CHURCH PENSION FUND

Episcopal Church Lay Employees' Defined Contribution Retirement Plan

Employers' Guide

CHURCH PENSION FUND

445 Fifth Avenue
New York, NY 10016
www.cpg.org

Dear Employer:

We are pleased to provide the Employer's Guide to the Episcopal Church Lay Employees' Defined Contribution Retirement Plan (the "Plan"). The enclosed materials have been prepared to help you understand the Plan benefits, which include:

- Flexible eligibility and contribution options
- A wide range of investment choices, including a socially responsible option and retirement date funds
- 24-hour, 7-days-a-week account access via the Internet and/or toll-free telephone service
- A customer service team that is familiar with both the Plan and the Episcopal Church
- Retirement planning models that are accessible via the Internet at no additional cost to the participant

We hope the enclosed guide addresses any questions you may have about the Plan. Please feel free to contact our client engagement team at (866) 802-6333, Monday to Friday, 8:30 a.m. to 8:00 p.m. ET (excluding holidays), regarding the Plan or the services we provide.

Sincerely,

Fred Beaver

Plan Highlights

About this Guide

This guide describes the benefits and rules governing the Episcopal Church Lay Employees' Defined Contribution Retirement Plan (the "Plan"). Please note that this guide is provided to you for informational purposes only and should not be viewed as investment, tax, or other advice. In the event of a conflict between this guide and the official Plan documents, the official Plan documents will govern. The Church Pension Fund and its affiliates retain the right to amend, terminate, or modify the terms of the Plan at any time, without notice, and for any reason.

The Plan

The Plan was established to provide retirement income benefits to eligible lay employees of participating employers of the Episcopal Church in the United States of America.

The Plan, which is intended to meet the tax requirements set forth in Section 401(a) of the Internal Revenue Code (the "Code") in relation to employer contributions and Section 403(b)(9) of the Internal Revenue Code in relation to employee contributions, is sponsored by the Church Pension Fund.

The Plan is not subject to the terms of the Employee Retirement Income Security Act of 1974 ("ERISA").

Participating Employers

Participating employers are not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code who apply for and have been accepted for membership in the Plan by the Plan Administrator. In order to apply for membership and adopt the Plan, an employer must complete and return to the Plan Administrator an Employer Adoption Agreement, which is enclosed in this guide.

Employees can enroll in the Plan any time after the employer enrollment is active (generally within 24 hours of receipt of the Employer Adoption Agreement). After enrolling in the Plan, new and existing employees may make elective deferrals beginning as soon as possible following their date of hire and upon completion of the Employee Application for Membership.

As part of the adoption process, each employer must elect minimum eligibility requirements that must be satisfied before lay employees can participate in employer contributions. The maximum eligibility requirements mandated by 1991 General Convention Resolution d165(a) are 1,000 hours of service per year, one year of service, and attainment of age 21. However, Resolution A138, adopted at the 2009 General Convention, has removed the age 21 and one year of service requirements. Employers have until January 1, 2013, to comply with this change. (See Frequently Asked Question #1 for additional information on Resolution A138). A participating employer may allow employees who are less than 21 years old or who have less than one year of continuous employment with the employer or who work less than 1,000 hours annually to receive employer contributions.

If you participate only in Church Pension Fund sponsored plans, you will need to meet the following requirements:

- Maintain an updated Employer Adoption Agreement—If you have any changes to your plan, please provide the Church Pension Fund with the updated Employer Adoption Agreement. These forms can be downloaded at ***www.cpg.org/laydcenroll***.
- Ensure that contributions are remitted to Fidelity within a reasonable period of time each month. The regulations suggest that a reasonable period is 15 business days from the end of the month in which contributions are withheld.

- Approve hardship withdrawals upon an employee's request for distribution from his or her account to satisfy immediate and heavy financial needs. In order to approve a withdrawal, your organization must request documents evidencing the financial need and a self-certification from the employee that he or she does not have any other sources from which to satisfy the need. Only employee contributions, excluding earnings thereon, are eligible to be distributed as a hardship withdrawal. Your organization should keep this supporting documentation in a safe place.
- Approve and certify loans from the employee's account upon the employee's request.
- Provide annual notice to your employees of their eligibility to participate. (If you are a Non-Qualified Church-Controlled Organization (Non-QCCO), please refer to Frequently Asked Question #26 for a description of a non-QCCO).

Compensation

Compensation typically includes all items of compensation reported in the box "Medicare Wages and Tips" of the Form W-2, plus any pretax contributions to a cafeteria plan and an amount equivalent to the value of maintenance furnished to the employee (including utility and room and board expenses and the rental value of housing). All overtime, bonuses, commissions, and severance pay will generally be included in assessable compensation.

Contributions

Participating employers determine the frequency of contributions. IRS regulations mandate remitting contributions to the vendor(s) within a reasonable amount of time following the end of the month in which the contribution is withheld from an employee's salary. (For example, remitting contributions within 15 business days from the end of the month is considered a reasonable time.) Contributions are invested upon receipt.

Responsibility for the calculation of the amount of contributions based on employee compensation and the prompt transmission of the correct amount to the Plan Administrator rests solely with the participating employer. Employee compensation includes all items of compensation reported in the box "Medicare Wages and Tips" of the Form W-2 (e.g., salary, bonuses, overtime, severance pay), plus any pretax contributions toward health and other welfare benefits under a cafeteria plan, and an amount equivalent to the value of maintenance furnished to the employee (including utility, room and board expenses, and the rental value of housing).

Lay employees may make salary reduction contributions to the Plan on a pre- or after-tax basis. Lay employees who are age 50 or older may also make pretax "catch-up" contributions to the Plan. The limits for all employee and employer contributions are established and periodically revised by the IRS.

Please refer to the employee enrollment guide, entitled "Your Guide to Getting Started," for the contribution limits for the current year.

In addition to the limits established for employee contributions, the IRS imposes a limit on the total contributions, both employee and employer, made by or on behalf of each participant in the Plan. Please refer to the enrollment guide for the latest IRS limits.

Employees may change or suspend their payroll deduction at any time by accessing their accounts on the Church Pension Group website, ***www.cpg.org/laydc,*** or by phoning (877) 208-0092. If an employee changes his or her contribution and the employer elected to make matching contributions to the Plan, the matching contributions may also change.

Vesting

Employee and employer contributions are always 100% vested.

Investments

The Investment Committee of the Church Pension Fund has sole authority to select the funds to be used as investment vehicles for the assets of the Plan. The Plan investment options currently range from a money market mutual fund to growth-focused stock funds and the Church Pension Fund Stable Value Option. Also included are the Fidelity Freedom Funds,® which offer a blend of stocks, bonds, and short-term investments within a single fund.

Employer and employee contributions are invested in investment options that qualify under Code Sections 401(a) and 403(b)(9).

If no investment is selected by the participant, contributions will be invested in the default fund selected by the Investment Committee of the Church Pension Fund.

Distributions

Retirement benefits

Benefits provided by the Plan to each retired participant will be determined by the amount in the participant's account and will commence on the retirement date elected by the participant.

Distributions on termination of employment

Upon retirement or termination of employment, a participant has several options. The participant can maintain his or her savings in the Plan until retirement or until April 1 following the year in which the participant attains age 70½, when he or she may need to satisfy IRS minimum distribution requirements. The participant may also annuitize all or a portion of his or her account to receive guaranteed lifetime income, make partial or full withdrawals, or roll over money into an Individual Retirement Account (IRA), a Roth IRA, or another eligible retirement plan.

Plan Loans

Lay employees who participate in the Plan may borrow from their account balances. Loans that meet Plan requirements generally cannot exceed $50,000 or one-half of the employee's vested account balance, whichever is less, and must be repaid within five years (15 years if the loan proceeds are used for the purchase of a primary residence). The interest rate will be the prevailing bank prime rate as of the first day of the calendar quarter in which the loan is processed. Employers must certify loan paperwork before submitting the loan request.

In-Service and Hardship Withdrawals

Active lay employees who are age 59½ or older are eligible to request an in-service, non-hardship withdrawal. An active lay employee who incurs a severe financial hardship may receive a distribution from his or her contributions made to his or her account prior to termination of employment. Hardship distributions are only available to cover certain extraordinary expenses that cannot be reimbursed from other sources, such as certain medical expenses, the purchase of a principal residence, certain tuition payments, payments to prevent eviction, burial and funeral expenses, and essential repairs to the primary residence. The participating employer is solely responsible for the certification of all hardship withdrawals under the Plan.

Valuation

Participant accounts are valued each business day during which the United States stock exchanges are open.

The Plan and Plan Sponsor

The Plan sponsor and administrator of the Plan is the Church Pension Fund, which is located at 445 Fifth Avenue, New York, NY 10016.

The toll-free telephone number for the Church Pension Fund is (866) 802-6333.

Trustee

In accordance with a trust agreement, the assets of the Plan are held in trust by the trustee, Fidelity Management Trust Company. Certain Plan assets are invested in a group annuity contract issued by the Church Life Insurance Corporation.

Expenses

- Administrative fees are currently fixed at 0.075% per quarter and are charged at the beginning of each quarter based on the market value of the account at the end of the previous quarter. There are no management or administrative fees charged on the Church Pension Fund Stable Value Option ("SVO").
- As with all mutual fund investments, there are some underlying fees and expenses, which will vary by fund and are netted against the fund's earnings.
- Fidelity charges a $35.00 processing fee for new loans and a $4.75 quarterly recordkeeping fee for each outstanding loan.
- Employees can make penalty-free transfers of up to 20% of their account balance in the Church Pension Fund SVO as of January 1, plus any transfers previously made in the same calendar year. If employees transfer more than 20% of this amount, they will incur a 5% fee. At age 59½ this no longer applies.
- There is no fee for processing a distribution from an account.

Plan year

The Plan year is the twelve-month period beginning January 1 and ending December 31.

Reports

Plan participants receive quarterly individual account statements. Account histories are available by accessing an account through the Church Pension Group website at ***www.cpg.org/laydc***.

Frequently Asked Questions

1. What are the pension requirements for lay employees of the Episcopal Church?

A. In 1991, pension requirements for lay employees of the Episcopal Church were established by Resolution d165(a) of the 70th General Convention. At the 76th General Convention of the Episcopal Church, a Church-wide Lay Pension System was established by Resolution A138 and its associated Canon in July 2009. Below are the highlights of the resolution.

Resolution A138 provides that the Church will establish a mandatory lay employee pension system for employees who are scheduled to work a minimum of 1,000 hours annually for any domestic Diocese, Parish, Mission, or other ecclesiastical organization or body subject to the authority of the Church in accordance with the following principals:

- The lay employee pension system shall be designed and administered by the Trustees and Officers of the Church Pension Fund.
- The lay employee pension system shall provide benefits that will, initially, include defined benefit plans and defined contribution plan(s).
- If a defined benefit plan is selected, the employer assessment shall not be less than 9% of the employee's compensation.
- If a defined contribution plan is selected, the employer shall contribute not less than 5% of the employee's compensation and match not less than 4% of the employee's compensation.
- The minimum age requirement of 21 and minimum employment period not to exceed one year of continuous employment no longer apply.
- Existing defined benefit plans shall be permitted to continue as long as their design delivers pension benefits not less than the pension benefits required by Resolution A138, as determined by the Plan Administrator (the Church Pension Fund).
- Schools who are participating in defined contribution plans administered by TIAA-CREF may continue to participate in those plans, provided the contribution levels equal or exceed those required by Resolution A138.
- Employers may elect to provide lay pension benefits for employees who are scheduled to work less than 1,000 hours annually.
- Other societies, organizations, or bodies in the Church not mandated to participate in the lay employee pension system may elect to participate in accordance with the regulations established by the Church Pension Fund.

The implementation of the lay employee pension system shall be completed no sooner than January 1, 2011, and no later than January 1, 2013.

2. What 403(b) retirement plans are offered through the Church Pension Fund?

A. The Church Pension Fund offers two 403(b) plans: the Episcopal Church Lay Employees' Defined Contribution Retirement Plan and the Episcopal Church Retirement Savings Plan (collectively, "the CPF Plans").

3. Who can participate in the Plan?

A. After an employer enrolls in the Plan, a lay employee who is 21 years of age or older, has been employed by the Church for a minimum of one year, and is working 1,000 or more hours per year is eligible to participate for employer contributions. The age 21 and one-year eligibility requirements for employer contributions will be eliminated once Resolution A138 becomes effective. However, new and existing employees may make employee elective deferrals beginning as soon as possible following their date of hire and upon completion of the Employee Application for Membership.

You can establish eligibility requirements that are less stringent than those set out above, if you wish.

4. How much must an employer contribute to the Plan?

A. Employer contributions take two forms: the employer base contribution and the employer matching contribution.

The employer base contribution at a minimum is 5% of the employee's compensation. Employee compensation includes all items of compensation reported in the box "Medicare Wages and Tips" of the Form W-2 (e.g., salary, bonuses, overtime, severance pay), plus any pretax contributions toward health and other welfare benefits under a cafeteria plan, and an amount equivalent to the value of maintenance furnished to the employee (including utility, room and board expenses, and the rental value of housing). This amount is contributed regardless of whether an employee makes a contribution to his or her retirement account.

The employer match contribution, on the other hand, is based on the employee making a contribution to his or her retirement account. The employer matches, dollar for dollar, each dollar that an employee contributes, up to a predetermined limit. Generally, employers limit their contributions to 4% of the employee's salary.

The 5% employer base contribution and 4% matching contribution are consistent with the requirements of Resolution A138. You can establish contribution amounts that exceed those mandated by Resolution A138.

5. Does the Internal Revenue Service impose any limits on annual contributions?

A. Lay employees may make salary reduction contributions to the Plan on a pre- or after-tax basis. Lay employees who are age 50 or older may also make pretax "catch-up" contributions to the Plan. The limits for all employee contributions are established and periodically revised by the IRS.

In addition to the limits established for employee contributions, the IRS imposes a limit on the total contributions, both employee and employer, made by or on behalf of each participant in the Plan. Please refer to the employee enrollment guide, entitled "Your Guide to Getting Started," for the latest IRS contribution limits.

The various contribution limits generally increase periodically to reflect the increase in the cost of living. Certain exceptions to these limits may apply.

6. What are the employer's obligations to comply with Internal Revenue Service regulations?

A. If you ONLY participate in the Plan, you need to:

- **Complete the adoption agreement** and periodically update it to reflect any changes. This form can be downloaded at ***www.cpg.org/laydcenroll***. All employees must complete and return the Application for Membership forms to the Church Pension Fund.
- **Ensure that contributions are remitted** to Fidelity within a reasonable period of time each month. The regulations suggest that a reasonable period is 15 business days from the end of the month in which contributions are withheld.
- **Approve hardship withdrawals** upon employee requests for distributions from his or her account to satisfy immediate and heavy financial needs. In order to approve a withdrawal, your organization must request documents evidencing the financial need and a self-certification from the employee that he or she does not have any other sources from which to satisfy the need. Only employee contributions are eligible to be distributed as a hardship withdrawal. Your organization should keep this supporting documentation in a safe place.
- **Approve and certify loans** from an employee's account upon the employee's request.

However, if your organization is not a church or an elementary or secondary school that is controlled, operated, or principally supported by a church, you will generally be considered a "non-QCCO." As a non-QCCO, you will also need to provide an annual notice of the right to participate in the Plan to all eligible employees. If you participate in other non-CPF plans, please refer to the Frequently Asked Questions located at ***www.cpg.org/laydcenroll***.

7. What happens if a retirement plan does not comply with the regulations?

A. If a 403(b) retirement plan does not comply with the Internal Revenue Code regulations, the IRS could disqualify the plan, which would result in immediate taxation of participants' accounts. If certain failures relate only to a participant's individual account, then that account and all other 403(b) accounts purchased for the individual by the employer would become taxable. These types of failures include violations of distribution restrictions, loans in excess of statutory limits, and salary deferrals and employer contributions in excess of the applicable limits. Please refer to the employee enrollment guide, entitled "Your Guide to Getting Started," for the current year limits.

8. What is vesting, and what are the vesting provisions of the Plan?

A. Vesting defines when a participating employee receives complete ownership of contributions made into his or her account, including the earnings on those contributions.

Employer and employee contributions are always 100% vested.

9. How do I remit Plan contributions?

A. You will receive a transmittal form from Fidelity Investments confirming the contribution amount remitted for the previous contribution period. The expected contribution is based on:

- the employee's compensation, and
- the base contribution percentage or dollar amount elected by the employer,
- the employee contribution percentage or dollar amount elected by the employee, and
- your matching contribution percentage, if any.

Space is provided for you to indicate the amount of the total contribution that pertains to each of the above categories as well as employee "catch-up" contributions (for those age 50 and older) and employee after-tax contributions (for those who have exceeded their pretax contribution limits).

10. Where do I send our contributions and to whom do I make the check payable?

A. Contributions should be sent to:

The Church Pension Fund
c/o Fidelity Investments
P.O. Box 5000
Cincinnati, Ohio 45273-8686

All checks should be made payable to Fidelity Investments.

11. Our employees are currently covered by a defined contribution plan with another provider. How do I cease contributions to all other 403(b) retirement plans and begin remitting all contributions to the Plan?

A. If you want to remit all new contributions to the Plan, you must notify your current vendor(s) of the change. You will need to work with each vendor to follow the necessary steps to properly cease contributions to your current plan(s).

All employees should be made aware of the change. You will need to complete and return the Adoption Agreement to the Church Pension Fund and have all employees complete and return the Employee Application for Membership to the Church Pension Fund. Once your employees enroll in the Plan, you will need to remit contributions to Fidelity within a reasonable period of time.

While your contributions to a 403(b) plan with another provider may be ceasing, you may wish to consider freezing the plan instead of terminating the plan. Termination of a 403(b) plan will restrict you from making contributions to another 403(b) plan during the period beginning on the date of plan termination and ending 12 months after distribution of all assets from the terminated plan. While freezing the plan will not relieve you of ongoing compliance responsibilities, it will allow you to make employer and employee contributions to other 403(b) plans immediately.

12. If I cease contributions to contracts and custodial accounts other than the Plan, can the assets remain with the current vendor? What options do I have for these assets and what would the corresponding employer's responsibility be?

A. If you decide to cease contributions/salary deferrals to certain vendors, the plan assets may remain with the vendor, or may be transferred to your current vendor, including one of the CPF Plans, under the plan-to-plan transfer rules of the final regulations. The employer is responsible for all fees incurred as a result of a transfer.

Some contracts may limit your ability to direct the transfer of employees' accounts, limit the ability of employees to transfer their accounts, or impose such high transfer or termination fees that a transfer may not be a wise investment decision. Some employees may prefer to keep their accounts with certain vendors even after contributions have ceased. So long as assets remain with a vendor, the employer still has the responsibility to monitor fund performance and fees (except for individual contracts entered into by employees and frozen before December 31, 2008). The employer must also continue to monitor distributions from any frozen retirement plans — i.e., certify hardship withdrawals and monitor loans and minimum distribution requirements.

13. How do I coordinate the 403(b) regulations and limitations between multiple vendors?

A. In order to coordinate the limitations and restrictions of the 403(b) regulations among your approved vendors, you will need to enter into an agreement with each of your vendors to ensure that information is properly and promptly provided.

Many vendors may send you documents called information-sharing agreements. An information-sharing agreement is an agreement between a plan sponsor or an employer and a vendor under which the plan and vendor agree to provide one another with information to facilitate compliance with the 403(b) requirements, limitations, and restrictions. Although a formal information-sharing agreement is required under the new regulations only when an employee wants to transfer money to an annuity or custodial account offered by an unapproved vendor, in general, it is useful to have a written agreement with each vendor to which you are sending employee money.

If your organization decides to consolidate its retirement plans and only permit contributions to the Plan, and employees are permitted to retain funds in the frozen retirement plans, you will need to provide plan contact information to the frozen plan vendor so that the vendor can contact you when a participant requests a distribution.

The Plan already has the necessary recordkeeping and other arrangements for sharing information with Fidelity.

14. Are there advantages to offering one of the CPF Plans as our sole 403(b) option?

A. Yes. Compliance with the Internal Revenue Code 403(b) regulations is simplified if you limit the 403(b) plans to one provider. The investment options available under the CPF Plans include a variety of selections, such as a stable value investment option offering a fixed rate of return, which is reset periodically, and mutual funds ranging from a money market fund to growth-focused stock funds. The CPF Plans also offer the Fidelity Freedom Funds,® which provide a blend of stocks, bonds, and short-term investments within a single fund. Each Freedom Fund's asset allocation is based on the number of years until the fund's target retirement date. Further, the CPF Plans allow participants to take a loan from their CPF Plan accounts — up to $50,000 or 50% of the account balance (subject to other limitations). Finally, there is only a nominal quarterly administrative fee (0.075%) based on a participant's account balance, and, as with all mutual fund investments, there are underlying fees and expenses. However, there are no administrative or management fees charged on the Church Pension Fund Stable Value Option. You can review the prospectus for information about fund fees and expenses.

15. What happens if an employee terminates after the monthly contributions have been sent?

A. Contributions should not be sent in advance. They should be sent in arrears. If an employee contribution is made in advance and the employee terminates, the amount should be withheld from the employee's final paycheck.

An employer's contribution made in advance for an employee who terminates needs to be "reversed." Contact us at (866) 802-6333 and we will guide you through the process.

16. What if the employee compensation or other information on the transmittal form is incorrect (e.g., terminated employees are included on the form)?

A. You must notify us in writing when an employee's compensation changes or when an employee is terminated. A letter of instruction on diocesan or parish letterhead will suffice, or download the Participant Change Form located on the Church Pension Fund website at ***www.cpg.org/laydcenroll***.

17. I understand employee contributions are "before tax." What does this mean, and how do I compute the employee's withholding?

A. No federal income tax (and in many states, no state income tax) is due on the amount an employee contributes on a before-tax basis to his or her retirement account. However, Social Security and Medicare taxes (both the employee's and the employer's portion) must be paid on the employee contribution.

Withholdings are based on the employee's gross income reduced by the amount of the employee's before-tax retirement plan contribution. For example, if an employee's gross income is $500 per week and the employee is contributing 4% of his or her pay on a before-tax basis, the employee's withholdings would be based on weekly earnings of $480 ($500 less 4% of $500, or $20).

The amount the employer contributes to an employee's retirement account is not included in the employee's taxable income.

18. I know that employees can make after-tax (for those who have exceeded their pretax limits) and catch-up contributions (for those age 50 and older). What are the mechanics of this?

A. Employees who wish to make after-tax or catch-up contributions should notify their employer. After-tax and catch-up contributions can either be made in a lump sum or can be deducted from the employee's pay during each payroll cycle.

The monthly transmittal form includes columns for after-tax and catch-up contributions. Employee after-tax and/or catch-up contribution amounts should be entered in the appropriate column, the amounts added to the employer base, the employee "normal" and the employer matching contribution, and the total amount remitted in one check made payable to Fidelity Investments. Catch-up contributions should be deducted from an employee's pay on a before-tax basis.

19. How do I know how much an employee has elected to contribute?

A. Employees establish a contribution amount (based on a percentage or dollar amount of their salary) at the time they enroll in the Plan. If an employee has been automatically enrolled in the Plan, the default contribution rate is set at 4% of compensation.

An employee can change his or her contribution percentage or dollar amount by accessing his or her account through the Internet by logging on to ***www.cpg.org/laydc*** or via our toll-free telephone number, (877) 208-0092. We compile a weekly report of all employee contribution changes and transmit them to the affected employer(s).

20. How do I enroll in the Plan?

A. Enrolling is simple. You can complete the Employer Adoption Agreement enclosed with this guide or obtain a copy by calling us at (866) 802-6333, or by downloading a copy of the enrollment form from our website: ***www.cpg.org/laydcenroll***. The completed form should be sent to:

The Church Pension Fund
445 Fifth Avenue
New York, NY 10016
Attention: Pension Services

Once we receive your completed enrollment form, we will enter your enrollment information and let you know that your enrollment is active. We generally process employer enrollments within 24 hours of receipt.

21. How do my employees enroll in the Plan?

A. Once an employee has met the eligibility requirements of the employer (if any), he or she must complete an Employee Application for Membership and send it to the Church Pension Fund at the above address. An employee should also complete a Beneficiary Designation Form once enrolled. You can obtain Employee Application for Membership forms by visiting our website at ***www.cpg.org/laydcenroll,*** or at the end of this guide.

Existing eligible employees can enroll in the Plan any time after the employer enrollment is active. An employee who becomes eligible may make elective deferrals beginning as soon as possible following his or her date of hire.

Enrolling is easy. At time of enrollment, the employee will be required to complete an Employee Application for Membership form. The employee will have the ability to indicate the contribution amount he or she would like to have deducted from his or her compensation. If the employee does not complete the employee contribution section of the application, the employee will be automatically enrolled at a 4% pretax payroll deduction. The employee will be able to change the percentage level of his or her contribution at any time. Any contributions that are automatically deducted are not allowed to be refunded due to distribution regulations. Next, the employee determines how he or she would like to have the contribution invested. See the Investment Options section in the employee enrollment guide for more information about your investment choices. Then the employee can simply call a Retirement Benefits Representative at (877) 208-0092 or log on to ***www.cpg.org/laydc*** to enroll online.

If the employee chooses to enroll online, he or she will need to follow these steps. Step 1, the employee will enter his or her Social Security number and personal identification number (PIN). Step 2, the employee will elect the contribution amount he or she wishes to contribute to his or her account by clicking on "contribution amount" located on the left side of the Web page. Step 3, the employee will select his or her investment election by clicking on "change investment" on the left side of the Web page. The employee will need to click on "investment election" to select any investment options. Please be aware, if the employee does not select specific investment options in the Plan, the employee's contributions will be invested in the Fidelity Freedom Fund with the target retirement date closest to the year he or she might retire, based on the employee's current age and assuming a retirement age of 65, at the direction of the Church Pension Fund. If no date of birth or an invalid date of birth is on file at Fidelity, the employee's contributions may be invested in the Fidelity Freedom Income Fund.® Fidelity Freedom Funds® are designed for investors expecting to retire around the year indicated in each fund's name. Except for the Freedom Income Fund, each fund's asset allocation strategy becomes increasingly conservative as the fund approaches its target date and beyond. Ultimately, the funds are expected to merge with the Freedom Income Fund. The investment risk of each Fidelity Freedom Fund changes over time as the fund's asset allocation changes. The funds are subject to the volatility of the financial markets, including equity and fixed-income investments in the U.S. and abroad, and may be subject to risks associated with investing in high-yield, small-cap, and foreign securities. Principal invested is not guaranteed at any time, including at or after the funds' target dates.

The final step will be to designate a beneficiary. A Beneficiary Designation Form, along with a return envelope, is located in the employee enrollment guide. The form must be completed and returned to the Church Pension Fund for processing. If the employee has NOT already completed an Employee Application for Membership, the employee should contact you, the employer.

It is important for us to receive an Employee Application for Membership prior to your transmitting a contribution for an employee. Contributions for employees who are not enrolled in the Plan will be returned to the remitter.

22. What if we currently participate in a defined benefit plan? Can we transfer to the Plan?

A. You cannot "transfer" your defined benefit plan assets to the Plan, but you can enroll in the Plan going forward. There are several issues for you to consider in doing so. Again, we suggest that you confer with your legal counsel and then call us at (866) 802-6333.

23. Is my organization a "QCCO" or a "non-QCCO"? Why do I need to determine this?

A. Under the Internal Revenue Code, churches and QCCOs are exempt from certain legal requirements that apply to non-QCCOs (including the nondiscrimination and universal availability requirements). Your adoption agreement has questions for you to answer that will assist you in your determination of your QCCO or non-QCCO status. Below is a short discussion of the definitions of church, QCCO, and non-QCCO for your reference. If, after reviewing the adoption agreement, you need additional assistance to determine whether your organization is a church, QCCO, or non-QCCO, please call us toll free at ***(866) 802-6333***, Monday to Friday, 8:30 a.m. to 8:00 p.m. ET (excluding holidays), or e-mail us at ***layplans@cpg.org.***

The term "church" includes a church, convention, or association of churches, or an elementary or secondary school that is controlled, operated, or principally supported by a church or association of churches. A "QCCO" is any church-controlled 501(c)(3) tax-exempt organization that does not generally offer goods, services, or facilities for sale to the general public and that receives less than 25% of its financial support from government grants or receipts from goods and services in related activities or business. Examples of a QCCO are a seminary or a social services organization that receives 80% of its support from a parish. "Non-QCCOs" are all other 501(c)(3) organizations qualified to participate in church retirement plans that are neither churches nor QCCOs. Examples of non-QCCOs are hospitals, universities, nursing homes, and retirement housing facilities.

24. What are the rules regarding hardship withdrawals and loans?

A. Employees cannot self-approve a hardship withdrawal from the Plan. The employer must request supporting documentation from the participant concerning the financial need, and a written representation from the participant that the need cannot be relieved from other sources. Based on this information, employers must consider whether to approve the hardship. In addition, all loan requests are required to be certified by the employer.

The Plan, or any company or account maintained to manage or hold Plan assets and interests in such Plan, company, or account, are 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, or state securities laws. Plan participants and beneficiaries therefore will not be afforded the protections of the provisions of those laws.

CHURCH PENSION FUND
445 Fifth Avenue
New York, NY 10016

Employer Adoption Agreement

The Episcopal Church Lay Employees Defined Contribution Retirement Plan (401(a) and 403(b))

☐ New Enrollment* ☐ Amendment*

SECTION I—EMPLOYER INFORMATION

Organization name:

Employer address:

City: State: ZIP:

Contact name:

Employer phone number: Fax number:

E-mail address:

Employer enrollment/ amendment effective date:

SECTION II—TYPE OF ORGANIZATION (CHECK ONE):

☐ Church ☐ Hospital ☐ Diocese ☐ School ☐ Other

☐ Yes ☐ No Are you a church or an elementary or secondary school that is controlled, operated, or principally supported by a church, or are you a seminary? If yes, stop here. You do not need to answer the remaining questions.

☐ Yes ☐ No Do you offer goods, services, or facilities for sale, other than on an incidental basis or for a nominal charge, to the general public? If no, stop here. You do not need to answer the next question.

☐ Yes ☐ No Do you normally receive more than 25% of your support from either (I) governmental sources or (II) receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities, in activities that are not unrelated trades or businesses?

If you answer NO to question 1 and YES to questions 2 and 3, then you are a Non-Qualified Church-Controlled Organization. As a Non-Qualified Church-Controlled Organization, you must provide an annual notice to eligible employees notifying them of their right to participate in the Plan.

* Note that an employer may be required to enroll only in the 401(a) Plan or 403(b) Plan depending on the circumstances. If this applies to you, you will receive notice from the Church Pension Fund as to which Plan you will be permitted to enroll in.

SECTION III—CONTRIBUTIONS

SALARY DEFERRALS

All employees may commence salary deferrals immediately upon their employment or enrollment date.

EMPLOYER CONTRIBUTIONS

Vesting: Please note that salary deferrals and employer contributions are immediately vested.

AMOUNT:

Employer contribution percentage* (check one): ☐ 5% (minimum)†

☐ Other ____________________

Employer match percentage* (check one): ☐ Up to 4%†

☐ Other ____________________

An Employer may elect an Employer Contribution Percent and Employer Match Percent for employees who meet the minimum eligibility requirements and a different Employer Contribution Percent and Employer Match Percent for employees who do not meet the minimum eligibility requirements. The Employer must specify which elections apply to which group of employees.

† *The recommended contribution percentages are 5% employer contribution and 4% employer match; however, you may select any other percentage combination so long as (1) you provide a minimum employer contribution of 5% and (2) the total percentage equals at least 9%.*

SECTION IV—MINIMUM ELIGIBILITY REQUIREMENTS

Please note that all employees may commence salary deferrals immediately upon the start of employment or enrollment. The eligibility requirements set forth in this Section IV must be met in order for an employee to receive the employer contributions specified in Section III above.

AGE:	LENGTH OF SERVICE:	COMPENSATED WORK HOURS SCHEDULED PER YEAR:
☐ 21	☐ 12 months	☐ 1,000
☐ Other (If less than 21) __________	☐ Other (If less than 12) __________	☐ Other (If less than 1,000) __________

SECTION V—OTHER 403(B) VENDOR RELATIONSHIPS

Please complete this section if the employer plans to contribute salary deferrals or employer contributions to other 403(b) plans.

	Plan Vendor (403(b))	Participant's Name	Address of Plan Vendor	Contact Name and Number
1				
2				
3				
4				
5				
6				
7				

Employer Authorization

By signing below:

- The employer certifies that it is a not-for-profit organization under Internal Revenue Code section 501(c)(3) and that it will notify the Church Pension Fund if its status changes.
- The employer acknowledges that it will make timely contributions in accordance with the final 403(b) regulations. If the employer is delinquent in remitting contributions, it will be solely the responsibility of the employer to remit the delinquent contributions and any lost earnings on those contributions to Fidelity. The employer acknowledges that it must remit contributions within the required time period even if no invoice or reminder notice is provided to the employer.
- The employer acknowledges that the responsibility for calculation and payment of the correct contribution amount and monitoring eligibility is not the responsibility of the Church Pension Fund, but solely that of the employer.
- The employer hereby authorizes the Church Pension Fund or its delegate to share participant information with the above vendor(s) in order to ensure compliance with Internal Revenue Code section 403(b). The employer acknowledges that monitoring the relationship of the above-referenced vendors, including the coordination of loan and contribution limits, is not the responsibility of the Church Pension Fund, but solely of the undersigned employer.
- The employer agrees to complete a new adoption agreement form on a timely basis if any changes are made to Sections I, II, III, IV, or V.
- If the employer has answered yes to questions 2 and 3 in Section II, the employer will be required to provide annual notices to eligible employees notifying them of their right to participate in the Plan.
- The employer acknowledges it is enrolled in a separate Plan that is sponsored by the Church Pension Fund. Only the Church Pension Fund may amend the Plan (other than any amendment to the terms specified in this Adoption Agreement), and only the Church Pension Fund may designate the investment alternatives available under the Plan.

Employer Authorized Signature:

X

Print Name:

Title:

Date:

Notice of Classification *(For CPG Use Only)*

QCCO:

NON-QCCO:

DIVISION CODE:

UEID:

PARTY ID:

PSW ETE:

20089022

CHURCH PENSION FUND
445 Fifth Avenue
New York, NY 10016

The Episcopal Church Lay Employees Defined Contribution Retirement Plan Employee Application for Membership Instructions

Please complete the attached Employee Application and return it to your employer. Completing this form accurately helps to ensure that funds will be properly allocated to your retirement account. By signing this document, you agree to allow the Church Pension Fund, Fidelity, any other vendor with whom you have a 403(b) account, and your employer to share information with respect to your account in order to ensure proper administration of the Plan in accordance with applicable laws.

After your application has been processed, you will receive "Your Guide to Getting Started" and a Beneficiary form. Should your personal information change, please notify the Church Pension Fund as soon as possible. A Participant Change Form can be downloaded from the Church Pension Fund website at ***www.cpg.org/laydcenroll***.

Section I

Employer name:	Full name of your employer.
Employer address:	Full address of your employer, including ZIP code.

Section II

Employee name:	Your full name.
Social Security number:	Your Social Security number must be provided in order to have your application processed. Your Social Security number will be used as your account identification number.
Employee address:	Your full mailing address, including ZIP code.
Phone numbers:	Your business and home telephone numbers, including area code.
E-mail address:	Your e-mail address.
Annual compensation:	Your annual base salary, excluding bonuses, incentives, and overtime pay.
Hire date:	The date you began working for your employer.
Birth date:	Your date of birth.
Sex:	Male or female.
Marital status:	Married or Not Married.

Section III

Spouse information:	If applicable.

Section IV

Employee contribution:	On the appropriate line, enter the amount you would like deducted from your compensation and contributed to the Plan using whole dollar or percentage amounts. If you do not want to contribute to the Plan, you will need to indicate that in this section by checking a box. By checking the box, you understand that you are choosing not to make contributions to the Plan and, therefore, will not be entitled to receive any matching contribution under the terms of the Plan and your employer's Plan Adoption Agreement. If you do not insert a dollar or percentage amount, or do not elect to check the box below, you will be deemed to have elected the default contribution rate of 4% of your compensation. You can change the amount deducted from your compensation at any time by calling the Customer Call Center at ***(877) 208-0092*** or by accessing your account online via ***www.cpg.org/laydc***.

Section V

Investment options:	To help you meet your investment goals, the Plan offers you a range of investment options. Upon enrollment, your contributions will be defaulted to a Fidelity Freedom Fund, a target retirement date fund that assumes your retirement age will be age 65. In order to modify your investment option, you will need to log on to **www.cpg.org/myaccount**. Then simply click on "change investment" on the left side of the Web page. Click on "investment election" to select any of the available lay investment options. Be sure to use whole percentages only. Your total allocation must equal 100%. If your investment percentages do not equal 100%, or if you fail to elect an investment option, your contributions will be defaulted to a target retirement date Fidelity Freedom Fund. If no date of birth or an invalid date of birth is on file at Fidelity, your contributions may be invested in the Fidelity Freedom Income Fund.®

Section VI To be completed by the employee:

Employee's signature and date:	Your signature and the date you signed the application.

Section VII To be completed by your employer:

To be completed by your employer:	Please review the information included on this application before signing. You are responsible for verifying the accuracy of the information.
Employee effective date:	The first day of the month following the employee's completion of eligibility.
Mail to:	The Church Pension Fund Pension Services 445 Fifth Avenue New York, NY 10016 Please retain a copy for your records.

The information contained herein was provided by the employee and employer and is solely the responsibility of the sponsoring employer.

CHURCH
PENSION FUND
445 Fifth Avenue
New York, NY 10016

The Episcopal Church Lay Employees Defined Contribution Retirement Plan Employee Application for Membership

☐ New Enrollment ☐ Transfer

Section I—Employer Information

Employer name: ____________________

Employer address: ____________________

____
City State ZIP Country

Section II—Employee Information (all information must be provided)

Employee name: ____________________

Social Security number: ____________________

Employee address: ____________________

____
City State ZIP

Country: ____________________

Phone numbers: Business: ____________________ Home/mobile: ____________________

E-mail address: ____________________

Annual compensation: ____________________

Hire date: ____________________

Birth date: ____________________

Status:
☐ Exempt from overtime
☐ Not exempt from overtime
Scheduled hours per year: ____________________

Sex:
☐ Female
☐ Male

Marital status:*
☐ Married
☐ Not married

*Eligible spouses include legally married same gender spouses.

Section III—Spouse Information

Name: ____________________

Birth date: ____________________

Sex:
☐ Female
☐ Male

Phone: ____________________

E-mail: ____________________

CHURCH
PENSION FUND
445 Fifth Avenue
New York, NY 10016

The Episcopal Church Lay Employees Defined Contribution Retirement Plan Employee Application for Membership

Section IV—Employee Contribution

On the appropriate line below, enter the amount you would like deducted from your compensation and contributed to the Plan using whole dollar or percentage amounts.

$___________ per payroll period

___________ % of your compensation per payroll period

Please check the box below if you do not want to contribute to the Plan.

☐ By checking this box, you understand that you are choosing not to make contributions to the Plan and, therefore, will not be entitled to receive any matching contribution under the terms of the Plan and your employer's Plan Adoption Agreement. You will still be entitled to receive the base employer contribution even if you do not contribute.

If you do not insert a dollar or percentage amount above, or do not elect to check the box above, you will be deemed to have elected the default contribution rate of 4% of your compensation per payroll period. You can change the amount deducted from your compensation at any time by calling the Customer Call Center at (877) 208-0092 or by accessing your account online via ***www.cpg.org/laydc***.

Section V—Investment Options

To help you meet your investment goals, the Plan offers you a range of investment options. Once you are enrolled, in order to select your investment options, you will need to log on to ***www.cpg.org/myaccount***. Then simply click on "change investment" on the left side of the web page. Click on "investment election" to select any of the available lay investment options. Be sure to use whole percentages only. Your total allocation must equal 100%. If your investment percentages do not equal 100% or if you fail to elect an investment option, your contributions will be defaulted to a Fidelity Freedom Fund, a target retirement date fund, which assumes your retirement age will be age 65. If no date of birth or an invalid date of birth is on file at Fidelity, your contributions may be invested in the Fidelity Freedom Income Fund.®

Section VI—Instructions to the Employee

This is a legal document; make all entries thoughtfully and clearly. Please be certain your Social Security number is correct, because all contributions are maintained using this number. Be certain birth dates are correct; any error may delay your benefits.

By signing this form you (1) permit The Church Pension Fund, Fidelity Investments, or any other vendor with whom you have established a 403(b) account, and your employer to share information regarding your account to ensure compliance with all applicable laws; and (2) authorize your employer to withhold contributions from your compensation as indicated in Section III.

____

Employee's signature | Date

Section VII—To Be Completed by the Employer

Employer, please examine the entries on this application before signing it to be sure it is complete and correct. By signing this form, you are verifying its accuracy.

____

Employer's authorized signature/Title | Date

Employee Effective Date: ______________________________

Mail to: The Church Pension Fund
Pension Services
445 Fifth Avenue
New York, NY 10016

Please retain a copy for your records.

The Plan, or any company or account maintained to manage or hold Plan assets and interest in subject Plan, company, or account, 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, or state securities laws. Plan participants and beneficiaries therefore will not be afforded the protections of the provision of those laws.

Annuities are long-term investments and may be limited by tax penalties. Surrender charges and income taxes may be due upon withdrawal of funds.

Hardship distributions are not considered eligible rollover distributions and are not subject to 20% federal withholding. They are taxed as ordinary income and may be subject to a penalty when you file your income taxes. Please consult your tax advisor regarding your own tax situation.

Please note that this document is provided to you for informational purposes only and should not be viewed as investment, tax, or other advice. In the event of a conflict between the information contained in this document and the Official Plan Document, the Official Plan Document will govern.

The Church Pension Fund and its affiliates retain the right to amend, terminate, or modify the terms of any benefit plans described in this document at any time, without notice and for any reason.

The Church Pension Fund and Fidelity Investments are independent entities and are not legally affiliated.

Church Pension Fund Stable Value Option and Fidelity Investments are independent entities and are not legally affiliated.

The investment options available through the Plan reserve the right to modify or withdraw the exchange privilege.

Unless otherwise noted, transaction requests confirmed after the close of the market, normally 4 p.m. Eastern time, or on weekends or holidays, will receive the next available closing price.

This document provides only a summary of the main features of Episcopal Church Lay Employees' Defined Contribution (DC) Retirement Plan, and the Plan Document will govern in the event of discrepancies.

The information contained herein has been provided by the Church Pension Fund and is solely the responsibility of the Church Pension Fund.

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