

**EVANGELICAL FRIENDS CHURCH
403(b)(9) PLAN OF THE**

**EVANGELICAL FRIENDS CHURCH
EASTERN REGION**

**Summary of Plan Highlights
EVANGELICAL FRIENDS CHURCH – EASTERN REGION**

403(b)(9) PLAN

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*Evangelical Friends Church – Eastern Region
Summary Plan Description
Adopted and Effective 4/1/2022
Summary booklet updated 6/1/2022*

SUMMARY of PLAN HIGHLIGHTS DESCRIPTION

INTRODUCTION

In order to assist its employees in ensuring that they have enough funds set aside for their retirement years, the Evangelical Friends Church – Eastern Region (“EFC-ER”) established a 403(b)(9) plan (the “Plan”) for all eligible ministers, missionaries and lay employees of the EFC-ER and its subordinate churches. The Pension Committee (the “Pension Committee”) of the Evangelical Friends Church – Eastern Region administers the Plan. This Plan allows your employer to set funds aside for your retirement. In addition, it enables you to set aside a portion of your earnings during your working years.

The Plan is a qualified retirement plan described in section 403(b)(9) of the Internal Revenue Code. The Internal Revenue Code permits employers to set up retirement plans designed to provide current tax savings on plan contributions and plan earnings that will be paid in the form of pension benefits during retirement. A 403(b)(9) is for churches or other organizations with church status. Compared to a 403(b) Plan some of the differences are allowing greater flexibility with plan eligibility provisions and also allowing ministers to receive non-taxable housing distributions in retirement.

You are encouraged to read this booklet carefully to understand how your Plan works.

This Booklet is a Summary of the Plan

This booklet provides a summary of the Plan and its investment options. You should refer to this booklet first when you have a question about the Plan. The booklet highlights the main provisions of the Plan and includes important information. However, because this description is just a summary, it cannot describe how the Plan works under every conceivable set of circumstances. In all cases, your rights under the Plan are governed by the Plan’s legal document. In the event that this summary is inconsistent with the Plan document, the Plan document will control.

A copy of the Plan document can be obtained from EFC-ER.

The Plan is an Important Part of Your Financial Security

The Evangelical Friends Church – Eastern Region 403b Pension Plan exists to be part of the provision of retirement income in your retirement years. The contributions to your account are an important part of your financial security in your retirement. Additionally, Social Security (if you have not elected out of it), personal savings, any other retirement savings, and home ownership also contribute to your financial security at retirement.

At retirement, your total account, that is, all contributions made to the Plan by you or on your behalf plus investment earnings, form the basis for calculating your retirement pension, which can be paid to you in a lump sum, partial lump sum, or in installments, as elected.

The Plan is a 403(b)(9) Plan

The Plan is a 403(b)(9) plan. Plan contributions come primarily from employer contributions. However, you can also make contributions to the Plan on pre-tax or after-tax basis. All contributions are credited to your account in the Plan. The tax laws limit the amount of contributions that can be made to the Plan on your behalf. Please read the section on Contributions carefully to understand what these limits are.

Plan Administrator

The Pension Committee administers the Plan. However, the Pension Committee may from time to time contract with outside vendors to perform certain administrative services associated with the Plan. If you have any questions about the Plan you can contact Ed Walsh, Director of Finance and Administration at ewalsh@efcer.org (330) 493-1660 #5 or a member of the Pension Committee.

Plan Investment Advisor

CAPTRUST
1640 Corporate Woods Cir
Uniontown, Oh 44685
(330) 896-1090

Contacts: Grey Kennedy, Megan Nall

Plan Recordkeeper

NWPS
300 East Joppa Road Ste. 601
Towson, MD 21286

Participant Service Center: 888-700-0808
Mon-Fri: 9am-8pm Eastern Time
servicecenter@nwpsbenefits.com

Plan Trustee

The Charles Schwab Trust Company

ELIGIBLE EMPLOYEES AND ENROLLMENT

This plan covers employees working for the Evangelical Friends Church – Eastern Region, and its subordinate churches. In order to be eligible for contributions under this Plan, your customary employment with EFC-ER or one of its subordinate churches must be at least 30 hours a week.

All ordained, commissioned or licensed ministers of the EFC-ER whose customary employment is at least 30 hours a week will become participants in the Plan immediately upon beginning employment.

In addition, lay employees of EFC-ER who are working at least 30 hours a week *may* participate in the Plan at the *discretion of their employer*. If you are a lay employee, your employer will let you know if you are eligible to participate in the Plan.

If you are eligible to participate in the Plan, your employer will provide you with the forms to enroll you in the Plan. You can also obtain an enrollment packet by contacting the EFC-ER at the address and telephone number below:

Evangelical Friends Church – Eastern Region
Pension Committee
5350 Broadmoor Circle NW
Canton OH 44709
(330) 493-1660
mhagin@efcer.org

CONTRIBUTIONS

Types of Contributions

Employer Contributions. Employer contributions are the most important contributions to the Plan. Your employer is required to contribute an amount equal to 12% of your compensation. Compensation includes salary and housing allowance. If your employer provides you with a parsonage, your compensation is increased by 30% of your salary (See Forms at efcfer.org). These amounts are put into your account in the Plan.

Pre-Tax Deposits. The plan allows you to contribute additional amounts to the Plan on a “pre-tax” basis. This type of contribution allows you to contribute a certain portion or percent of your compensation to your account in the Plan. Pre-Tax deposits reduce your currently taxable income by the amount you contribute to the Plan. Earnings on any Pre-Tax Deposits you make, like all earnings in the Plan, are not taxed currently. Pre-tax deposits and earnings *are taxable at the time of distribution*. For further explanation, please contact a tax advisor.

After-Tax ROTH Deposits. The plan allows you to contribute additional amounts to the Plan on an “after-tax” basis to a ROTH account. This type of contribution allows you to contribute a certain portion or percent of your compensation to your account in the Plan. After-Tax deposits do not reduce your currently taxable income by the amount you contribute to the Plan. However, earnings on any After-Tax ROTH Deposits you make *are not taxable at the time of distribution*. For further explanation, please contact a tax advisor.

Rollover Deposits. A Rollover deposit is a direct rollover of a distribution made from another eligible retirement plan into your account in this Plan. There are a number of restrictions that apply to Rollover deposits. Therefore, if you are a participant in another retirement plan you should check with that administrator to determine if you can make a rollover into this Plan.

Vesting

All contributions to the Plan credited to your Participant Account are 100% vested and nonforfeitable. Your Plan account stays with you if you change church employers. All contributions and investment earnings are yours. In other words, you are fully vested from the first day of participation. In case of your death, your spouse or named beneficiary will receive your entire account.

Federal and State Income Tax Information

You do not pay federal income taxes on the contributions *your employer* makes. All taxes are deferred until benefits are paid to you or your beneficiary, generally in retirement. At that time, you will be subject to the taxable portion of the distribution.

You do not pay federal income taxes on *pre-tax contributions you elect* to make to the Plan at the time these contributions are made. Pre-tax deferral contributions from participants are subject to Social Security/Medicare tax. Social Security/Medicare (aka FICA) wages are not reduced by pre-tax deferrals into a retirement plan. Federal and state wages are reduced.

After-Tax Roth deposits are taxed differently. These contributions are taken from your normal salary on which you must pay federal taxes at the time the salary is paid. However, these After-Tax deposits and earnings are not taxed when they are distributed from the Plan.

The way in which your Plan benefits will be taxed under most state and local income tax laws will be similar to the way in which they are taxed for federal tax purposes. However, you should consult a tax advisor about taxation of your benefits under state and local tax laws, if you are subject to such taxes.

Housing Allowance

If you are a retired minister of the gospel, all of your annual pension will be designated as available for housing allowance, pursuant to Internal Revenue Service Ruling 71-280. However, the amount actually excludable as housing allowance cannot exceed the **lesser** of the following:

- *The fair rental value of the furnished home plus the cost of utilities, furnishings and maintenance; or*
- *The actual expenses of operating a home; or*
- *The amount designated by the Pension Committee as a housing allowance.*

PLAN ACCOUNTS

All contributions made on your behalf, along with earnings on those contributions, will be credited to an account under the Plan in your name. You will receive a quarterly statement of your account balance that reflects all contributions to your account made since the preceding statement, including Rollover deposits, all amounts paid to you from your account during that period, if any, and all earnings and losses credited to your account.

You may have direct, daily access to your investment and account information from NWPS online at www.yourplanaccess.net/nwps/. If you need to speak to a representative, Participant Service Representatives are available. See page 3 for contact information.

ALLOCATION OF EXPENSES

Expenses allocated to all accounts

The Plan permits the payment of Plan expenses to be made from the Plan's assets. If expenses are paid using the Plan's assets, then the expenses will generally be allocated among the accounts of all Participants in the Plan. Expenses include, but are not limited to, services provided to monitor fund performance, daily recordkeeping, plan administration, and legal services.

INVESTMENT CHOICE PROCEDURES

Incoming Contributions

All incoming contributions are invested in one or more of the investment funds, which you may designate in any combination and in any percentage in increments of 1%.

When you first enroll, to select investment funds for incoming contributions you must complete an election form that is available from the EFC-ER office. You may contact the EFC-ER office at mhagin@efcer.org or (330) 493-1660.

If you do not file the appropriate election form with EFC-ER, all contributions made on your behalf will be invested in a default investment fund selected by the Pension Committee. The current default investment fund is the MetLife Stable Value Fund.

You may change your investment options at any time without charge on line at www.yourplanaccess.net/nwps/ or using the Toll Free Automated Telephone system at 877-410-9984 and entering the Plan Provider Ext 6789. You will next enter your SSN and then the last four digits of your SSN as your PIN. Any change in investment of incoming contributions will be effective as soon as is administratively feasible. No transaction charges are made in connection with your investment in the different funds.

Transfers of Existing Accumulations Between Funds

You may elect to have the balance of your account transferred from any investment fund to one or more other investment funds at any time without charge on line at <https://www.yourplanaccess.net/nwps/> or using the Toll Free Automated Telephone system at 877-410-9984. You will next enter your SSN and then the last four digits of your SSN as your PIN. Investment transfers are effective as soon as administratively feasible.

How to Choose Among Investment Options

Which of the investment options you choose depends on how you answer three different questions:

1. *How long will the money be invested? (What is your investment time horizon?)*
2. *How tolerant are you in seeing your account value decline in times when the markets have their inevitable pullbacks? (How tolerant are you of risk?)*
3. *How much money do you think you will need for retirement? (What is your investment goal?)*

The answers to these questions can vary widely. The right investment choice for one person may not be the right choice for you. For example, if your risk tolerance is low, or you have relatively modest investment goals, you may want to consider more conservative investment options. However, if your investment goals (in terms of income needed in retirement) are high, and you are not planning on retiring for a long time, you may want to invest more aggressively.

CAPTRUST provides assistance in determining the right investment choice for you. Contact information is listed on page 2.

PAYMENT OF BENEFITS

Normal Retirement Benefits

You are entitled to a retirement distribution upon termination of a salary relationship on or after turning 59 1/2. Furthermore, you will be entitled to a retirement distribution if you change your work hours from full-time to part-time after attaining age 59 1/2.

Early Withdrawals (after age 59 1/2)

Active participants are eligible to take a distribution upon attainment of age 59-1/2.

Hardship Withdrawals (before age 59 1/2)

Active participants under age 59-1/2 may be eligible to take a hardship distribution. The distribution can come only from the deferral contributions source (not the employer contributions) and documentation must be provided supporting the reason and amount of the distribution. Reasons the IRS allows for a hardship distribution include, but are not limited to, purchase of your primary residence, avoiding eviction from your primary residence, repairing your home for damage due to a natural disaster, unreimbursed medical expenses, post-secondary tuition expenses, or funeral expenses.

In What Form Will My Pension Be Paid?

Pension payments are available as a lump sum, partial lump sum, or in periodic installments not to exceed 4 times per year.

The three basic forms of pension payments are only available if you are age 59 1/2 or older. Any withdrawals of After-Tax deposits prior to retirement will be made in the form of a lump sum payment.

Pre-Retirement Termination Benefits

If you terminate your job with your employer for reasons other than retiring you are entitled to request a direct transfer of 100% of your account balance to a qualified retirement plan or IRA eligible to receive a rollover contribution. The distribution will be made as soon as administratively feasible. This is available only if you are no longer employed by any church or other entity affiliated with EFC-ER. You are entitled to this rollover whether or not you have reached age 59 1/2.

Pre-Retirement Death Benefits

If you die prior to the time you receive payment of any of your retirement benefits under this Plan, your designated beneficiary will be entitled to receive the balance of your account. Your spouse or beneficiary may elect to receive a distribution in a lump sum or installments. Your spouse may choose to postpone beginning to receive payments until April 1 of the year following the year in which you would have turned 72. If your designated beneficiary is not your spouse, he or she is entitled to receive the payment of your retirement benefits only in the form of a single lump sum distribution. Payment to a non-spouse beneficiary must be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

At the time of your death, if you have not designated a beneficiary or your beneficiary is also not alive, the death benefit will be paid in the following order of priority to:

a) your surviving spouse; b) your children, including adopted children in equal shares (and if a child is not living, that child's share will be distributed to that child's heirs); c) your surviving parents, in equal shares; d) your estate. To designate a beneficiary, you must complete the appropriate forms provided by the Pension Committee.

Distribution of Rollover Accounts and After-Tax Deposits

It is expected that the amounts you contribute to the Plan as After-Tax deposits or Rollover Funds will remain in the Plan until you retire. However, you may make withdrawals from your After-Tax deposits or Rollover Account before you retire or terminate your employment with the EFC-ER, even if you have not yet reached age 59 1/2. Contact NWPS for a withdrawal from After-Tax deposits or your Rollover Account.

Employment Termination Before Death, Disability, or Retirement

If your vested account balance does not exceed \$5,000.00, a distribution of your vested account balance will be made to you, regardless of whether you consent to receive it, as soon as administratively feasible following your termination of employment.

If your vested account balance exceeds \$5,000.00, you may elect to have your vested account balance distributed to you as soon as administratively feasible following your termination of employment.

Loan Provisions

Loan provisions to participants are not permitted in the Plan.

DIRECT ROLLOVERS

If you are entitled to receive a distribution under the Plan which is an “eligible rollover distribution,” you may roll over all or a portion of it, either directly or within 60 days after receipt, into another qualified 401(a) plan, into an IRA, into a 403(b) plan or a governmental 457(b) plan. An eligible rollover distribution, in general, is any taxable cash distribution in excess of \$200.00 other than a series of substantially equal payments payable over a period of not less than ten years, or for the life or life expectancy of the employee (or the joint lives or life expectancies of the employee and the employee’s designated beneficiary). The distribution will be subject to a mandatory 20% federal withholding tax unless it’s rolled over directly into another retirement plan or IRA.

These rules generally apply if you select the lump sum form of payment. If you have the distribution paid directly to you, then the Plan must withhold 20% even if you intend to roll over the money into another retirement plan or into an IRA within 60 days. To avoid withholding, you must instruct NWPS Retirement Plan Services to roll over the money directly into another eligible retirement plan.

CLAIMS PROCEDURE

When you retire, you need to file an application for retirement benefits in order to receive benefits from the Plan. An application can be accessed from NWPS at www.yourplanaccess.net/nwps/ or by contacting the NWPS Participant Service Center (see page 3 for contact information)

If a claim for benefits is wholly or partially denied, the Pension Committee will provide you with a written notice of the denial. You can appeal any denial with the Oversight Board of EFC-ER within 90 days from the receipt of a notice of the denial. The Oversight Board will provide you with a decision on the review within 90 days following the filing of the appeal.

If the Oversight Board denies your appeal, you may appeal to the following business session of the Yearly Meeting. To do so, you must file a notice of appeal with the Presiding Clerk stating the nature and character of the decision from which the appeal is taken. The appeal must be submitted no later than 30 days prior to the first day of Yearly Meeting. The Yearly Meeting shall review the appeal at its regular business session that follows the filing of your appeal.

The decision by the Yearly Meeting is final and binding. All decisions and denials of claims by the Pension Committee shall be afforded the maximum deference permitted by law.

ADMINISTRATIVE PROVISIONS

Amendment and Termination

While it is expected that this Plan will continue indefinitely, the EFC-ER may modify, amend or terminate the Plan at any time. In addition, the Pension Committee can amend the Plan at any time to comply with federal law.

Responsibilities of Parties

The Pension Committee shall be responsible for all matters relating to the administration and management of the Plan.

Notification of Mailing Address

It is very important for you to keep NWPS and EFC-ER informed of your current address and the current address of any beneficiaries you may designate under the Plan. When you or a beneficiary becomes entitled to benefits, the Pension Committee will contact you or the beneficiary. If the Pension Committee does not have your current address, it will try to locate you. However, the Pension Committee is not under any obligation to search for you or ascertain the whereabouts of you or your beneficiaries. Therefore, you should be sure to provide the Pension Committee, in writing, with any change of the post office address for you or any beneficiary. Any check representing any payment due under this Plan, and any communication forwarded to you at the last known address as indicated by the records of the Pension Committee, shall constitute adequate payment to you and shall be binding on you for all purposes of the Plan. This notification requirement applies in all respects to any of your beneficiaries who may be entitled to benefits under this Plan.

DEFINITION OF TERMS USED IN THIS BOOKLET

Pre-Tax Deposits	Amount from your gross pay that you contribute to your Employee Contribution Account (See page 4 of this booklet for a discussion of Pre-Tax Deposits).
After-Tax ROTH Deposits	Amount from your take home pay that you contribute to your Employee Contribution Account (See page 4 of this booklet for a discussion of After-Tax ROTH Deposits).
Investment Funds	The Investment Funds are the specific funds available in the Plan. Fund performances are reviewed quarterly by the Pension Committee and updated periodically as deemed prudent. A list of available fund options can be accessed from NWPS.
EFC-ER	The Evangelical Friends Church – Eastern Region
Employer Contributions	Contributions made by your employer to the Plan. (See page 4 of this booklet for a discussion of Employer Contributions).
Pension Committee	The Pension Committee of the EFC-ER. The Pension Committee is a sub-committee of EFC-ER’s Finance and Administration Team and is the Administrator of the Plan.
Plan	The 403b Pension Plan, Evangelical Friends Church – Eastern Region described in this booklet.
Retirement	Retirement under the Plan means the giving up of any ecclesiastic or other office or position with the church or other salary-paying in work hours from full-time to part-time after reaching age 62.
Rollover Deposits	A contribution made by you to the Plan after you have received a distribution from another eligible retirement plan.