

United Methodist Personal Investment Plan (UMPIP)

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 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 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 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 continue to do nothing?

If you are a Covered Plan Participant who was automatically enrolled at the contribution rate described above 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 continue. 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 automatic personal contributions to the Plan on a before-tax basis will commence effective January 1 of the next calendar year.

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 Personal Contribution Detail Record on the Compensation tab in 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. 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 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 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 before-tax personal contribution rate will increase on an annual basis by 1% each January 1 until it reaches 10% of your plan compensation. 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;
- Participants contributing a flat-dollar amount of before-tax personal contributions to UMPIP, or
- Individuals who have submitted a form to waive participation in UMPIP, 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 these automatic features 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 UMPIP 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 is my Plan account being invested?

If contributions are being made to the Plan on your behalf, whether they are participant or employer contributions, and if you 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 Benefits and Investments (Wespath) investment funds using LifeStage Investment Management. If you would like to choose how your contributions are invested, you must select investments via Benefits Access at **benefitsaccess.org** to change your elections or 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.