

Lay Long-Term Disability and Life Insurance Plan Plan Sponsor Adoption Agreement

ADD: Graphic Box to collect Plan Sponsor Demographic Information – Legal Name, Business Address, Contact Person, E-mail address, Website, etc.

- 1) The General Board of Pension and Health Benefits of The United Methodist Church, Incorporated in Illinois (General Board) administers the Lay Long-Term Disability and Life Insurance Plan (the Plan), a successor plan to the Basic Protection Plan (BPP).
- 2) The Plan is a welfare benefit plan as defined in §3(1) of the Employee Retirement Income Security Act of 1974, as amended (ERISA), that provides life insurance benefits and long term disability income protection benefits to employees of participating plan sponsors, and that is a church plan as defined in §3(33) of ERISA and §414(e) of the Internal Revenue Code of 1986, as amended (Code), which is exempt from Title I of ERISA pursuant to §4(b)(2) of ERISA.
- 3) The General Board and the trustee of the Employee Welfare Benefit Trust of The United Methodist Church (the Trust) may purchase policies of insurance to provide the benefits under the Plan;
- 4) The Trust is the policyholder of the insurance policies (the Policies) that insure the benefits provided under the Plan.
- 5) _____ (Plan Sponsor) is eligible to participate in and wishes to adopt the Plan.
- 6) Plan Sponsor understands that by executing this Adoption Agreement it becomes a participating employer in the Trust and its lay employees and certain clergy, where applicable, will be eligible for coverage under the terms of the Plan and Policies and this Adoption Agreement.
- 7) Effective as of _____, 20__ (Effective Date), Plan Sponsor hereby adopts the Plan for its eligible employees in accordance with the following provisions.
- 8) Plan Sponsor agrees to be bound by all the terms, provisions, administrative policies and guidelines of the Plan including, but not limited to, the Plan document, Policies and this Adoption Agreement.
- 9) Plan Sponsor agrees to comply fully with all financial, actuarial, legal and administrative policies, guidelines and procedures of the Plan as requested or directed by the General Board.

10) Plan Sponsor shall elect on *Exhibit A* and *Exhibit B*, attached hereto and incorporated herein by reference, the categories of Employees eligible for coverage under the Plan and applicable eligibility criteria for those elected categories. Plan Sponsor's elections in *Exhibit A* and *Exhibit B* shall become eligibility criteria that Employees, including clergy, must satisfy before becoming eligible for coverage in the Plan.

11) Plan Sponsor agrees to make any necessary records and data available to the General Board in order to determine the eligibility of all potentially eligible Employees and clergy, spouses and other dependents pursuant to the terms of the Plan and this Adoption Agreement.

12) Plan Sponsor agrees to cover 100% of all its eligible Employees and agrees to remit 100% of the required premiums (Required Premium) associated with such Employees' coverage under the Plan. Plan Sponsor acknowledges that the Plan is a noncontributory plan, meaning that Plan Sponsor pays the entire premium for coverage of each of its eligible Employees.

13) Plan Sponsor shall elect in *Exhibit C*, attached hereto and incorporated herein by reference, whether it shall provide life insurance benefits (Lay Life Component) or long-term disability income protection benefits (Lay LTD Component), or both components, to its eligible Employees under the Plan. Plan Sponsor shall elect in *Exhibit C* the coverage and design of its elected Plan components, i.e., Lay Life Component and Lay LTD Component, the Plan Sponsor wishes to provide to its eligible Employees under the Plan.

14) The Plan Sponsor acknowledges that the General Board has the authority to modify the Plan and the design of the Plan Components at any time. The General Board agrees that it will, in good faith, use its best efforts to provide notice to the Plan Sponsor of any material modifications with respect to *Exhibit A*, *Exhibit B* or *Exhibit C* at least six months before the effective date of such modification.

15) Plan Sponsor acknowledges that by electing to adopt the Lay Life Component in *Exhibit C* it has also elected to sponsor the Optional Life Plan, a voluntary supplementary life insurance plan, for its eligible Employees who are enrolled for coverage under the Lay Life Component of the Plan. Employees who enroll in the Optional Life Plan elect and pay for Optional Life coverage directly through the insurer, and Plan Sponsor is not under obligation to pay for such Optional Life coverage.

16) Plan Sponsor may amend *Exhibit A*, *Exhibit B*, and *Exhibit C* during the annual Adoption Agreement Period (as defined by the General Board), established by the Plan. Amendments will be effective as of the first day of the calendar year (Plan Year) that follows the execution date of the amendment. Plan Sponsor may amend *Exhibit A*, *Exhibit B* and *Exhibit C* at other times during a Plan Year, with ninety (90) days advance written notice to the General Board, having an effective date no earlier than the first day of the calendar quarter that follows such notice. A Plan Sponsor may not make more than

one such amendment in any Plan Year. Plan Sponsor must provide appropriate notice to its eligible Employees.

17) The General Board or its insurer or agent shall send Plan Sponsor an invoice of Required Premium for all eligible Employees no less frequently than quarterly. Plan Sponsor has a duty to review invoices for accuracy and timely notify General Board of any discrepancies related to enrollment or billing.

18) Plan Sponsor shall remit the entire amount of Required Premium (as noted on the invoice) described in Section 12 herein by the due date. Plan Sponsor acknowledges that payment of Required Premium is its duty and not that of the General Board or the Trust.

19) Plan Sponsor agrees to abide by all applicable laws and regulations applicable to the Plan and its participating employers.

20) Plan Sponsor agrees to offer coverage under this Plan on a nondiscriminatory basis in accordance with applicable laws to all employees within any category the Plan Sponsor elects on *Exhibit A* or *Exhibit B*.

21) This Adoption Agreement shall become effective as of the Effective Date, and continue in effect for an initial term of three (3) Plan Years from such effective date (Initial Term). Thereafter, this Adoption Agreement shall automatically renew on the first day of each successive Plan Year for an additional Plan Year until terminated pursuant to Sections 22, 23, 24, 25 or 26, below.

22) After the Initial Term has expired, this Adoption Agreement may be terminated by Plan Sponsor effective as of the end of the last day of the then current Plan Year; provided, however, that the Plan Sponsor must provide written notice of such termination to the General Board at least six (6) months before the effective date of such termination.

23) After the Initial Term has expired, the General Board may terminate this Adoption Agreement for any reason effective as of the end of the last day of the then current Plan Year by giving the Plan Sponsor written notice of such termination at least ninety (90) days before the effective date of such termination.

24) Section 23 notwithstanding, General Board may terminate this Adoption Agreement immediately if Plan Sponsor fails to pay any Required Premium (as described in Sections 12 and 18, above) upon the due date pursuant to the terms of the Plan. In the event the General Board seeks to terminate the Adoption Agreement with Plan Sponsor due to nonpayment of Required Premium, the General Board shall provide Plan Sponsor written notice of its intent to terminate. The General Board shall provide such written notice to Plan Sponsor no less than 15 days prior to the effective date of termination.

25) In addition to its right to terminate this Adoption Agreement on account of nonpayment under Section 24, the General Board reserves the right to terminate the Plan Sponsor's participation in the Plan if the Plan Sponsor fails to abide by any of the other

terms the Plan or this Adoption Agreement. The General Board will provide written notice to the Plan Sponsor of such noncompliance and the General Board's intent to terminate this Adoption Agreement (and thereby the Plan Sponsor's participation in the Plan). The General Board will allow the Plan Sponsor the opportunity to correct such noncompliance and continue participation in the Plan if the noncompliance is corrected within thirty (30) days of the written notice. If such noncompliance is not corrected within the thirty-day period, the General Board will terminate this Adoption Agreement.

26) Notwithstanding the terms of Sections 24 and 25, or anything in this Adoption Agreement to the contrary, if the terms of the Policy dictate termination of this Adoption Agreement for Plan Sponsor, e.g., on account of non-payment of Required Premium, then this Adoption Agreement shall terminate.

27) Plan Sponsor remains obligated to pay Required Premium for coverage of all eligible Employees under the Plan through the date of termination.

28) Plan Sponsor acknowledges the insured nature of the Plan, meaning that the insurer bears the responsibility for adjudication of claims and payment of benefits. The General Board has no discretion or authority to review or reverse the determinations of the insurer with respect to benefits. Eligibility and enrollment rules, benefits, time limits, claims processes and appeals procedures are governed entirely by the Policies. Failure by Plan Sponsor to adhere to published rules and procedures may jeopardize the rights and benefits of Employees.

29) Plan Sponsor acknowledges that for the purpose of this Adoption Agreement, the following terms shall have the meaning defined below.

Clergyperson: A Clergyperson is a person who is (a) a bishop, (b) a clergyperson, including a deacon, who is a member in full connection, a probationary member or an associate member, of an annual conference, (c) a local pastor (as these terms are described in either Chapter Two or Three of *The Book of Discipline*), (d) an ordained clergyperson from an other Methodist denomination or (e) an ordained clergy from another denomination.

Lay Employee: A Lay Employee is a person who is a common law Employee of an organization or corporation that is affiliated with The United Methodist Church and that has executed an Adoption Agreement for this Plan. Temporary and seasonal Employees shall not be considered Lay Employees under this Plan. For a Plan Sponsor that is an Annual Conference, Lay Employees are common law employees of the Annual Conference offices. For the purposes of this Plan, bishops of the Central Conferences of The United Methodist Church will be considered Lay Employees of the Plan Sponsor that adopts the Plan on their behalf. Central Conference bishops may only be covered in the Lay Life Component of the Plan; they may not be covered in the Lay LTD Component.

Employee: An Employee is a (i) Lay Employee or (ii) a Clergyperson who is not eligible for coverage in the Comprehensive Protection Plan (CPP) but who has been made

eligible for this Plan by Plan Sponsor's elections in *Exhibit B*. An Employee must be a person who is described as an employee of a church in §414(e)(3) or §7701(a)(20) of the Internal Revenue Code of 1986, as amended.

In witness whereof, the undersigned, a duly authorized representative of the Plan Sponsor, hereby declares the Plan Sponsor's desire and intent to adopt the Plan by causing this Adoption Agreement to be executed as of the date indicated below:

Plan Sponsor

Plan Sponsor Legal Name

Authorized Representative

Title

Date_____

Authorized Representative

Title

Date_____

Authorized Representative

Title

Date_____

In witness whereof, the General Board of Pension and Health Benefits of The United Methodist Church, Incorporated in Illinois accepts the Adoption Agreement submitted by Plan Sponsor as of the date indicated below:

**General Board of Pension and Health Benefits of The United Methodist Church,
Incorporated in Illinois**

Authorized Representative

Date _____

Authorized Representative

Date _____

DRAFT