rates.

Flexible Benefit Plan for UCC Ministries (generically known as a Flexible Spending Account or FSA)

The FSA allows clergy and lay employees to elect to set aside a portion of their earnings, before taxes are withheld, to pay for medical and dependent care expenses they will incur in the coming year. Dollars are deducted from salary each pay period, and placed in the FSA.

For more information on the benefits administered by the Pension Boards, please visit the website at www.pbucc.org or call us at 1.800.642.6543.

Security Law Notice for Annuity Plan

The Annuity Plan, or any company or account maintained to manage or hold plan assets and interests in such plan, company, or account, is not subject to registration, regulation, or reporting under this title, the Securities Act of 1933, the Securities Exchange Act of 1934, or State securities laws. Annuity Plan participants and beneficiaries therefore will not be afforded the protections of those provisions.

Contacting the Pension Boards

If you have any questions after reviewing this plan description, please contact us:

The Pension Boards-United Church of Christ, Inc.
475 Riverside Drive, Suite 1020
New York, NY 10015-0059
1.800.642.6543
info@pbucc.org
www.pbucc.org

This plan description summarizes the Annuity Plan for the United Church of Christ. The Plan Document will have precedence and control over this plan description in the event of a conflict.
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