

United Methodist Personal Investment Plan (UMPIP)

Initial Automatic Enrollment and Escalation Notice

The North Carolina Conference values the future financial security of its members. To make saving for retirement easier, the NC Conference has added two automatic features to the United Methodist Personal Investment Plan (“UMPIP” or “the Plan”) – automatic enrollment and automatic escalation. The automatic enrollment feature will be effective as of January 1, 2018 (“Effective Date”). Under this feature, Covered Plan Participants (defined below) are automatically enrolled in UMPIP and participants’ (clergy and lay) personal contributions are made at a default contribution rate of 5% of plan compensation on a before-tax basis unless they elect otherwise. Automatic enrollment occurs for these Covered Plan Participants at the Effective Date or, if later, the date they become eligible to participate in UMPIP.

If you are a Covered Participant, and do not wish to make before-tax personal contributions at the default rate above, you may elect a different personal contribution percentage rate or type (i.e., Roth contributions or after-tax contributions) or choose not to make personal contributions at all by submitting a *Contribution Election* form. During the 2017 charge conference season (8/1/2017 – 12/1/2017), pastors will use the Contribution to Personal Investment Plan (PIP) form on the Online Data Collection System. At other times of the year and for employees of the Annual Conference, the paper/pdf version of the *Contribution Election* form should be submitted to the Benefits Team in the NC Conference Treasurer’s Office at benefitsteam@nccumc.org. Your elections will become effective as soon as administratively feasible. A copy of the *Contribution Election* form should also be submitted to your employer or salary-paying unit to adjust your paycheck withholdings.

Covered Plan Participants are those who become eligible to participate in the Plan on or after the Effective Date, or who were already eligible to participate in the Plan as of the Effective Date but were not already making participant before-tax personal contributions at a rate of at least 5% of plan compensation and who were not making any after-tax or Roth personal contributions to the Plan.

What happens if I do nothing?

If you are a Covered Plan Participant and you choose not to submit a *Contribution Election* form in order to make personal contributions at a different percentage rate or of a different type (i.e., Roth or after-tax), and you do not fall within one of the special situations described below, your automatic personal contributions to the Plan on a before-tax basis will commence as soon as administratively feasible, at the default rate described above. At the opening of the 2017 charge conference season, the Contribution to Personal Investment Plan (PIP) form on the Online Data Collection System will be pre-populated with the automatic enrollment feature. If the form remains unaltered as of the close of charge conference season, your automatic personal contributions to the Plan on a before-tax basis will commence effective January 1, 2018.

What happens if I submit a *Contribution Election* form?

A *Contribution Election* form can be used to elect a rate of personal contribution (including 0%) different from the default rate of 5% or in order to make personal contributions of a different type (i.e., Roth or after-tax). If you are a Covered Plan Participant and you submit a *Contribution Election* form (either through the Contribution to Personal Investment Plan (PIP) form on the Online Data Collection System or the paper/pdf version), your elections made on the *Contribution Election* form will remain in effect until you change them by submitting a new *Contribution Election* form. *Contribution Election* forms must have an effective date of the first of a month. They may take effect in the current month and in future months, but cannot be made retroactive prior to the current month.

Will my rate of personal before-tax contributions stay the same, or increase each year?

The North Carolina Conference has adopted automatic contribution escalation as a way to boost the retirement savings of its members. Under this feature, if you are making only before-tax personal

contributions to the Plan (and not after-tax or Roth personal contributions), your contribution rate will increase each year unless you elect to not have automatic contribution escalation apply. To opt out of the automatic escalation feature, you would submit a *Contribution Election* form to your employer or salary-paying unit. If you do not make this election and if automatic contribution escalation applies to you (see the Q&A below regarding special situations where automatic contribution escalation will not apply), your before-tax personal contribution rate will increase on an annual basis by 1% each January 1 until it reaches 10% of your plan compensation. The North Carolina Conference has elected to schedule the first automatic contribution escalation to occur January 1, 2019. If this increase causes your annual personal contributions to exceed any applicable legal limit for contributions to the Plan, your personal contributions will automatically be limited to the legal limit for the year. Contribution limits are described in the “Contribution Limitations and Excess Contributions” section of the Plan’s summary plan description (SPD) which is available upon request of the NC Conference Benefits Team.

Are there special situations where automatic enrollment will not apply?

Yes. Covered Plan Participants will not be automatically enrolled to make personal before-tax contributions at the default rate described above if they elect otherwise on a *Contribution Election* form, or if they are:

- Participants contributing either after-tax or Roth contributions;
- Clergy with multiple appointments within an Annual Conference that sponsors UMPIP on their behalf;
- Participants contributing a flat-dollar amount of before-tax personal contributions to UMPIP, and whose employer or salary-paying unit does not request Wespath to calculate contribution amounts for them (contact your employer to see if you fall within this situation); or,
- Individuals who have submitted a form to waive participation in UMPIP, and who have not revoked that waiver.

If Covered Participants are not described above, but fall within one of the situations below when automatic enrollment would otherwise take place, the automatic enrollment will take place when the situation below no longer applies:

- Participants are within a six-month contribution suspension period due to having received a hardship distribution, or
- Clergy are disabled under the Comprehensive Protection Plan (CPP) or individuals are on an unpaid leave of absence (both will be treated as new hires upon return to employment).

Are there special situations where automatic contribution escalation will not apply?

Yes. Participants will not have their rates of contribution automatically escalated if they elect on a *Contribution Election* form to not have such escalation feature apply to them, or if they are described in one of the categories in the Q&A above at the time automatic contribution escalation is scheduled to occur. In addition, automatic contribution escalation will not apply to participants who are making zero personal contributions to UMPIP at the time automatic contribution escalation is scheduled to take effect.

For questions, contact the NC Conference Benefits Team at 1-800-449-4433 or benefitsteam@nccumc.org.