Compass Retirement Plan
Automatic Enrollment and Escalation Features Notice

The North Carolina Conference values the future financial security of its members. To make saving for retirement easier, the NC Conference has added an automatic enrollment feature to the Compass Retirement Plan ("Compass" or "Plan"), effective January 1, 2026 ("Effective Date"). Under this feature, Covered Plan Participants (defined below) are automatically enrolled in the Plan and personal contributions are made at a contribution rate of 5% of compensation 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 the Plan.

Covered Plan Participants are those who:

- Are eligible to participate in the Plan as of the Effective Date but were making personal contributions at a rate less than 5%, including zero contributions.
- Become eligible to participate in the Plan after the Effective Date.

Covered Plan Participants who are not contributing will be enrolled at the automatic rate above on a before-tax basis. Covered Plan Participants who are contributing at a rate below that specified above will be enrolled at the automatic rate with the same contribution type. For example, for Participants making before-tax contributions below the automatic rate, their before-tax contributions rate will be increased to the automatic rate. For Participants making Roth contributions below the automatic rate, their Roth contribution rate will be increased to the automatic rate.

If you are a Covered Plan Participant and do not wish to make personal contributions at the automatic rate above, you may elect a different personal contribution rate or type or choose not to make personal contributions at all by submitting a *Contribution Election* form. During the fall charge conference season (August – December) pastors will use the Personal Contribution Detail Record on the Compensation tab in the Online Data Collection System. At other times of the year, 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.

What happens if I do nothing?
If you have already made a Compass contribution election, no further action is required by you. This election will supersede the automatic enrollment contribution rate. Otherwise, if you are a Covered Plan Participant and you choose not to submit a *Contribution Election* form (either through the Personal Contribution Detail Record on the Compensation tab in the Online Data Collection System or the paper/pdf version) in order to make personal contributions at a different rate or of a different type, and you do not fall within one of the special situations described below, your automatic personal contributions to the Plan will commence at the automatic rate described above as soon as administratively feasible. At the opening of the fall charge conference season, the Personal Contribution Detail Record on the Compensation tab in 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 election on record will commence effective January 1 of the next calendar year.

What happens if I submit a *Contribution Election* form?
If you are a Covered Plan Participant and you submit a *Contribution Election* form (either through the Personal Contribution Detail Record on the Compensation tab in the Online Data Collection System or the paper/pdf version) in order to elect a rate of personal contributions (including 0%) that is different than the automatic rate of 5% or in order to make personal contributions of a different type, 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. Changes received by the 15th of the month may take effect as early as the first of the following month.

Will my rate of personal 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 the Plan's automatic contribution escalation feature, if you are making only one type of contribution (i.e., before-tax, Roth or after-tax), 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 or make this opt-out selection on the Personal Contribution Detail Record on the Compensation tab in the Online Data Collection System during Charge Conference season. 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 contribution rate will increase on an annual basis by 1% each January 1 until it reaches 10% of your Plan compensation. The first automatic contribution escalation will occur in the year that follows the year of the Effective Date. 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 contributions at the automatic rate described above if they elect otherwise on a *Contribution Election* form, or if they are:

- Participants contributing more than one type of contribution (i.e., before-tax, Roth, or after-tax) OR
- Individuals who have submitted a form to waive participation in the Plan, and who have not revoked that waiver.

Clergy who are disabled under the Comprehensive Protection Plan (CPP) or individuals who are on an unpaid leave of absence will be automatically enrolled according to the plan sponsor's elections 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 or on the Personal Contribution Detail Record on the Compensation tab in the Online Data Collection System 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 the Plan at the time automatic contribution escalation is scheduled to take effect.

Are my personal contributions vested, and when can I withdraw them?
Your personal contributions to the Plan are fully vested at all times. Once deposited, you cannot withdraw your personal contributions from the Plan unless you have a financial hardship or are permanently disabled (as defined under the Plan), attain age 59 ½, retire, terminate employment and/or terminate your relationship with the Annual Conference.

How will my Plan account be invested?
If contributions are being made to the Plan on your behalf, and if you do not already have an existing investment election for your Wespath plan accounts and do not elect investments via the Benefits Access participant account management website (or complete and submit an *Investment Election Form),* your contributions will be invested among a selection of Wespath investment funds using LifeStage Investment Management.

You can choose how your contributions are invested in Benefits Access at **benefitsaccess.org:** from the Retirement Details page you must click on **Accounts**, then select the appropriate option under **Investments** to change your elections. Alternatively, you can submit a completed *Investment Election Form* to Wespath. See the *Understanding Your Investment Options* brochure for information about LifeStage Investment Management and Wespath investment funds.

For questions, contact the NC Conference Benefits Team at benefitsteam@nccumc.org.