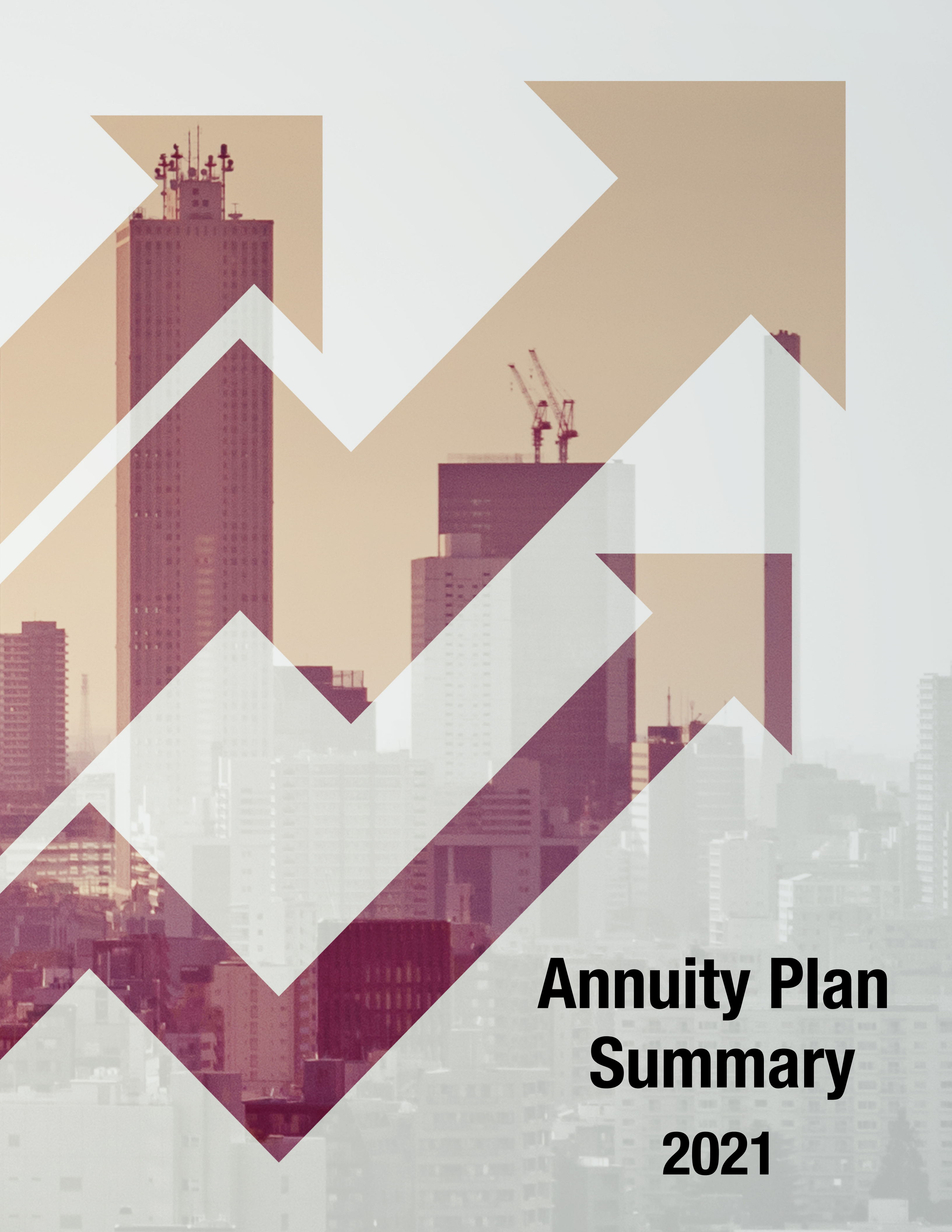

Annuity Plan Summary

2021

Introduction

The Annuity Plan for the United Church of Christ (Annuity Plan) is a 403(b)(9) defined contribution church plan that provides pension and retirement benefits for ministers and employees of United Church of Christ (UCC) churches and other UCC-related entities. Contributions are paid by the church or other UCC employer on behalf of each member. Contributions may also be made by a member on a pre-tax or after-tax basis.

This summary describes some of the key provisions of the Annuity Plan, but does not describe every detail, provision or limitation of the Annuity Plan. Members should refer to the Annuity Plan for additional information. If there are discrepancies between the information contained in this summary and the Annuity Plan, the member should refer to the Annuity Plan.

References to "minister" in this document generally means a minister who is authorized for ministry in the UCC through ordination, licensure, commissioning, or other acts of authorization. For more information, please see the annual **Clergy Tax Preparation Guide**, available on the Pension Boards' website.

Financial planning is a deeply personal and often complicated topic, and the Pension Boards is committed to working with you one-on-one to ensure you are comfortable and fully informed when making those important choices. To contact the Pension Boards to obtain more information on any topic in this document, please refer to the contact information found on p. 9.

Eligibility

Individuals employed by a UCC church or other eligible UCC-related entity that has adopted the Annuity Plan are eligible to participate and enroll in the Annuity Plan. As permitted by the Annuity Plan, self-employed ministers and chaplains may also be eligible to participate and enroll in the Annuity Plan, if such ministers and chaplains share common religious bonds with the UCC and meet other IRS requirements.

Joining the Annuity Plan

To participate in the Annuity Plan and become a member, the Pension Boards must receive a complete and signed **Annuity Plan Membership and Other Benefits Form** **(Form)**, available online on the Pension Boards' website, or by calling Member Services (see contact information on p. 9). The Form must also be signed by an authorized representative of the UCC employer. For identification verification purposes, a copy of your birth certificate, passport or driver's license should be submitted with the original Form to the Pension Boards. In addition, ministers should submit a copy of their ordination certificate or an official statement from the UCC Association or Conference in which the minister has standing.

The Pension Boards will send a notification when the Form has been approved and processed. The member or their employer will be invoiced (as applicable) and membership begins upon the Pension Boards' receipt of the first payment.

Annuity Payment

The annuity payment amount at retirement is calculated based on: (1) the amount of employee and employer contributions made to the account, including earnings (if any); (2) the type of annuity chosen by the member at retirement; and (3) an actuarial formula for the member's (and survivor's life if a joint life and survivor annuity is chosen) projected life expectancy.

Employer Contributions

The General Synod of the UCC and the Pension Boards recommend, but do not require, that employers make pension contributions of 14% of salary basis for each minister to provide for retirement income. "Salary basis" for ministers is the cash salary received, plus housing allowance, if any.

To encourage participation of lay employees in the Annuity Plan, the General Synod also recommends that UCC employers make pension contributions on behalf of lay employees of 3% of their cash salary.

Employee Contributions

Plan members may make pre-tax or after-tax contributions to the Annuity Plan under an **Employee Retirement Contribution Agreement** within the contribution limits established by the IRS. Contributions are generally based on a percentage of salary. The advantage of pre-tax contributions is that the amount is deducted from pay before taxes are deducted, reducing the amount of a member's taxable income, thereby deferring the tax on the contributions.

For ministers, pre-tax contributions are not subject to self-employment (SECA) taxes; however, contributions for non-ministerial employees are subject to Social Security (FICA) taxes. Generally, applicable income taxes are payable when distributions are made from the Annuity Plan or Retirement Savings Account (RSA), if applicable, and the taxes may be lower at retirement since the member may be in a lower tax bracket. An additional benefit to ministers is that they may be able to claim a housing allowance on all or a part of their distributions.

The pre-tax contributions are made through an agreement between the member and the employer and Employee Retirement Contribution Agreement must be attributable to salary earned after the agreement is signed by both parties. The election to deduct pre-tax contributions from salary will remain in effect until it is revoked in writing, replaced with a new Employee Retirement Contribution Agreement, or terminated due to a change in employment. The form is available on the Pension Boards' website or by calling Member Services.

After-Tax Contributions

A member may also choose to make contributions to the Annuity Plan on an after-tax basis. When after-tax contributions are made, distributions from the Annuity Plan are not taxed. The earnings, however, are tax-deferred and will be taxed at the time of distribution.

Rollover and Transfer Contributions

A member may be eligible to make a tax-free rollover or transfer **into** the Annuity Plan from another eligible retirement plan or from certain Individual Retirement Accounts (IRAs). Currently, the Annuity Plan is not designed to allow for rollovers or transfers **out** of the Annuity Plan of **employer**-contributed funds, unless the Board of Trustees' consents or, if there is a qualifying event, up to 20% of employer contributions may be rolled out of the Annuity Plan. This feature is designed to protect the assets of Annuity Plan members. Generally, rollovers occur when money is moved between different types of retirement accounts such as from a 403(b) plan into a traditional IRA. A transfer (often called a trustee-to-trustee transfer) occurs when money is moved between two retirement accounts of the same type. Rollovers and transfers are complex transactions, so please contact the Pension Boards for more information or consult a tax advisor with questions.

Contribution Limits

The IRS imposes limits on amounts that may be contributed to the Annuity Plan by or on behalf of a member, comparable to other retirement plans. The Pension Boards' website offers a contribution calculator to assist in determining estimated annual contribution limits. Members should speak with their tax advisor or accounting professional about how these limits apply to specific tax situations.

Plan Investments

Members may allocate contributions (including rollovers and transfers into the Annuity Plan), as well as employer contributions, into any of the investment options offered by the Pension Boards. Information is available on the Pension Boards' website and in the Pension Boards' brochure titled **Your Investment Options.**

Which Allocation Percentages Are Best?
Most financial advisors recommend that retirement goals and risk tolerance drive investment decisions. Diversification of investments is also recommended to minimize risk. Investment decisions should be based on an individual's personal circumstances. Depending on the type of annuity chosen, the dollars held for a pension will be paid over an entire lifetime (and/or the lifetime of a spouse or other joint annuitant) or over a specified time period. While the Pension Boards' investment options are diversified portfolios with certain objectives, it is important to think about the risk profile of the investment options chosen considering the member's total investment strategy. Learn more about available investment options by visiting the Pension Boards' website.

Members may change investment allocations at any time for current balances and future contributions by logging into their account on the Pension Boards' website or by completing the **Allocation of Future Contributions and Fund Reallocation Form,** available on the website, and sending it to the Pension Boards. Allocations become effective at the month end in which the allocation request is made.

Vesting
Vesting is the process by which Members gain ownership rights to the contributions in their accounts. Under the Annuity Plan, contributions made by employees and employers are 100% vested when made. Contributions to the Herring and Stark Memorial Fund and the NGLI Contribution Accounts are subject to the vesting schedules set forth in the Annuity Plan.

Distributions
Contributions to the Annuity Plan are intended to stay in the Annuity Plan until death, disability, or retirement. The IRS places restrictions and penalties on early withdrawals from most retirement accounts, including Annuity Plan accounts. IRS regulations and Annuity Plan restrictions regarding distributions are complex and may result in adverse tax consequences. Thus, members should consult with their tax advisors regarding the effect of any eligible distributions on their personal tax situations.

Members, their surviving spouses, or beneficiaries (depending on the circumstances) should contact the Pension Boards when a member dies, suffers a disability, or retires to determine available benefits. Benefits do not begin until a completed Application is submitted to the Pension Boards.

Special Note: *The retirement or disability benefits of a retired minister may be designated as a tax-free housing allowance within IRS limits.*

Distributions While Employed
Distributions during employment are available in very limited circumstances. Members may receive a portion, or all monies held in a Rollover Contribution Account and/or Retirement Savings Account, as permitted by applicable law during employment. Restrictions may apply to distributions from the Transfer Contribution Account (an account set up to receive trustee-to trustee fund transfers from another 403(b) plan). **Employee pre-tax contributions and earnings may not be distributed until death, retirement, approval of disability annuity, or termination from service, without potential tax implications. Please contact your tax advisor.**

Members may be eligible to receive retirement benefits from the Annuity Plan without terminating service upon reaching age fifty-five (55) and reducing work hours to 20 hours per week or less. Upon reaching age sixty-five (65), members may be eligible to receive retirement benefits from the Annuity Plan without terminating service or reducing work hours. There may be tax implications for early partial withdrawals, so speak with a tax advisor if taking advantage of these features of the Annuity Plan.

Hardship Distributions and CARES Act Distributions
While blanket hardship withdrawals are still not permitted by the Plan, a specific hardship distribution relating to the COVID-19 pandemic and the subsequent CARES Act legislation was added to the Plan when it was amended on May 15, 2020.

Section 4.15 on CARES Act Distributions allows a member to direct PBUCC to authorize a coronavirus-related distribution from their account. A coronavirus-related distribution is one that meets the requirements of funds needed due to the individual's, spouse's, or a dependent's COVID-19 diagnosis; funds needed due to adverse financial circumstances due to the pandemic response; funds needed due to lack of child-care caused by the pandemic; or funds needed due to other requirements determined by the Secretary of the Treasury.

These requirements are satisfied by the self-certification of the member.

Coronavirus-related distributions can only be defined as such if they were made between January 1, 2020, and December 31, 2020. They are also distributions that can only be taken from member contributions.

Coronavirus-related distributions can only be made to a maximum of 50% of the member's total account in member contributions or $100,000. This type of distribution can be paid back to the Plan up to three years after the distribution was made, at the member's discretion.

Plan Loans
Loans are not available under the Annuity Plan.

Distribution Due to Disability
Disability retirement benefits are available if the disability requirements are met. Contact Member Services for more information about the requirements for eligibility. The disability plan insurer determines eligibility for disability benefits or members may submit a copy of their Social Security disability award letter to the Pension Boards as proof of disability. The disability annuity is not available if disability benefits are being received under the UCC Life Insurance and Disability Income (LIDI) Benefit Plan. Please contact the Pension Boards if you need to apply for approval for a disability annuity.

Distributions Due to Death
Upon a member's death, account balances (contributions and earnings) in an RSA and Rollover or Transfer Accounts will be payable to designated beneficiaries. Various payment conditions apply based on the beneficiary's age and relationship to the member at the time of death. Please contact the Pension Boards for more information.

Distribution at Termination of Employment
For members who leave employment for any reason, account balances in the Annuity Plan may remain in the member's account until a distribution is required by law (Required Minimum Distribution (RMD)), or members may choose to begin receiving annuity payments (subject to IRS age and early withdrawal requirements). The IRS regulations require taxpayers to take an RMD by April 1 of the year **following the year** in which they attain the age of 72 (70½ for members who reached that age before January 1, 2020) or upon retirement, whichever occurs later, and to take an RMD yearly thereafter. As a service to its members, the Pension Boards calculates the amount of the RMD and endeavors to contact members to notify them that an RMD will be paid. Although the Pension Boards calculates the RMD, the member is ultimately responsible for calculating and taking the RMD when required. If the member does not take an adequate distribution, the member may be subject to a 50% excise tax on the RMD not taken. Thus, members should consult with their tax advisors regarding the accuracy of the RMD each year.

The Annuity Plan provides for the following withdrawals upon termination of employment:

- If balances are less than $10,000, a lump sum of the entire account balance may be paid (subject to applicable tax requirements);
- Rollovers out of the Annuity Plan of pre-tax or after-tax **employee** contributions, Rollover monies, RSA and Transferred monies (restrictions apply to **employer** contributions);
- At age fifty-five (55) or later, you may commence retirement benefits without incurring additional tax if you meet the legal requirements for taking such benefits. Please refer to the Section entitled ***Retirement Partial Withdrawal Options***, later in this booklet.

Outbound Rollover and Transfer Options
Employee or transfer contributions into the Annuity Plan may be rolled over tax-free (subject to Annuity Plan restrictions and applicable law) to another eligible retirement plan or IRA, or transferred to another 403(b) plan. You may also withdraw up to 20% of **employer** contributions, if there has been a qualifying event for distribution. Please contact the Pension Boards for more information.

Benefit Payment Options
The Annuity Plan provides members with various retirement benefit payment options. Choices include taking a single lump sum distribution (subject to limitations described in this brochure), annuity payment, or a combination of both. A minimum of 80% and up to 100% of **employer** contributions may be annuitized. Please note that only 20% of **employer** contributions may be taken in a single lump sum. However, up to 100% of **employee** contributions may be taken in a single lump sum payment or other eligible distribution form (such as a rollover). For example, if your **employer** contributed $100 to your account, only $20 would be eligible to be paid to you in a lump sum at the time of distribution. The remaining $80 would remain in the Annuity Plan to be available for retirement.

Members must apply to the Pension Boards to begin receiving distributions. The benefit payment options offer varying degrees of retirement income security for members and their dependents. It is important to understand the options prior to choosing the annuity. The benefit amount is determined primarily by the account balance at the time of distribution, an actuarial analysis of life expectancy, and the type of annuity chosen. The account value will depend on the amount of contributions and the investment earnings on the employee and employer contributions. For retirement benefit estimates and for information about the various retirement distribution options, members may access their accounts online at the Pension Boards' website or call one of our Pension Counselors.

Retirement Age
The customary retirement age is 65; however, members may request and apply for reduced benefits upon reaching age 55 and meeting eligibility requirements for early and/or partial distributions. Active UCC employees (receiving a W-2) may delay taking distributions under the Annuity Plan until a time of the member's choosing. Delaying receipt of annuity payments increases the monthly annuity payments received later. The increase in benefits is the result of additional pension contributions, investment earnings, and shorter life expectancy. If a member is not employed by a UCC church or UCC-related entity, a Required Minimum Distribution (RMD) must be taken no later than April 1 following the year in which a member turns 72 (70½ for members who reached that age before January 1, 2020).

Annuity Income Options

Single Life Annuity
This option provides a monthly annuity during a member's lifetime. The annuity payments end upon a member's death. Because a member's spouse will not receive any benefit, the member's spouse must consent in writing when a member chooses this option.

66⅔% Joint Life and Survivor Annuity
This option provides a monthly annuity for a member's lifetime. If the joint annuitant survives the member, they will receive continuing payments for life at 66⅔% of the annuity payment that the member was receiving at the time of death. If the joint annuitant dies first, their death does not affect the amount of the member's annuity payments; however, no substitute beneficiary may be named. The benefits cease upon the member's or joint annuitant's death.

100% Joint Life and Survivor Annuity
This option provides a monthly annuity for a member's lifetime. If the joint annuitant survives the member, they will receive continuing annuity payments for life at 100% of the member's annuity payment at the time of death. If the joint annuitant dies first, their death does not affect the member's annuity payment; however, a substitute joint annuitant may not be named. The benefits will cease upon the member's or joint annuitant's death.

Annuity with Ten-Year Guarantee

Single Life and Survivor Annuity with Ten-Year Guarantee
If this option is chosen, a member receives a lifetime monthly benefit; however, if the member passes away during the first 10 years of the receipt of annuity payments, the remaining balance of the 120 payments will be paid monthly to a designated beneficiary and then cease.

Joint Life and Survivor Annuity with Ten-Year Guarantee
This option provides a member with a monthly annuity for life and if the member dies before the joint annuitant, the joint annuitant will receive a monthly annuity for life. However, if both the member and joint annuitant die during 120-month time frame, the remainder of the payments will be paid to the designated beneficiary. If payments are made to a beneficiary, they will be based on the annuity type chosen (e.g., 66⅔% or 100%) and receive the amount that would have been paid to the member or joint annuitant had they survived. After the 120 payments have been paid, the benefits then cease.

Annuity Types

Basic Annuity
The assets supporting this annuity are invested in fixed-income securities that reflect high overall quality ratings. Given that most of these securities pay a fixed amount of interest, the current assumption is that these securities will produce an average investment return that is close to the 4% return assumption built into the base level annuity benefits. If interest rates rise or fall significantly above or below the 4% earnings assumption for extended periods, there is a possibility that the benefit could be adjusted.

Participating Annuity
The assets supporting this annuity are invested in a portfolio of stocks, bonds, and real assets (targeted allocation of 55% stocks, 35% bonds and 10% to real assets). Over longer periods of time, this annuity should produce average returns that are higher than the 4% built-in return assumption and should allow for benefit increases from time to time that are expected to continue to be paid over the member's lifetime. If investment and mortality experience result in decreased assets that no longer support the benefit levels, then monthly benefits may also decrease. Adjustments, if any, to these annuities will be effective January 1 of each calendar year.

Retirement Partial Withdrawals
When a member annuitizes, the following withdrawal options are available: (i) up to 100% of **employee** contributions (pre-tax and after-tax); and (ii) up to 20% of **employer** contributions, plus earnings. If there is not an immediate need for a partial cash withdrawal of the **employer** contributions, the 20% may be transferred to a Retirement Savings Account

(RSA). Contributions transferred to an RSA continue to be tax-deferred until they are withdrawn or are required to be withdrawn as a Required Minimum Distribution. The minimum distribution from the account is $500. There is no maximum; therefore, the entire RSA account balance may be withdrawn. All withdrawals are subject to a mandatory 20% federal withholding tax, unless directly rolled over into another eligible retirement plan or IRA.

NOTE:
RSA withdrawals payable to ministers may be designated as tax-free housing allowance within limits imposed under applicable federal tax law. Individual tax-related questions should be directed to a tax advisor.

Required Minimum Distributions (RMD) are not eligible for rollover and are subject to taxation from 0 to 100%, at the taxpayer's discretion, depending on their individual tax situation. The Pension Boards withholds 10% for taxes, unless directed otherwise by the member. Members should consult with their tax advisor regarding how RMDs affect individual tax situations.

Divorce Before Commencement of Annuity
If a member divorces, the former spouse (also known as the alternate payee) may be awarded a portion of benefits under the Annuity Plan through a special court order called a Domestic Relations Order (DRO). The Pension Boards must administer the Annuity Plan in accordance with its plan design; therefore, the form of the DRO must be approved by the Pension Boards before it is filed with the court. If the DRO does not meet the qualifications of the Annuity Plan, the Pension Boards must reject the DRO and a revised DRO will need to be refiled with the court. Please contact the Pension Boards immediately for important information regarding the effect of divorce on retirement benefits, fees, and requirements.

Divorce After Commencement of Annuity
All or a portion of an annuity that has begun may be allocated to an alternate payee under a DRO; however, no beneficiaries will be changed. A portion of the monthly annuity payment will be paid to the alternate payee. The benefits will be paid during the remaining lives of the member and alternate payee in effect when the annuity was established. Accordingly, payments could end during the life of the alternate payee or could continue to be payable after a member's death, depending on the type of annuity option chosen by the member.

Account Statements
Quarterly account statements are provided to members with information regarding account value, together with other important data. Members may log into their accounts online to view their account balances at any time. It is important to notify the Pension Boards if any contact information (e.g., email or home address) has changed to ensure receipt of statements and other important benefit information.

Naming Beneficiaries
Except for Single Life Annuities, a member must name beneficiary(ies) to have them receive benefits upon the member's death. Payment of benefits are not automatically paid to a member's dependents, except to a spouse if married. If a beneficiary is not named and a member is not married, the benefits will be paid to the member's estate, requiring court action to divide the benefits. For this reason, it is helpful to keep beneficiary designations up to date (e.g., naming children as beneficiaries as they are born). This can be accomplished by completing a new **Beneficiary Designation Form**, available on the Pension Boards' website or by calling Member Services.
If a member is married, but not naming a spouse as the sole primary beneficiary, the spouse must provide the Pension Boards with written consent, signed in the presence of a notary public.

Death Before Retirement
All contributions made by employees and employers are fully vested when credited to the

members' account, except for the Herring and Stark Memorial Fund and NGLI Contribution Accounts, each of which has its own vesting schedule. If a member dies prior to the commencement of the annuity, the balances are not forfeited. The Annuity Plan provides a death benefit to the member's spouse or designated beneficiary, or to the member's estate if no beneficiaries exist.

Settlement Options

Depending on a designated beneficiary's age and relationship to the member, they will receive payment in one or more of the following ways:

- *Immediate life annuity* – Any designated beneficiary may apply accumulation account balances to an immediate lifetime annuity for themselves. The amount is based on the accumulation balances and the life expectancy of the beneficiary (age). A joint life annuity is not available to beneficiaries.
- *Defer payments* – A spouse beneficiary may defer receiving annuity benefits based on a member's account until a future date. The account will continue to receive investment earnings. A non-spouse beneficiary may defer receiving benefits until December 31 of the year following the member's death.
- *Installment payments* – Beneficiaries under the age of 50 may choose to receive the accumulation in monthly installments over a period of three (3), five (5), or eight (8) years, as established by the Pension Boards in its discretion.
- *Lump Sum Payments* – Beneficiaries who are not a spouse or dependent may choose to receive the accumulations in a single lump sum payment.

All the above options may have tax implications. Beneficiaries should consult with their tax advisors before choosing an option.

Death After Retirement

If a member dies after the commencement of their annuity, the benefits payable, if any, will be determined in accordance with the annuity type selected at the time of retirement. If the member has a Retirement Savings Account, the funds will be distributed to the named beneficiaries.

Termination of Employment

Unlike many private plans, benefits are fully vested as soon as employee and employer contributions are received by the Pension Boards. Contributions, except for the Herring and Stark Memorial Fund and NGLI Contributions, do not revert to the employer if employment is terminated or a member loses authorization for ministry. Benefits are paid when a member elects to commence benefits, usually at age 59½ or later, or by qualifying for a disability annuity. The following provisions also apply:

- *Balances of $10,000 or more* – account balances of $10,000 or more are required to continue to participate in the Annuity Plan and will continue to receive investment earnings.
- *Balances less than $10,000* – account balances less than $10,000 for a member whose employment has ended, or after eligible withdrawals have been made from the account (see *Personal Contributions* section below), are eligible for a lump sum payment of the entire balance. The Pension Boards will withhold the mandatory 20% federal withholding tax from the distribution. Alternatively, the account balance may be rolled over into another eligible retirement plan or IRA tax-free (see *Rollover* section below).
- *Employee Contributions (pre-tax and after-tax)* – All **employee** contributions may be withdrawn at termination of employment. The Pension Boards will withhold the mandatory 20% federal withholding tax from the distribution, or the account balance may be rolled over into another eligible retirement plan or IRA tax-free (see *Rollover* section below).
- *Rollover* – eligible distributions (e.g., **employee** contributions and up to 20% of

employer contributions) may be rolled over to an eligible retirement plan or IRA outside the Annuity Plan subject to a qualifying event. Rollovers generally are tax-free transactions; however, please note that RMDs are not eligible for rollover.

Other Benefits

UCC Medical, Dental and Vision Benefits

The UCC Medical and Dental Benefits Plan (Medical Plan), a nationwide plan administered by the Pension Boards, provides uninterrupted coverage should a minister accept another call within the denomination in another geographical location. The Medical Plan provides extensive benefits for hospital, medical, pharmacy, and dental expenses.

Life Insurance and Disability Income (LIDI) Benefit Plan

A nationwide plan that provides member and spouse/partner life insurance, short and long-term disability insurance and 7% Annuity Plan contributions. The benefit amounts are based on base salary and age of the member and spouse/partner. LIDI plan participants may also purchase optional additional insurance coverage and optional dependent insurance coverage for their spouse/partner and children at low group rates.

Flexible Benefit Plan for UCC Ministries (also known as the Flexible Spending Account or FSA)

The FSA allows clergy and lay employees to elect to set aside a portion of their pre-tax earnings to pay for medical and dependent care expenses they may incur during the coming year. Amounts are deducted from an employees' payroll each pay period and placed in the FSA for their benefit. Amounts are available only for expenses taken during the year in which they are set aside.

Security Law Notice

The Annuity Plan, and any company or account maintained to manage or hold plan assets and interests in such plan, company, or account, is not subject to registration, regulation or reporting under the Securities Act of 1933, the Securities Exchange Act of 1934, or any state securities laws, as the same may be amended, from time to time. Annuity Plan members and beneficiaries are not afforded the protection of the securities laws.

For more information, please contact **Member Services** at **1.800.642.6543,** or visit **www.pbucc.org.**

PORTAL

Plan for your future and invest

Optimize your **R**etirement outcomes

Transition to retirement

Annuity for **L**ife

Investing for retirement in the Annuity Plan for the United Church of Christ is your **PORTAL** to a more secure retirement. Visit us at: **https://bit.ly/PORTAL_Series** to learn more.

The Pension Boards
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