The webinar is now online.

The presentation will begin at 4:00 pm Eastern

- Please print out the following materials to reference during the presentation *(for best results, you may want to print in grayscale rather than full color)*

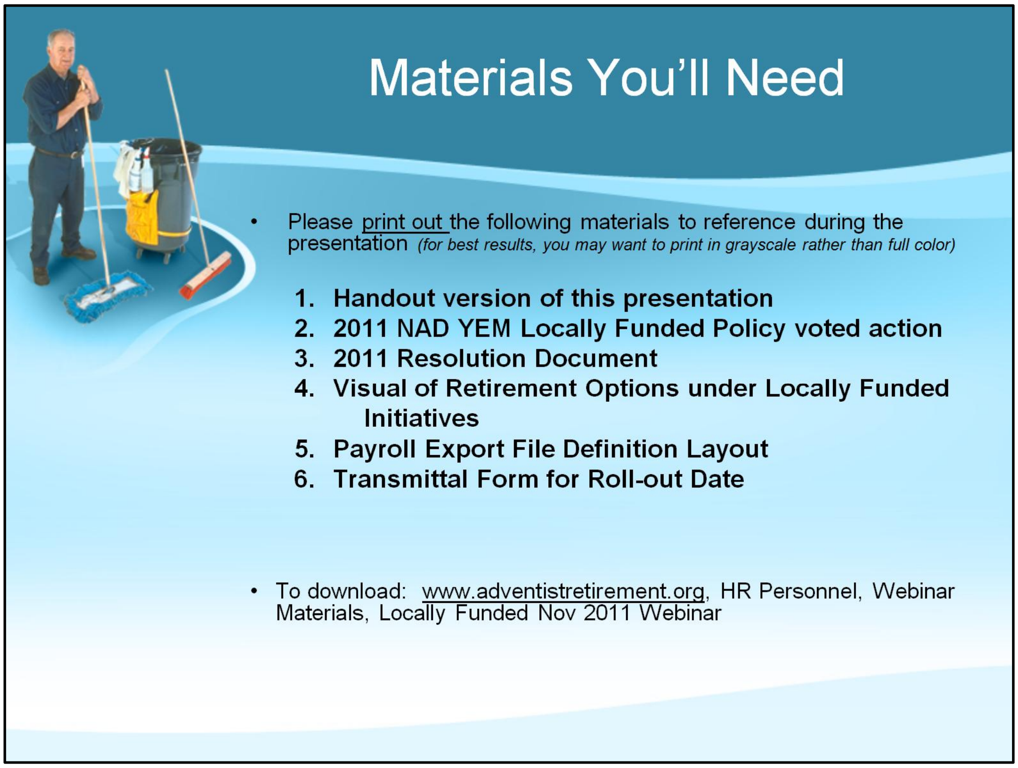
  1. **Handout version of this presentation**
  2. **2011 NAD YEM Locally Funded Policy voted action**
  3. **2011 Resolution Document**
  4. **Visual of Retirement Options under Locally Funded Initiatives**
  5. **Payroll Export File Definition Layout**
  6. **Transmittal Form for Roll-out Date**

- To download: www.adventistretirement.org, HR Personnel, Webinar Materials, Locally Funded Nov 2011 Webinar

Welcome to the Adventist Retirement Plan's webinar on the new Locally Funded Employee benefit policy.

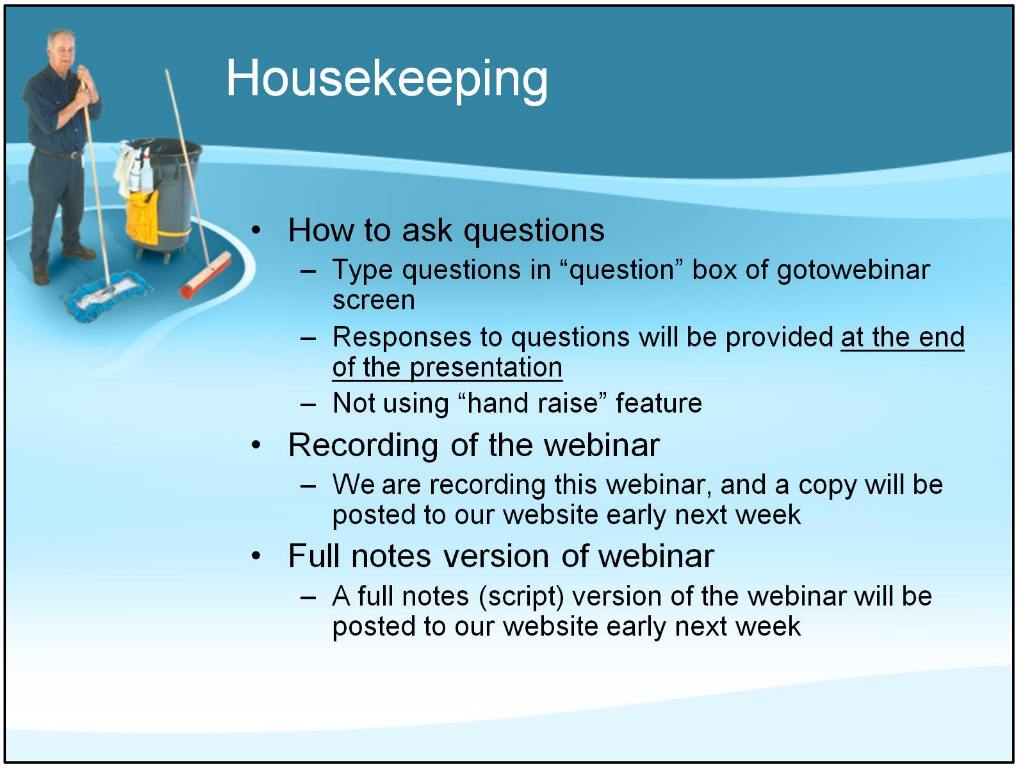
My name is Maurine Wahlen, and I'm an associate administrator with the Adventist Retirement Plans.

We're pleased you've joined us today and hope that the information presented will be helpful to you and your team.



Please ensure that you have printed out these materials to reference during the presentation.

Jot down your comments, observations and questions as we go along.

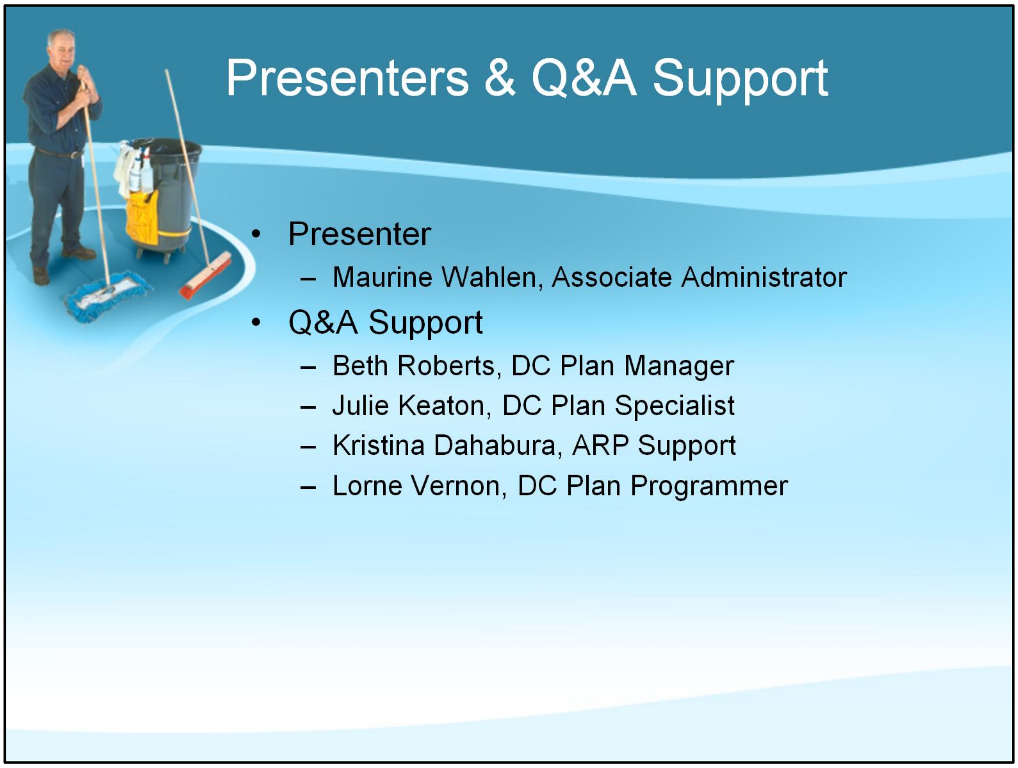


During the presentation, feel free to type in your questions in the “question” box of the gotowebinar screen.

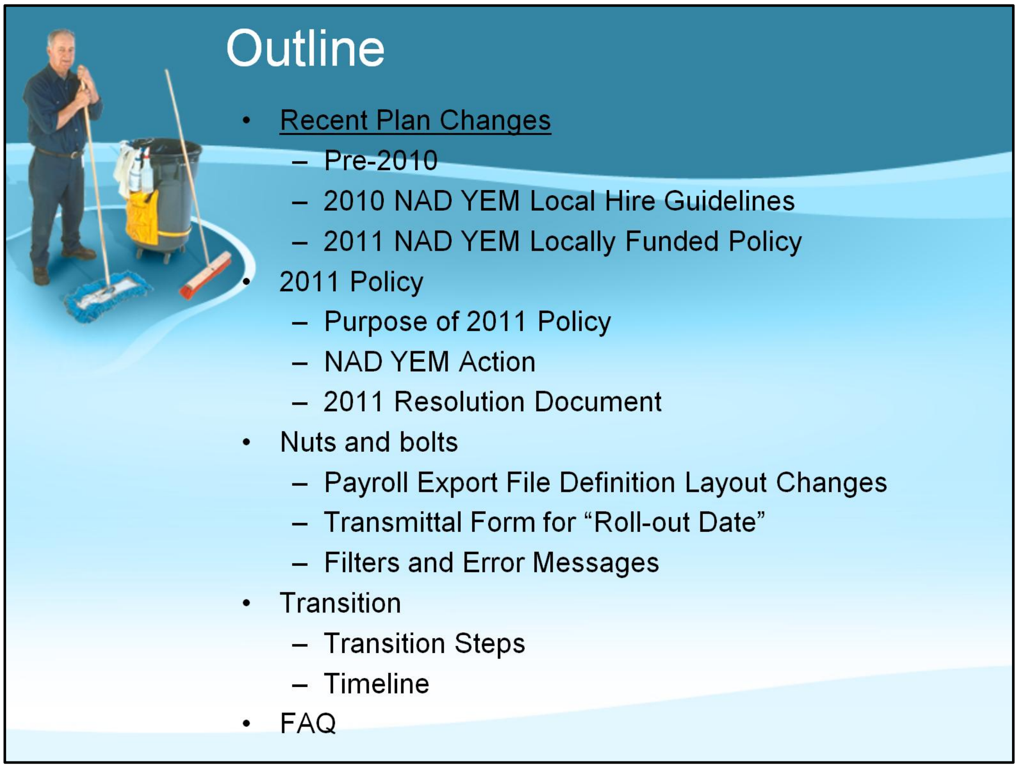
We will respond to as many questions as possible during the Question and Answer session following the presentation.

We will not be using the “raise hand” feature on this webinar.

This webinar is being recorded and that recording along with a full notes version of the powerpoint presentation will be posted to our website early next week.



Development of this presentation required the involvement of the entire ARP team, and although I will be leading out in the first part of the presentation, the entire ARP Team is here to assist in answering your questions in the second part of the webinar.



This webinar is exclusively focused on the recent NAD year-end meeting 2011 Locally Funded Policy and how to implement that policy in terms of the retirement provisions. It is important to note that although this is a locally funded employee policy, the changes required as a result of this new policy will affect ALL employees – if not in terms of actual benefits, then in terms of reporting to the Retirement Plan.

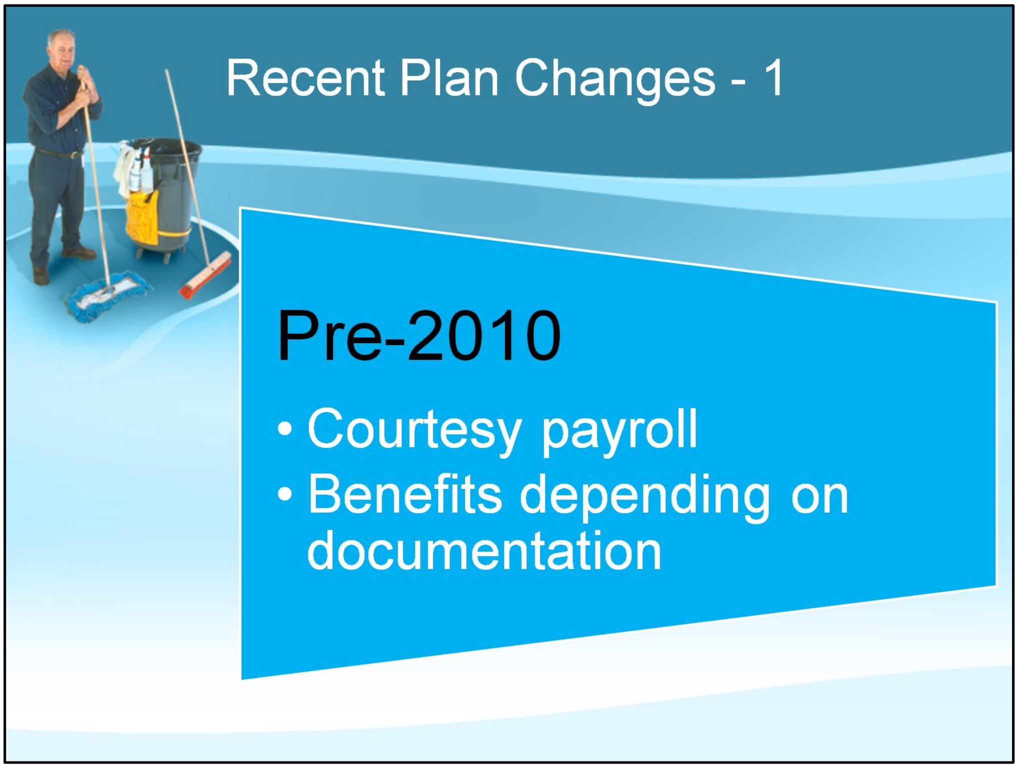
We will review the current retirement benefit profiles and then discuss the latest 2011 Policy in terms of the purpose of the policy, the voted year-end meeting action, and required Resolution document.

Next we will discuss the nuts and bolts operationally in terms of what changes are required from your payroll software, the role of the Transmittal Form, and an overview of the filters that will be put in place.

We'll look at transition steps and the timeline to implement this new policy.

Finally, we'll go over some frequently asked questions – issues that have come up already and for which we have some answers.

At the end, we will take questions typed in the gotowebinar question box and respond to those as we have time.



Let's begin by looking at the retirement benefit structure for locally funded/courtesy/local hire employees since the inception of the plan in 2000 through 2010.

You will recall that courtesy payroll employees are by default NOT eligible for retirement benefits UNLESS their employment documentation indicates that they are eligible. So retirement benefits depended exclusively on the employment documentation.

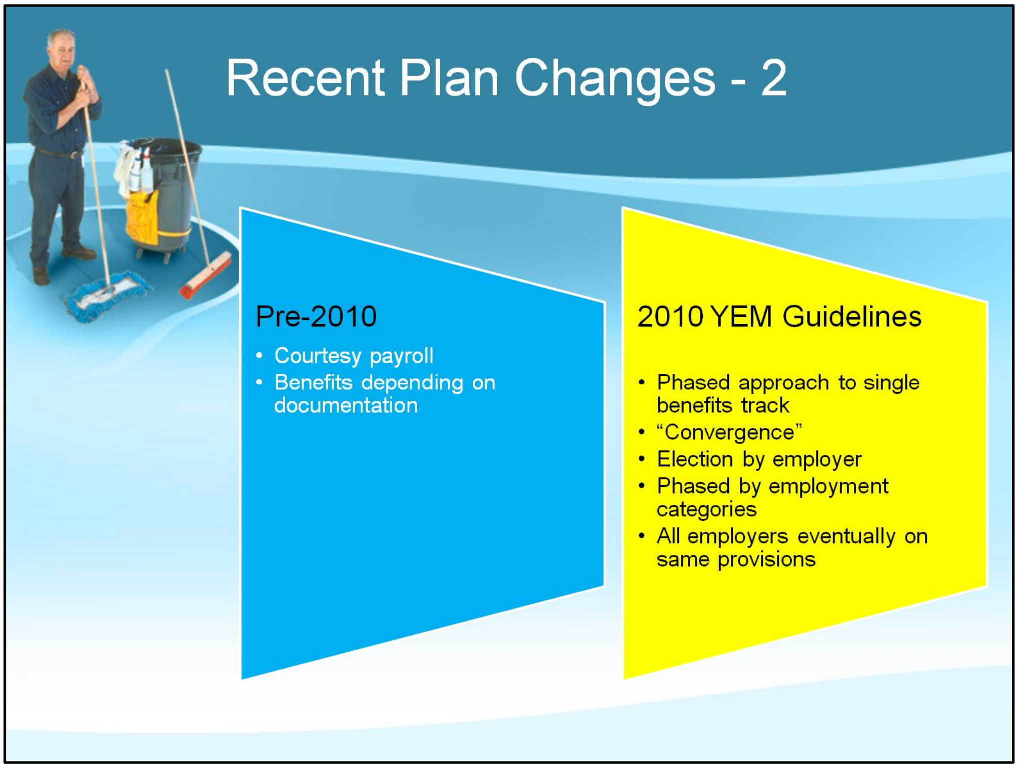
Pre-2010 Plan Provisions

Conference Payroll Employees			Locally Funded Employees	
Full-time	50% - 99%	< 50%	With document	No document
Basic	Basic	None	Basic	None
Match	Match	None	Match	None

As a review, let's look at the contribution profiles for pre-2010 – those applying to the Plan from the inception in 2000 through 2010.

You'll recall that both full-time and part-time employees working at least 50% time are eligible for both the employer basic and match contributions. Part-time employees working less than 50% time are not eligible for either basic or match, but may make their own personal contributions.

Locally funded employees, as we discussed on the previous slide, were by default NOT eligible UNLESS their employment documentation indicated eligibility.



At the 2010 NAD year-end meetings you will recall that a Local Hire Guideline was voted. Characteristics of this guideline included a phased approach, with pastors and teachers being moved onto the guidelines first and other employees later. It was anticipated that there would be convergence; in other words, all employers would eventually be on the same retirement benefit profile. Each employer was allowed to make an election by having the governing body vote a Resolution indicating the categories of employees being phased onto the Guidelines.

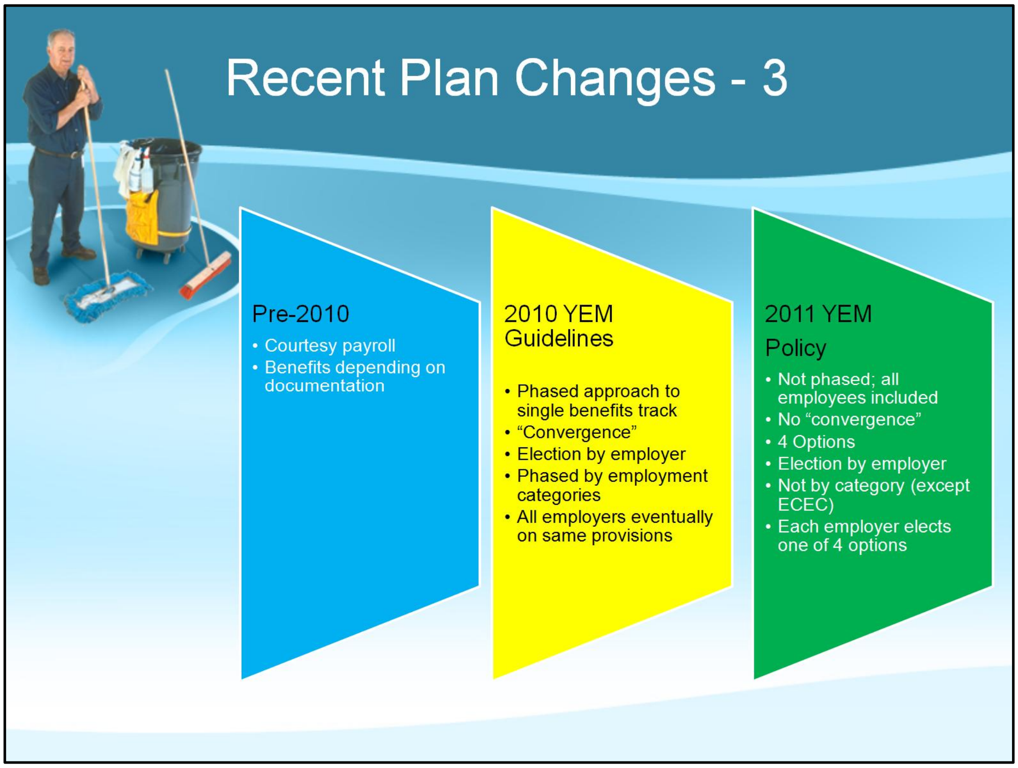
One of the critical points of the 2010 Guidelines were that all employers would eventually be on a single retirement benefit profile.

2010 YEM Guidelines

Conference Payroll Employees			Locally Funded Employees		
Full-time	50% - 99%	< 50%	Full-time	50% - 99%	< 50%
Basic Match	No Basic Match	None Match	Basic Match	No Basic Match	None Match

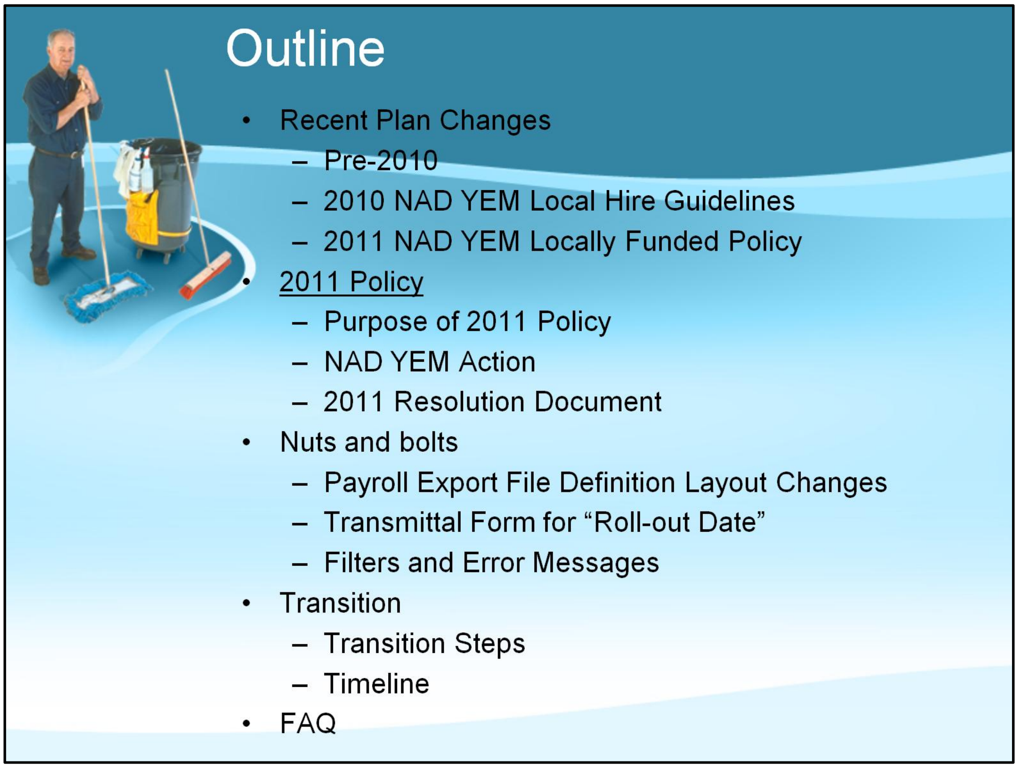
You'll recall that the contribution profiles under the 2010 Guidelines changed from the pre-2010 profile in several ways:

First, part-time employees working at least 50% time were no longer eligible for the employer basic contribution.
Second, all part-time employees, no matter how few hours worked, were newly eligible for the employer match contribution.
Finally, locally funded employees were no longer eligible based on documentation, but rather had a benefit profile mirroring that of the regular conference employees.

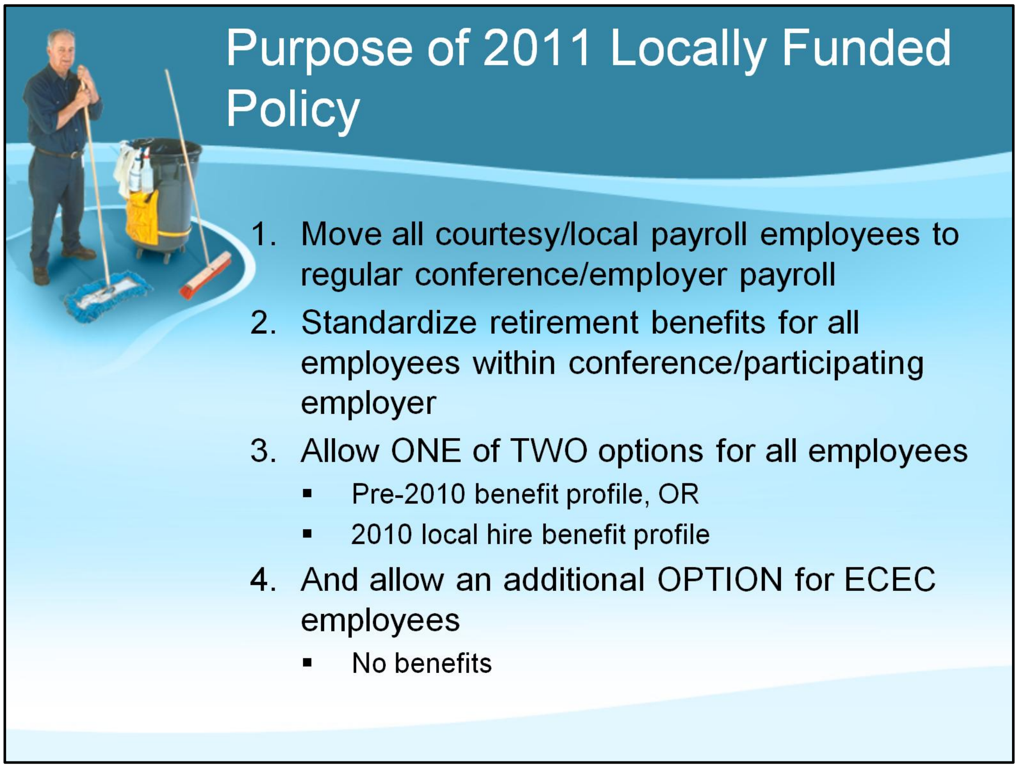


At the just-concluded 2011 NAD year-end meetings a third retirement profile was voted into policy. This was different from the 2010 Guidelines in several respects –

First, the 2011 Policy is policy rather than guidelines, meaning it is no longer optional to comply with the provisions.
Second, the 2011 Policy is NOT PHASED, but rather all categories of employees will be moved onto the new policy at the same time.
Third, this Policy expanded the contribution profiles available by allowing employers to choose to remain with the pre-2010 profile or move to the 2010 Guideline profile. There will be no "convergence" or time when all employers will be on the same profile.
Fourth, the Early Childhood Education and Care (ECEC) employees were broken out into a separate class of employees for purposes of benefits.
Finally, each employer elects one of 2 options for all employees, with 2 additional options (for a total of 4) for ECEC employees.

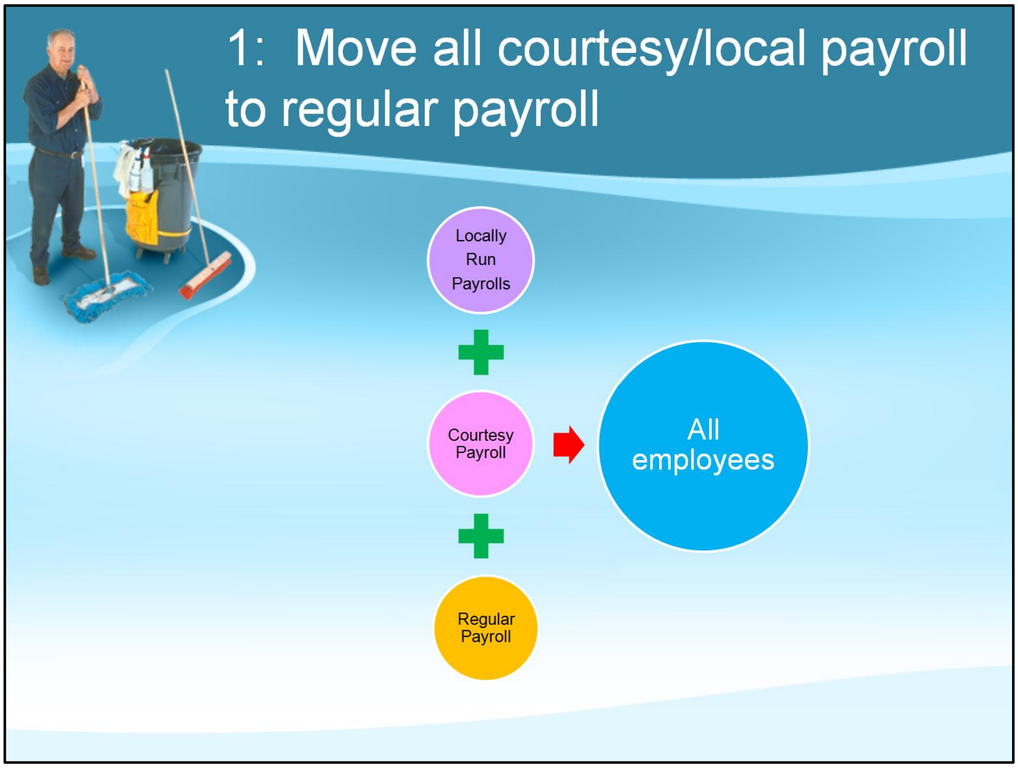


Let’s look more closely at the provisions of the 2011 Policy -

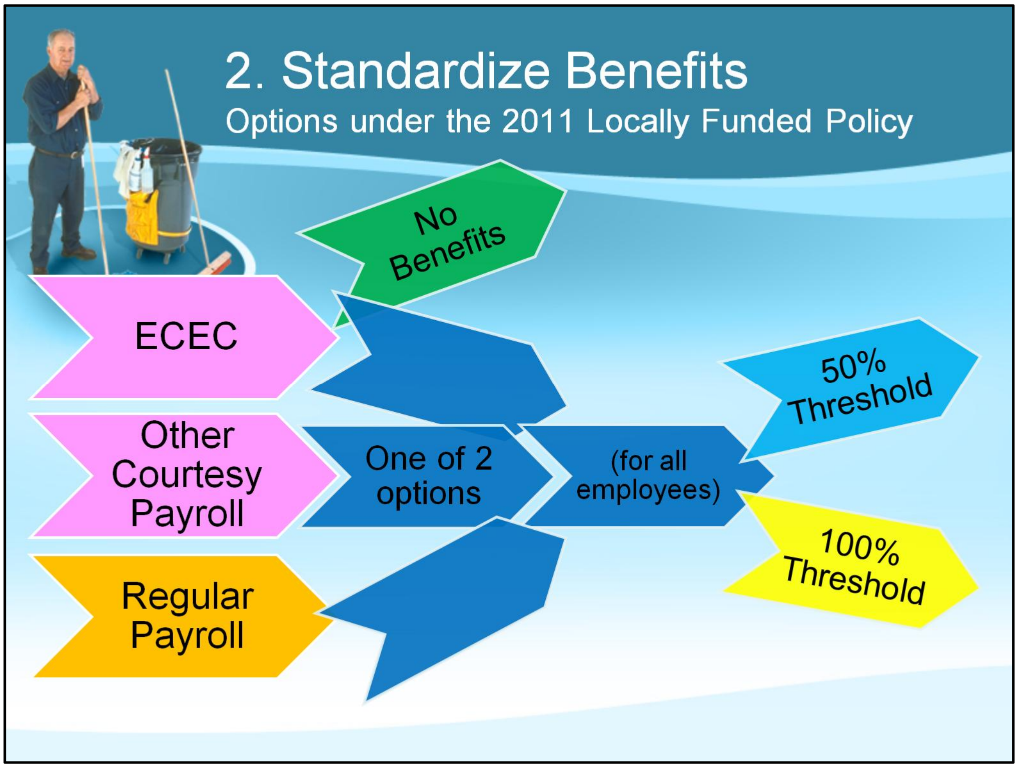


What is the purpose of the 2011 Locally Funded Policy?

First, from a legal, non-discrimination perspective, the goal is to move all courtesy/local hire/locally funded employees onto regular conference payroll status.
Second, retirement benefits within a single employer (often a local conference) will be standardized within the conference/employer.
Third, the 2011 Policy allows employers to elect ONE of TWO options to apply to all employees. The two options are the pre-2010 profile or the 2010 Local Hire Guidelines profile.
Finally, with the separate class of ECEC employees, employers are allowed to elect whether to include ECEC employees in the option selected for all other employees – or to offer NO benefits to ANY ECEC employees. This choice would be applicable to all ECECs within the conference/employer territory and would not vary between ECECs within that territory.



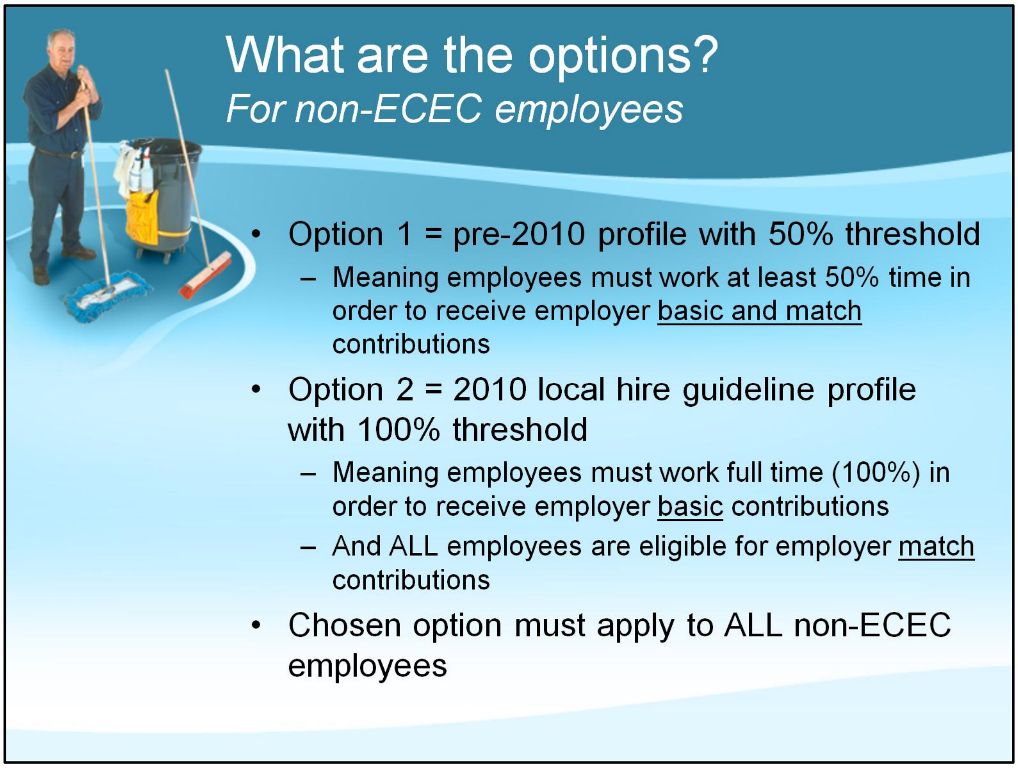
While courtesy payroll employees are, by definition, paid from within the conference but usually on a separate payroll run (or at least with different benefits), locally run payrolls are processed by other conference entities such as the local elementary school or church. Both courtesy payrolls and locally run payrolls are to be brought onto regular conference payroll status under the 2011 Policy.



With the 2011 Policy, courtesy payroll employees have been separated into ECEC and other categories.

Note that for ECEC employees, the employer has the choice of electing either a) no benefits or b) the benefit structure chosen for all other employees.

For other courtesy and regular payroll employees, the employer has the option of electing option 1) the pre-2010 or 50% threshold profile or option 2) the 2010 local hire guideline 100% threshold profile.



So what are the options available?

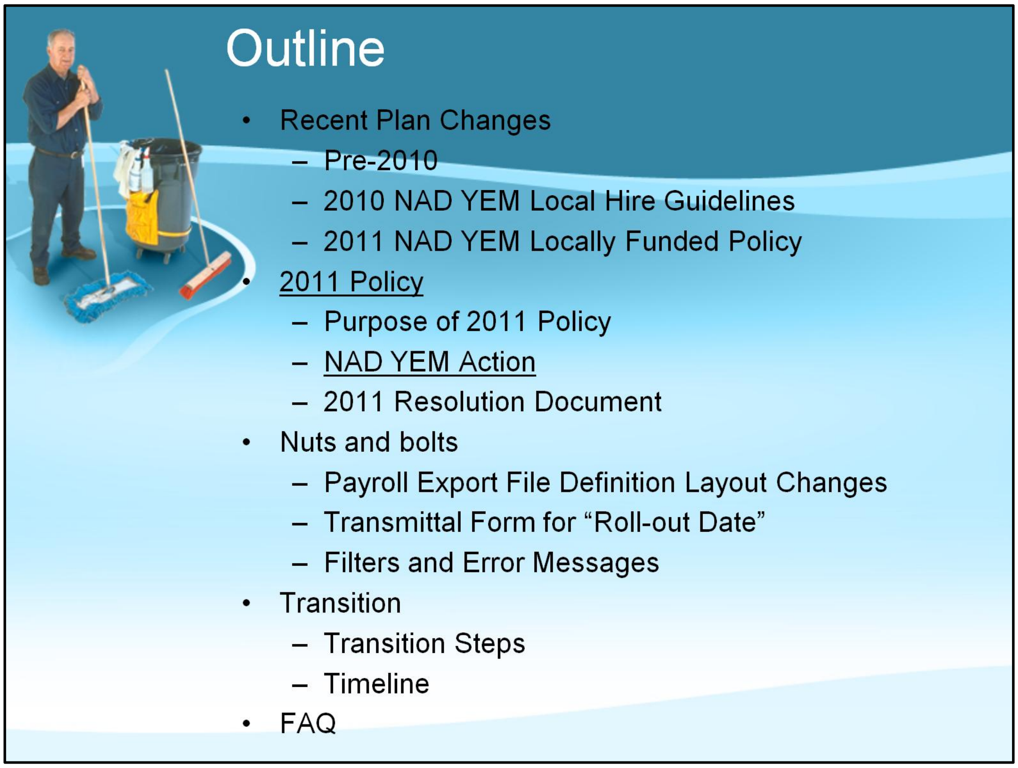
For non-ECEC employees, an employer can elect Option 1, which is essentially what the plan has operated with since its inception in 2000 with employees working 50% or more time eligible for employer basic and match.

Option 2 is that only full-time employees receive employer basic, and ANY eligible part-time employee may receive an employer match for personal contributions.

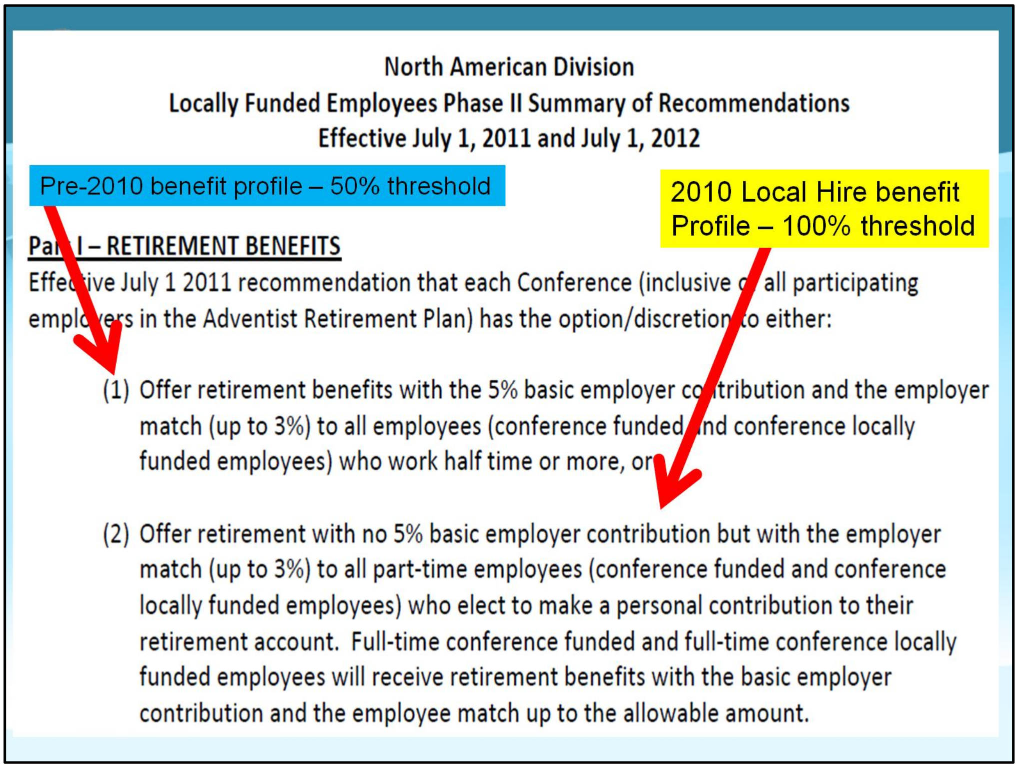
It is very important to note that which option is chosen by the employer must apply to ALL employees (other than ECEC) within the conference/territory.

For ECEC employees, the employer may elect to follow option 1 or 2 as elected for the other employees, or the employer may choose to offer NO benefits for any ECEC employees.

The chosen option must be applied consistently to all ECEC employees with the conference territory.



Let's next take a look at the NAD year-end meeting action – at least the parts related to retirement benefits.



North American Division
Locally Funded Employees Phase II Summary of Recommendations
Effective July 1, 2011 and July 1, 2012

Part I – RETIREMENT BENEFITS

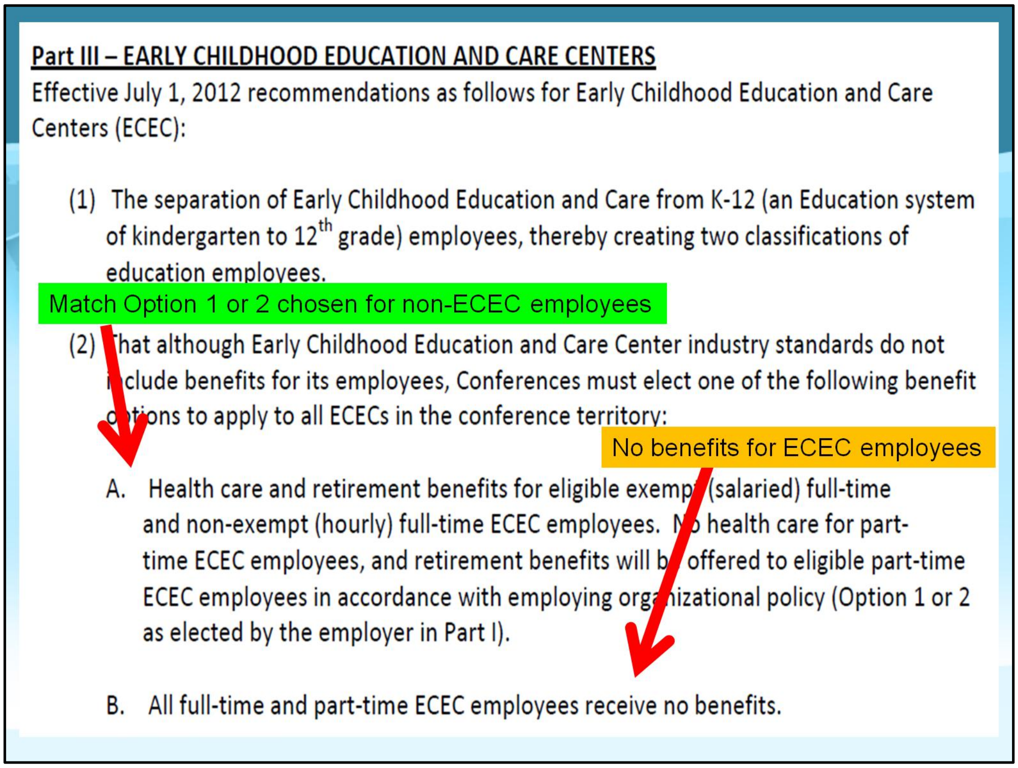
Effective July 1 2011 recommendation that each Conference (inclusive of all participating employers in the Adventist Retirement Plan) has the option/discretion to either:

(1) Offer retirement benefits with the 5% basic employer contribution and the employer match (up to 3%) to all employees (conference funded and conference locally funded employees) who work half time or more, or

(2) Offer retirement with no 5% basic employer contribution but with the employer match (up to 3%) to all part-time employees (conference funded and conference locally funded employees) who elect to make a personal contribution to their retirement account. Full-time conference funded and full-time conference locally funded employees will receive retirement benefits with the basic employer contribution and the employee match up to the allowable amount.

Part I of the action highlights Option 1 or 2 for all non-ECEC employees.

Option 1 is the pre-2010, 50% threshold profile, while Option 2 is the 2010 local hire guideline, 100% threshold profile.



Part III – EARLY CHILDHOOD EDUCATION AND CARE CENTERS

Effective July 1, 2012 recommendations as follows for Early Childhood Education and Care Centers (ECEC):

(1) The separation of Early Childhood Education and Care from K-12 (an Education system of kindergarten to 12th grade) employees, thereby creating two classifications of education employees.

(2) That although Early Childhood Education and Care Center industry standards do not include benefits for its employees, Conferences must elect one of the following benefit options to apply to all ECECs in the conference territory:

A. Health care and retirement benefits for eligible exempt (salaried) full-time and non-exempt (hourly) full-time ECEC employees. No health care for part-time ECEC employees, and retirement benefits will be offered to eligible part-time ECEC employees in accordance with employing organizational policy (Option 1 or 2 as elected by the employer in Part I).

B. All full-time and part-time ECEC employees receive no benefits.

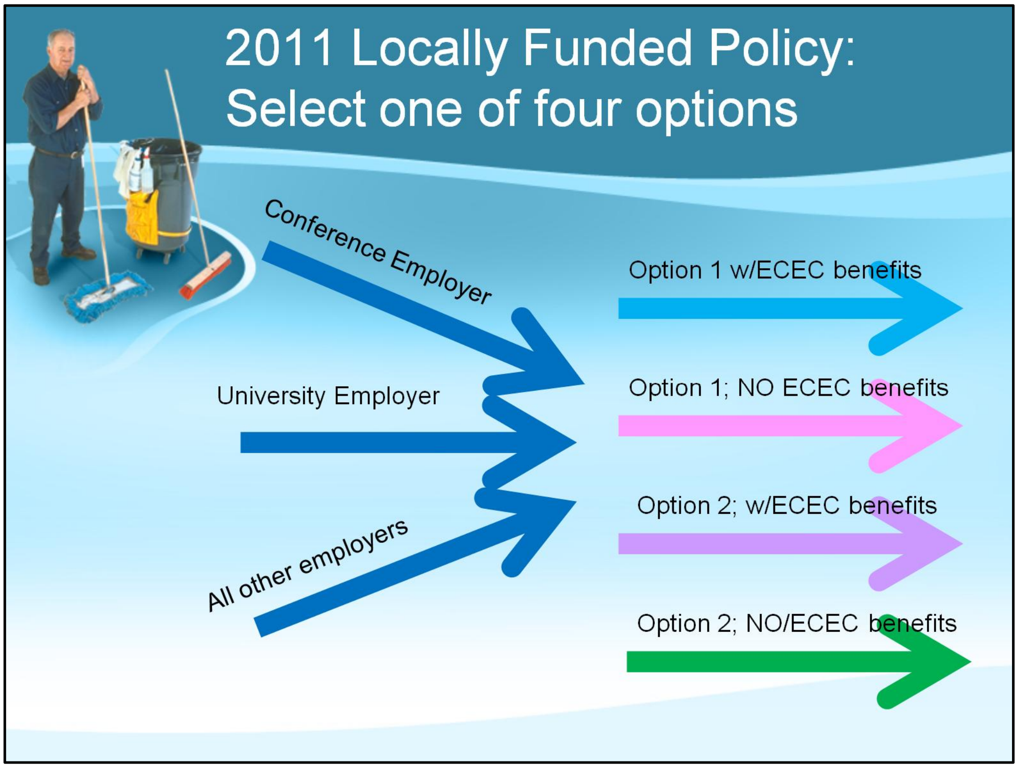
Part III of the voted action highlights the choices available for ECEC employees.

Specifically, Option A is to follow the option 1 or 2 elected by the employer for all other employees, while Option B is to offer NO BENEFITS to ECEC employees.

The last part of the 2011 NAD action discusses deadlines.

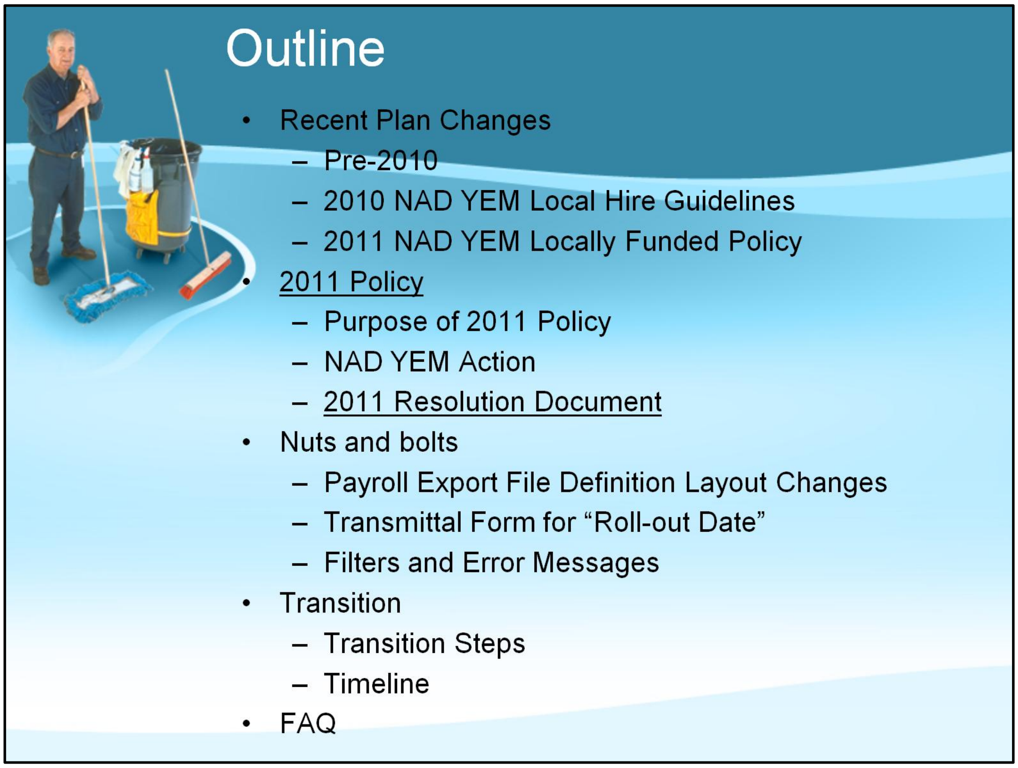
All participating employers must have voted a 2011 Resolution document no later than July 1, 2012 indicating which retirement profile they have selected. This is the "Resolution Date."

A second deadline is called the "Implementation Date" and is the date by which all employers must have brought all locally funded employees onto regular payroll status and submitted a compliant payroll file no later than December 31, 2013.



So to look at the 2011 action visually, in contrast to the 2010 Guidelines which envisioned a convergence of all employers onto a single retirement benefit profile, the 2011 action allows employers to elect one of four options, and there will be no convergence.

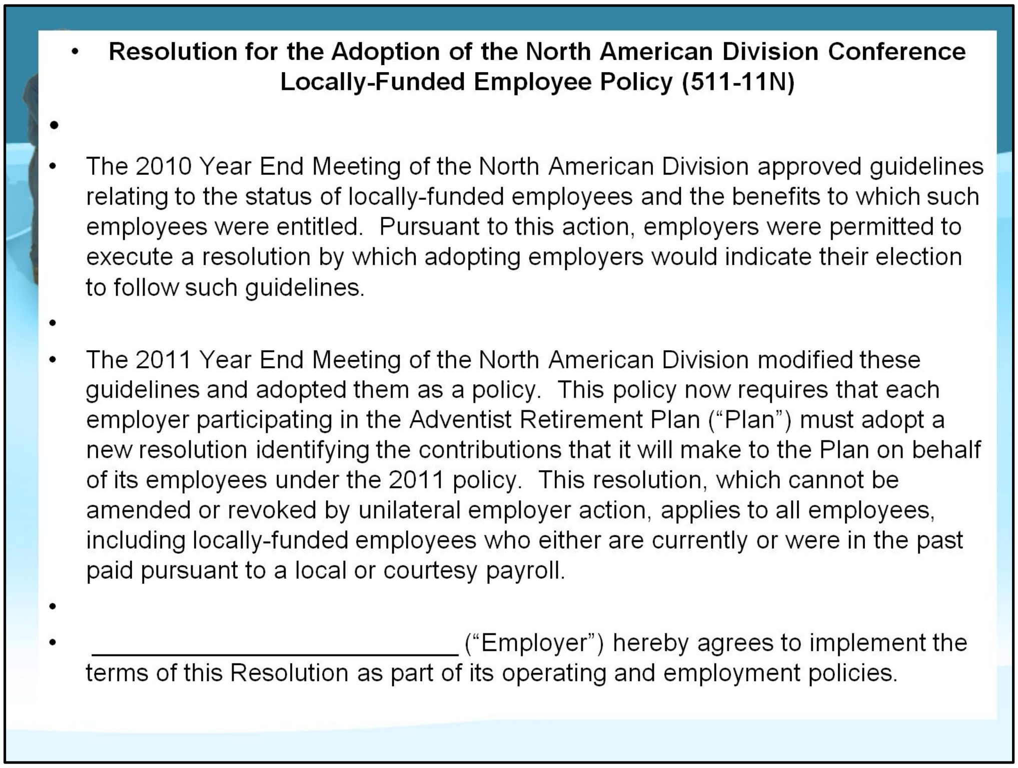
The downside to this approach is, of course, that employees who move between employers with different benefit structures will experience different retirement benefits between the employers.



Let's look briefly at the 2011 Resolution document which each employer must have the governing body vote. Please look at the print out you prepared prior to the webinar of the Resolution Document.

This is different than the 2010 Resolution document which had a phased approach based on employee categories.

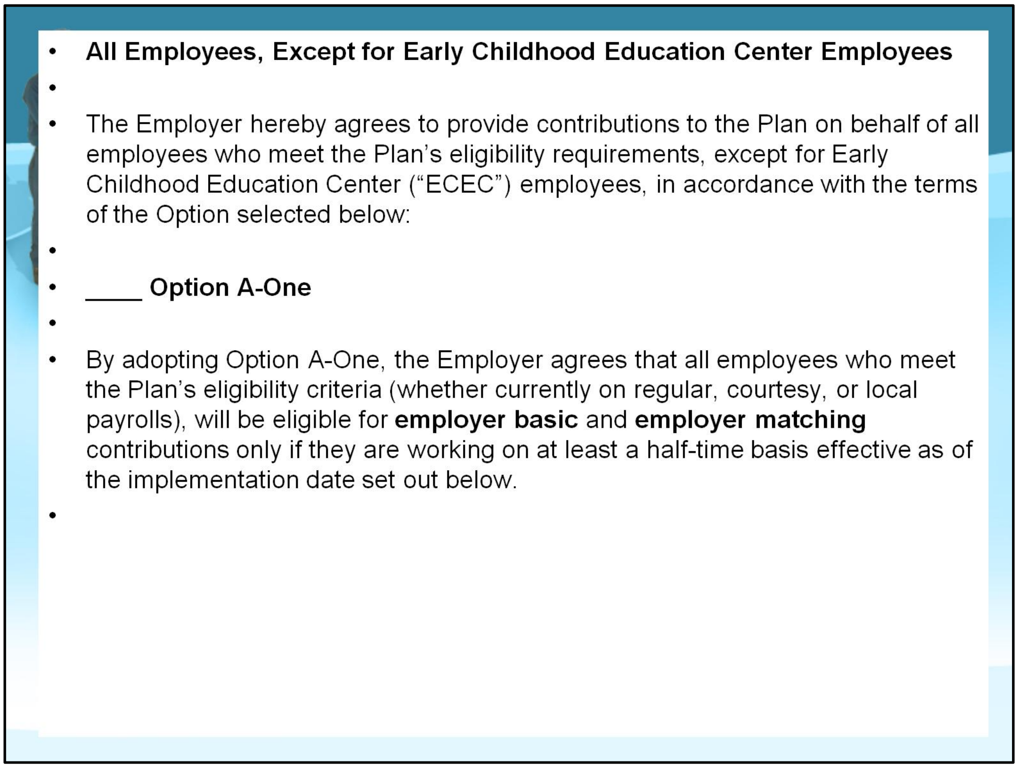
Even for employers who voted a 2010 Resolution, their governing bodies will need to vote a 2011 Resolution.



The first paragraph of the Resolution document describes the recent history of local hire from the 2010 NAD year-end meetings. It points out that a Resolution was required at that time for employers CHOOSING to go onto the GUIDELINES. To date, only about 12 of our 132 employers have made the 2010 election to go on the 2010 guidelines.

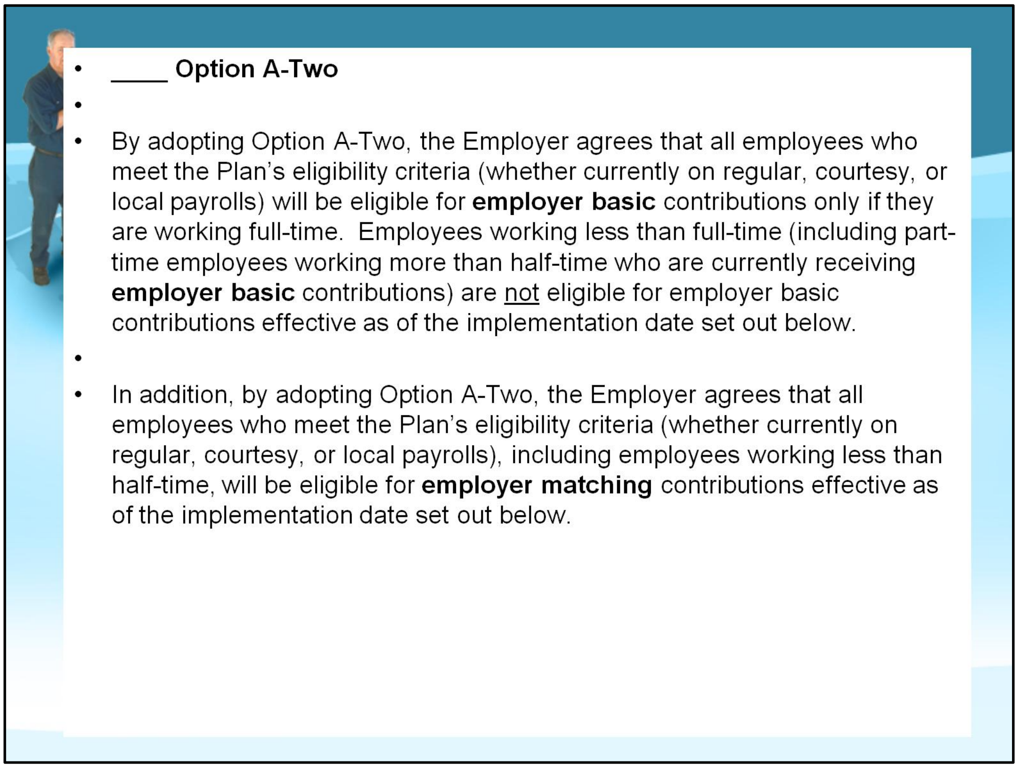
<u>Note that from now on, since the 2011 NAD year-end meetings, the Plan will NO LONGER accept newly-executed 2010 Resolutions from additional employers</u>. The reason for this is that ALL EMPLOYERS must now make a decision under the 2011 Policy. However, for those 12 employers who DID make the 2010 election, they must continue to follow that election UNTIL they implement the 2011 Policy option of their choice.

The second paragraph describes the current 2011 Policy requirements, and notes that the election is IRREVOCABLE.



The bottom section of the first page of the Resolution document provides the two options available to employers under the 2011 policy.

The first option, entitled A-One, describes the pre-2010, 50% threshold policy in which employees working 50% or more time are eligible for both the employer basic and match contributions.

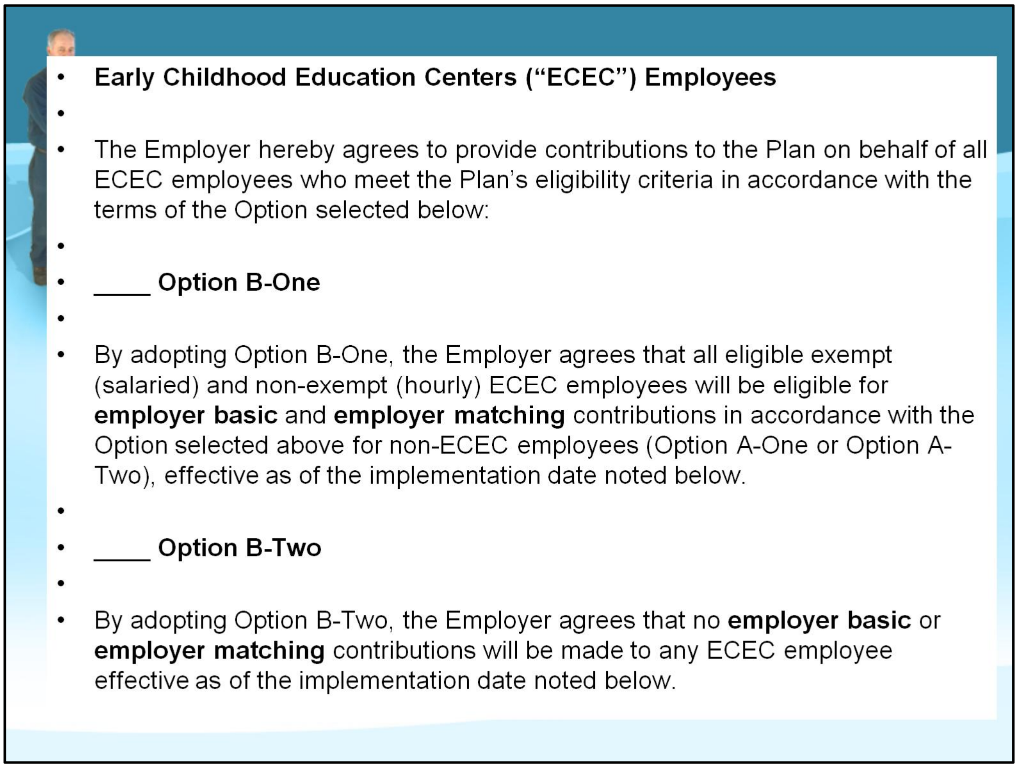


The second option, entitled A-Two, describes the 2010 Local Hire Guideline profile or 100% threshold, in which only employees working full-time are eligible for the employer basic contribution, but all employees are eligible for the employer match contribution.

<u>Note that this option REQUIRES REMOVING current benefits – namely, the employer basic contribution eligibility – from current employees working 50% to 99% time who are currently receiving this benefit.</u>

<u>This removal of benefits from current employees must be considered carefully by employers making a decision on whether to elect Option 1 or Option 2. Only in cases where the employer's governing body believes there are legitimate, clear-cut reasons – such as financial requirements to bring all locally funded employees under the benefit profile – should the employer seriously consider Option 2.</u>

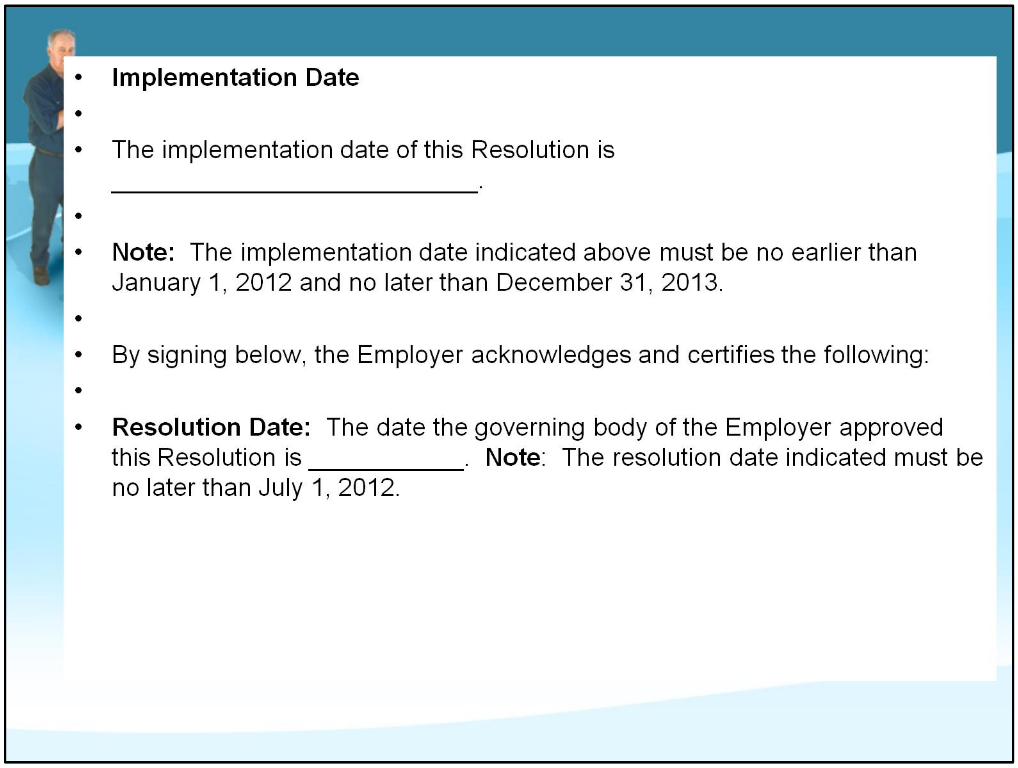
<u>A special note about academies who operate their own payrolls</u>: NAD Secretariat and Education have notified the Plan that academies will only be allowed to elect to follow the Option selected by their local conference. Accordingly, academies will want to ensure that their conferences have voted a Resolution prior to the academy voting their Resolution in order to ensure both are in alignment and that the conference Resolution arrives at the Plan either along with or before the academy Resolution. Note that academies doing their own payrolls WILL have to vote their OWN RESOLUTIONS, since they are a "participating employer" under the Plan. However, the academy resolution must be in alignment with the conference resolution.



The top of the second page of the Resolution document presents the two options available to ECEC employees.

The first option, entitled B-One, is to essentially allow ECEC employees to have the same benefits as elected on page 1 for all other employees, whether that choice was Option 1 or 2.

The second option, entitled B-Two, is to follow the industry standard for ECECs in general, and not allow any retirement benefits to any ECEC employees in the territory.

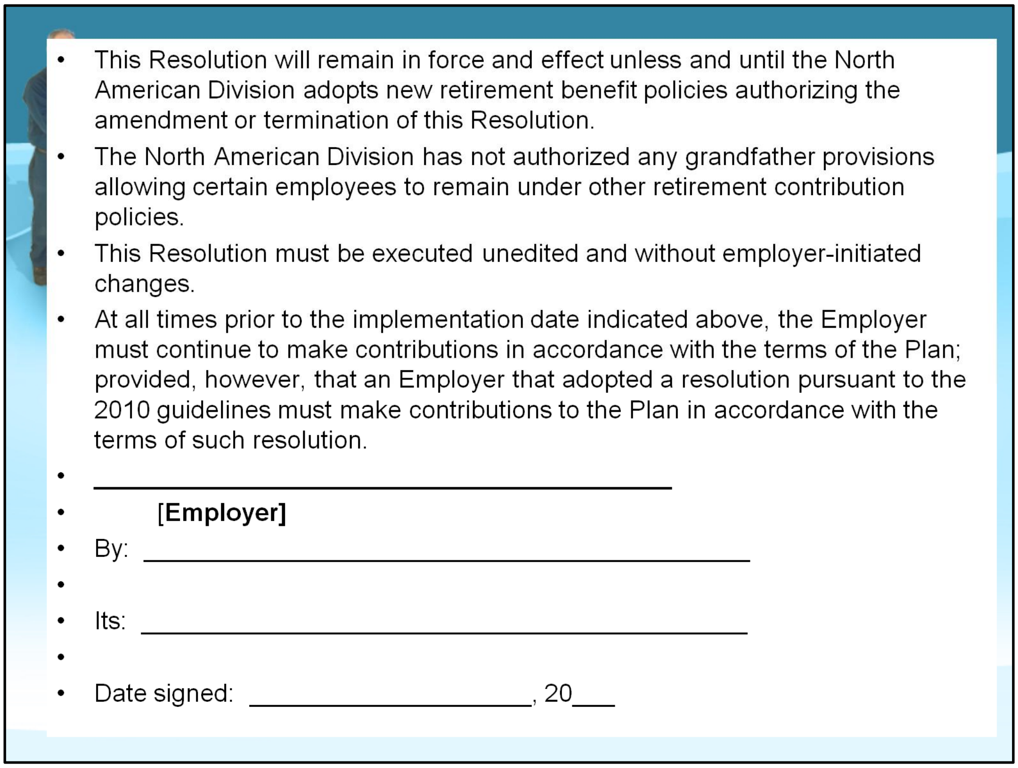


The second part of page 2 describes the two dates the employer is required to identify with voting the Resolution.

The first date, the Implementation Date, is the date BY WHICH the employer will have FULLY CONVERTED all employees to the 2011 Policy. It is hoped that most employers will select a date earlier than the drop-dead deadline of December 31, 2013, as a fully-converted payroll file must be submitted on or before the deadline to be compliant. For schools with fiscal year ends of June 30, they may want to consider selecting an implementation date of June 30 to correspond to their fiscal year. However, an employer is NOT required to transition to the new Policy only at a calendar or fiscal year-end. Working with the payroll software vendor, an employer may choose to transition to the new Policy mid-year.

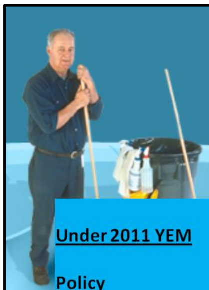
Note that the Implementation date may be no earlier than January 1, 2012, as that is the date the Plan will be operationally prepared to accept payroll files formatted under the new Policy.

The second date, the Resolution Date, is simply the date the governing body votes the Resolution, and this must be no later than July 1, 2012. The purpose of this deadline is to ensure that employers review the options carefully and make a decision, voted and documented, well before the Implementation Deadline, as it is anticipated that at least for some employers there will be considerable operational work in preparing to roll-out the new Policy.


- This Resolution will remain in force and effect unless and until the North American Division adopts new retirement benefit policies authorizing the amendment or termination of this Resolution.
- The North American Division has not authorized any grandfather provisions allowing certain employees to remain under other retirement contribution policies.
- This Resolution must be executed unedited and without employer-initiated changes.
- At all times prior to the implementation date indicated above, the Employer must continue to make contributions in accordance with the terms of the Plan; provided, however, that an Employer that adopted a resolution pursuant to the 2010 guidelines must make contributions to the Plan in accordance with the terms of such resolution.
- ______________________________________
- **[Employer]**
- By: ____
-
- Its: ____
-
- Date signed: ____________________, 20___

The final section of page two of the Resolution contains bullet points of which the employer acknowledges. Specifically these are –

1. The resolution is irrevocable until the NAD at a later time (they have no plans currently to do this at all) revisits the entire retirement benefit structure. This means that an employer may not elect Option 2, and then in a year or two decide to return to Option 1.
2. There is no grandfathering of current employees which would allow them to remain on their current benefit structure if the employer elects to follow a new structure under the 2011 Policy. The greatest temptation in this area will be for those employees who work 50% to 99% time and who will lose their employer basic contribution eligibility if the employer selects Option 2. However, PLEASE NOTE, that if this loss of benefits is a serious concern to the employer, please SELECT OPTION 1 rather than Option 2. That would be preferable to selecting Option 2 and then trying to do a work-around to compensate those employees for loss of benefits by paying them additional taxable compensation.
3. Employers will not be allowed to modify or edit the Resolution options. Under the 2010 guidelines, we had some employers who modified the required language to try to incorporate only newly-hired employees onto the guidelines, while leaving current employees on the existing profile. This will not be allowed under the 2011 Policy. A resolution document received by the Plan with employer-initiated changes or edits will not be accepted, but returned to the employer for revision by the governing body to be in compliance with one of the options allowed.
4. During this period of transition, employers must continue to follow the current benefit profile (whether than is the pre-2010 or 2010 guidelines) until implementing the new 2011 Policy. Employers will not be allowed to operate under individualized, self-tailored profiles during the period of transition.



2011 YEM Policy: Option 1 with ECEC benefits

Under 2011 YEM Policy		Conference Payroll Employees (except for ECEC employees)			Locally Funded Employees (except for ECEC employees)			ECEC Entities (all ECEC employees)		
		Full-time	50% - 99%	< 50%	Full-time	50% - 99%	< 50%	Full-time	50% - 99%	< 50%
Option 1: 50% Threshold w/ECEC benefits	Contributions Allowed	Basic Match	Basic Match	None None	Basic Match	Basic Match	None None	Basic Match	Basic Match	None None
	Typical status code	A	A	N	A	A	N	A	A	N
	ER Guide	B	B	B	B	B	B	B	B	B
	EE Guide	1	1	1	1	1	1	1	1	1

Let's next turn to the handout you printed out prior to the webinar entitled Visual of Retirement Options. Let's review in detail the contributions allowed, typical status codes, and ERGUIDE and EEGUIDE fields under each option.

This slide shows Option 1 with ECEC benefits. We've color coded this option Blue and placed a "B" for Blue in the ERGUIDE field. Our apologies for the bright crayon color/Kindergarten look and feel to this, but our Team felt perhaps this color-coding was a way of trying to keep the various options organized.

This option is the pre-2010 option with a 50% threshold for employer basic and employer contributions, with no employer contributions for part-time employees working less than half time. A typical status code for employees working half-time or more under this option will be an "A" for active. "N" for not eligible will be the status code for part-time employees working less than half time. Note that locally funded employees and ECEC employees under this option have status codes mirroring those of the regular conference payroll employees.

The ERGUIDE field will be "B" for blue, and the EEGUIDE field will be 1 for Option 1. Note that all categories of employees get the 1 code in the EEGUIDE field.

2011 YEM Policy: Option 1 with NO ECEC benefits

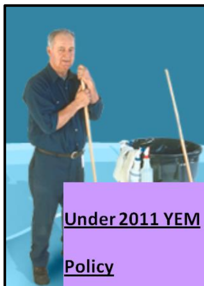
Under 2011 YEM Policy		Conference Payroll Employees (except for ECEC employees)			Locally Funded Employees (except for ECEC employees)			ECEC Entities (all ECEC employees)		
		Full-time	50% - 99%	< 50%	Full-time	50% - 99%	< 50%	Full-time	50% - 99%	< 50%
Option 1: 50% Threshold w/NO ECEC benefits	Contributions Allowed	Basic Match	Basic Match	None None	Basic Match	Basic Match	None None	None None	None None	None None
	Typical status code	A	A	N	A	A	N	N	N	N
	ER Guide	P	P	P	P	P	P	P	P	P
	EE Guide	1	1	1	1	1	1	E	E	E

Moving on to the second option, which is Option 1 WITHOUT ECEC benefits. This is pink, and the ERGUIDE field should be filled with a "P" for pink in the header record.

Contribution profiles are the same as the Blue option except for ECEC employees. Note that all ECEC employees under this option have NO benefits.

The typical status codes are also the same as the Blue option except for ECEC employees, which are all N for not eligible.

The EEGUIDE field is 1 for all except ECEC employees, who are coded E for ECEC employees without benefits.



2011 YEM Policy: Option 2 with ECEC benefits

Under 2011 YEM Policy		Conference Payroll Employees (except for ECEC employees)			Locally Funded Employees (except for ECEC employees)			ECEC Entities (all ECEC employees)		
		Full-time	50% - 99%	< 50%	Full-time	50% - 99%	< 50%	Full-time	50% - 99%	< 50%
Option 2: 100% Threshold w/ECEC benefits	Contributions Allowed	Basic Match	No Basic Match	None Match	Basic Match	No Basic Match	None Match	Basic Match	No Basic Match	None Match
	Typical status code	A	N	N	A	N	N	A	N	N
	ER Guide	V	V	V	V	V	V	V	V	V
	EE Guide	2	2	2	2	2	2	2	2	2

Moving on to the third option, colored Violet and with a V for violet in the ERGUIDE field. This option is Option 2 or the 100% threshold or 2010 Local Hire Guideline profile.

Contribution flow shows that only full-time employees get any basic contributions, but all employees – including any level of part-time work – get employer match contributions.

The typical status codes are consistent for all categories, with an "A" for active only for full-time employees, and an "N" for any part-time employees. Note that these status codes are DIFFERENT than under Option 1 (the blue and pink we just discussed).

The EEGUIDE field is filled with a 2 for Option 2 for all employees, since ECEC employees get the same benefits under this option as all other employees.

2011 YEM Policy:
Option 2 with NO ECEC benefits

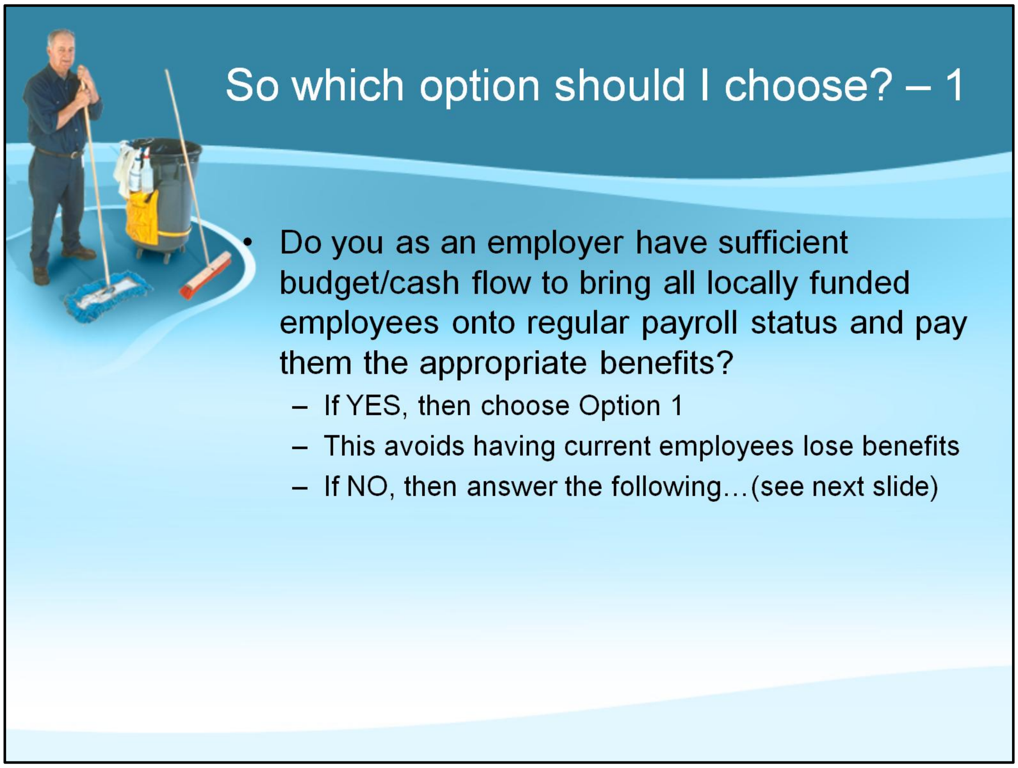
Under 2011 YEM Policy		Conference Payroll Employees (except for ECEC employees)			Locally Funded Employees (except for ECEC employees)			ECEC Entities (all ECEC employees)		
		Full-time	50% - 99%	< 50%	Full-time	50% - 99%	< 50%	Full-time	50% - 99%	< 50%
Option 2: 100% Threshold w/NO ECEC benefits	Contributions Allowed	Basic Match	No Basic Match	None Match	Basic Match	No Basic Match	None Match	None None	None None	None None
	Typical status code	A	N	N	A	N	N	N	N	N
	ER Guide	G	G	G	G	G	G	G	G	G
	EE Guide	2	2	2	2	2	2	E	E	E

Finally, the fourth option is Option 2 but with NO benefits for ECEC employees. The ERGUIDE field is filled with a G for green.

Contribution flow mirrors that of the Violet option just above, except that ECEC employees get NO employer contributions.

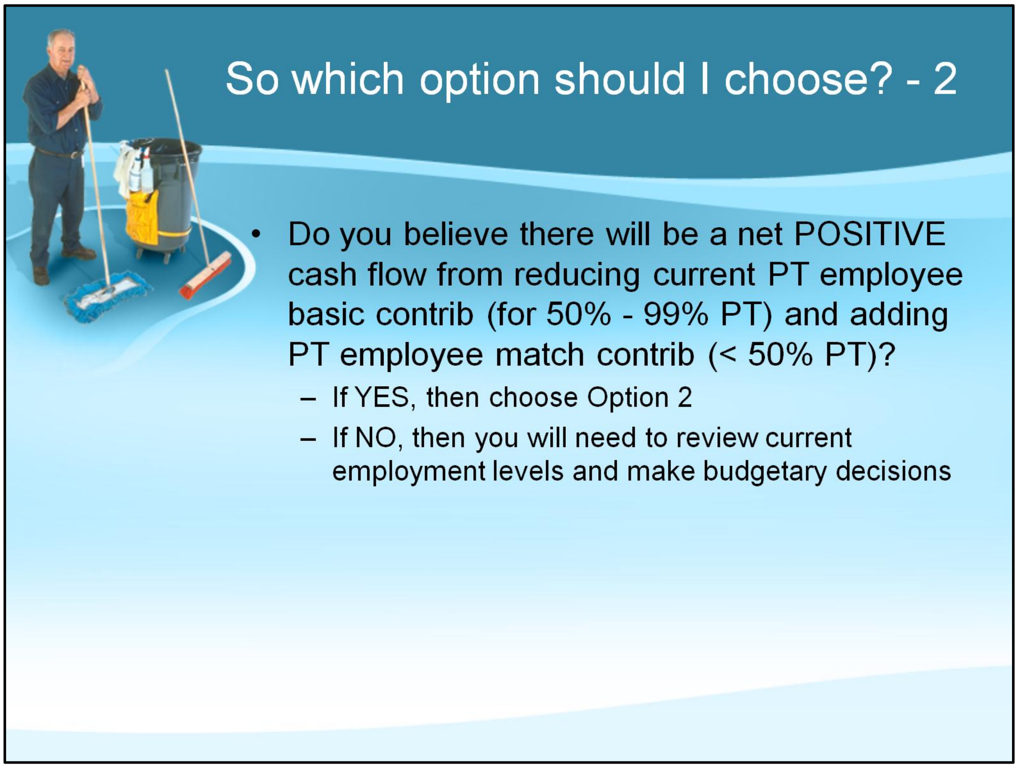
Typical status codes are similar to Violet, except that ALL ECEC employees are coded N for not eligible.

The EEGUIDE field is coded 2 for everyone except ECEC employees which are coded E for ECEC employees without benefits.

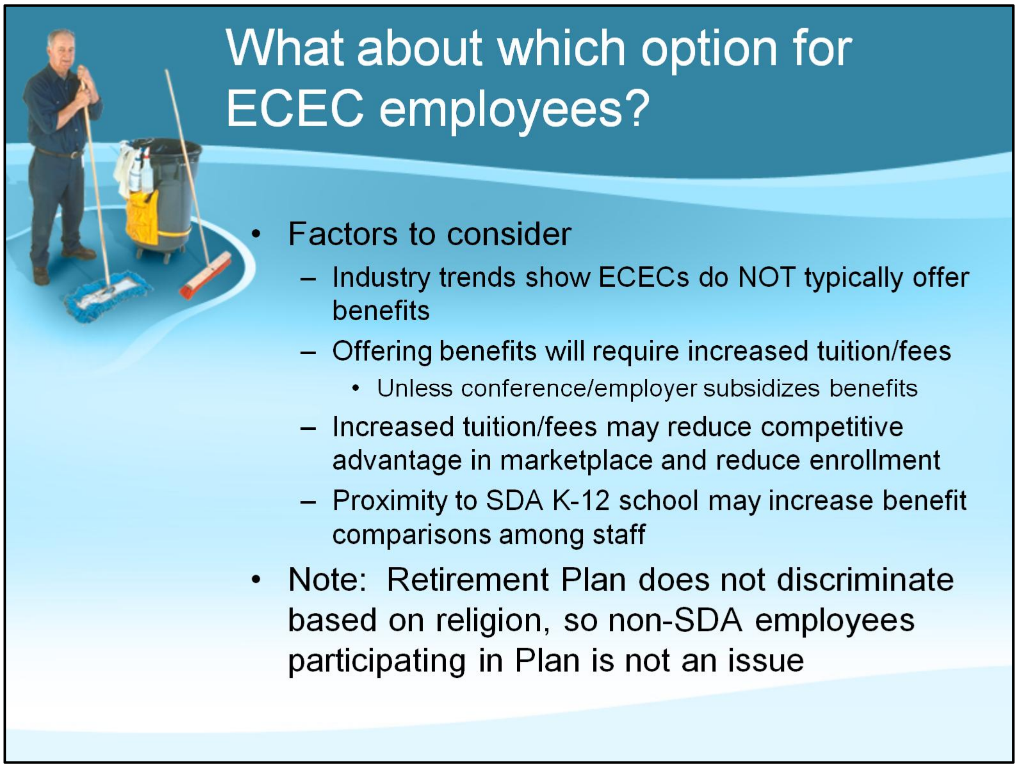


So what circumstances should an employer consider when making a selection under this Policy? Since it is irrevocable, the decision will be important.

First, do you as an employer have sufficient budget/cash flow to bring all locally funded employees onto regular payroll status and pay them the appropriate benefits? If so, or if you intend to revise the employment levels (less staff or less full-time staff) in order to meet the budget requirements, you probably want to remain with Option 1. The advantage of Option 1 is that this options DOES NOT remove benefits from current regular employees. (You'll recall that Option 2 requires employers to NO LONGER pay employer basic contributions to part-time employees working 50% to 99% time who are currently getting this benefit.)



Second, if you do NOT have enough budget/cash flow to accommodate this policy change, do you believe there will be a net positive cash flow from reducing the current part-time employee basic contributions (those working 50% to 99% time) and adding the part-time employee match contributions (for those working less than 50% time)? If so, then you may wish to go with option 2 if financial constraints are your major issue. If you don't believe these changes will yield a net positive cash flow, then you will need to review current employment levels and make budgetary decisions.



Some factors to consider when deciding which benefits to offer ECEC employees would include –

1. Industry trends show that ECECs typically do not offer benefits to their employees.
2. Offering benefits will increase costs and require increased tuition/fees unless the conference/employer subsidizes the additional cost
3. Increased tuition/fees may reduce competitive advantage in the marketplace and may reduce enrollment
4. Proximity to an SDA K-12 school may increase benefit comparisons among staff
5. Note that the Retirement Plan does not discriminate based on religion, so non-SDA employees participating in the plan is not an issue

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  - Filters and Error Messages
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  - Transition Steps
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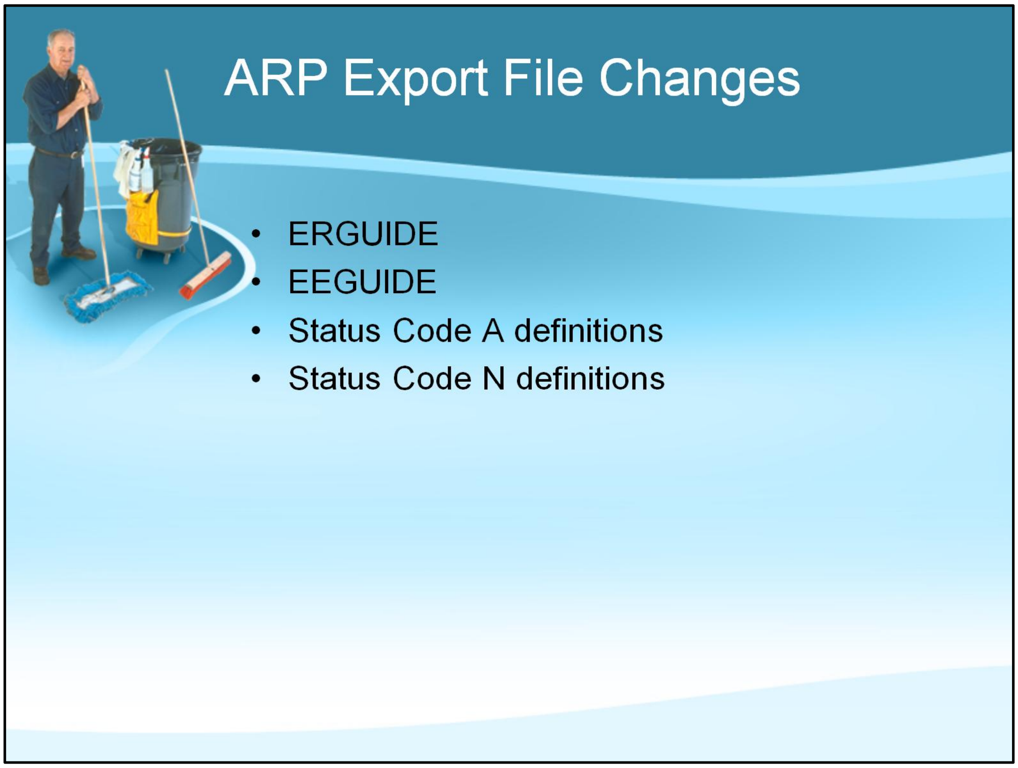
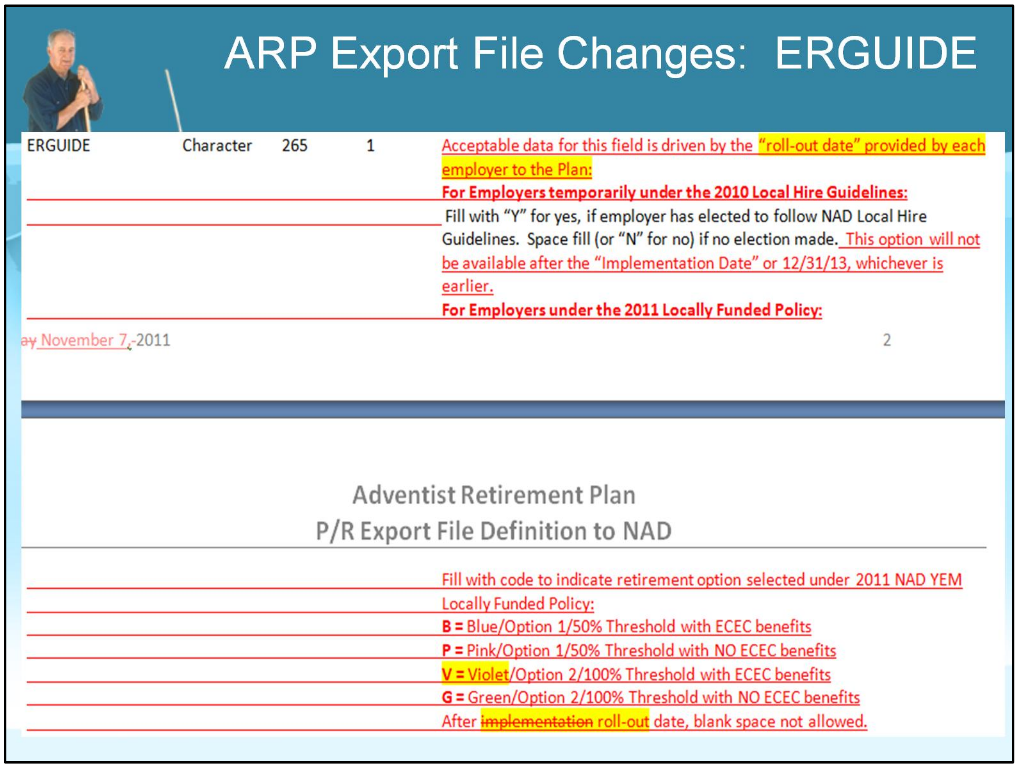
- FAQ

Let’s next turn to the nuts and bolts of implementing this new Policy -



Two fields and two status code definitions are changing under the 2011 Policy. The ERGUIDE and EEGUIDE fields, and the definitions for status codes A for “active” and N for “not eligible.”



This is a snapshot of the file definition document in redline version so you can see the changes.

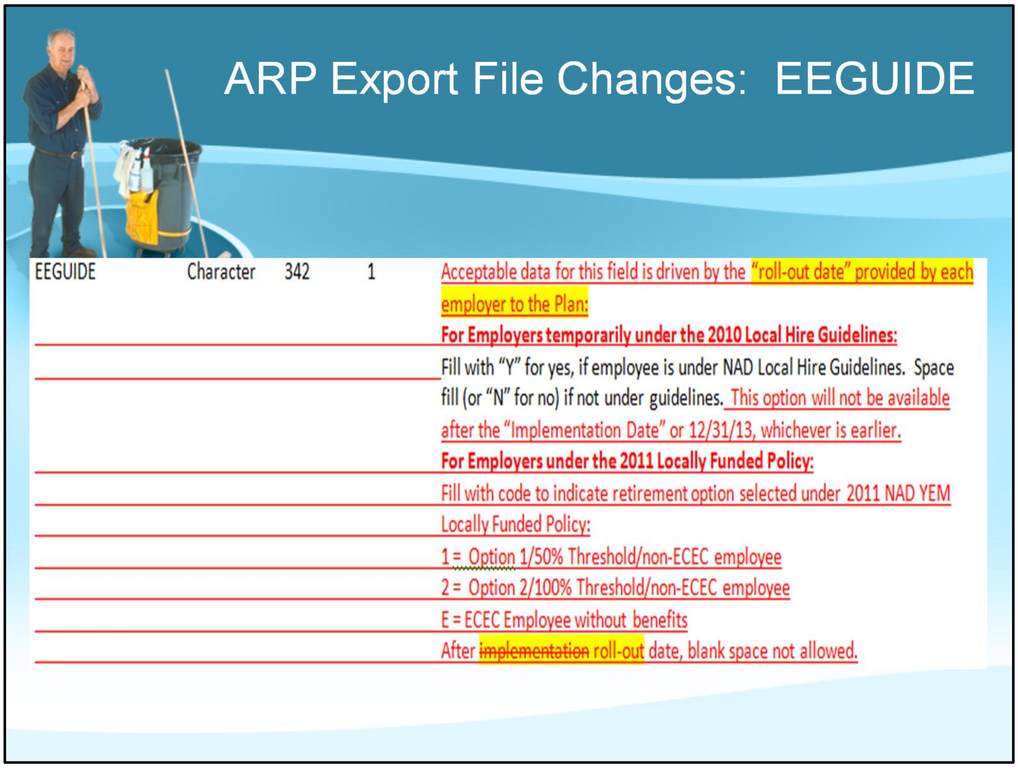
The ERGUIDE field is in the A or header record and is reported once each payroll file from an employer.

Currently, the Plan accepts a blank, a Y or an N as acceptable in this field. However, under the 2011 Policy, once an employer has

1. Notified the Plan by submitting the Resolution document showing option selected, and
2. Notified the Plan of its "Roll-out Date," via the Transmittal Form, and
3. Converted existing payroll employees (both regular and courtesy) to the new EEGUIDE and Status Codes for contribution flow

the Plan will set the filter within the ARP database to accept employer files under the selected Policy beginning with the "Roll-out Date."

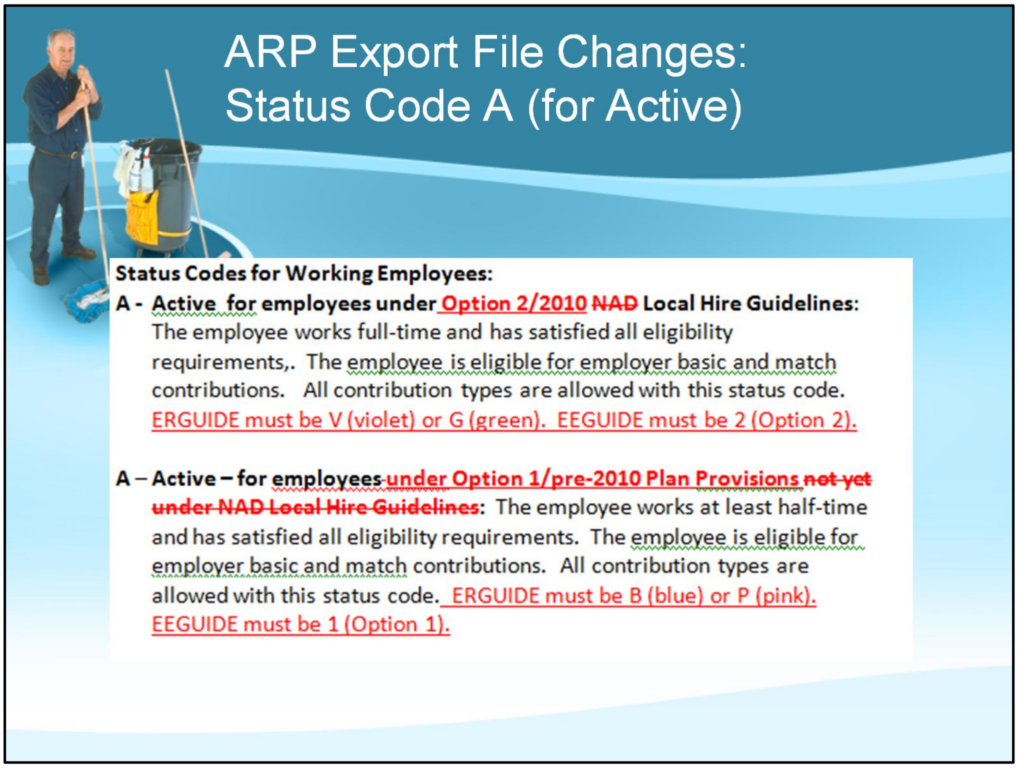
Note that following the "Roll-out Date" for a particular employer, the Plan will no longer allow a blank space, Y or N in the ERGUIDE field from that employer.



This is the EEGUIDE field changes within the C record, a field which is filled in for each employee within a payroll file.

Note the redline changes to this field and the options available under the 2011 Policy.

As for the ERGUIDE field, the acceptable data fill for this field will be driven by the "Roll-out Date" provided by each employer.

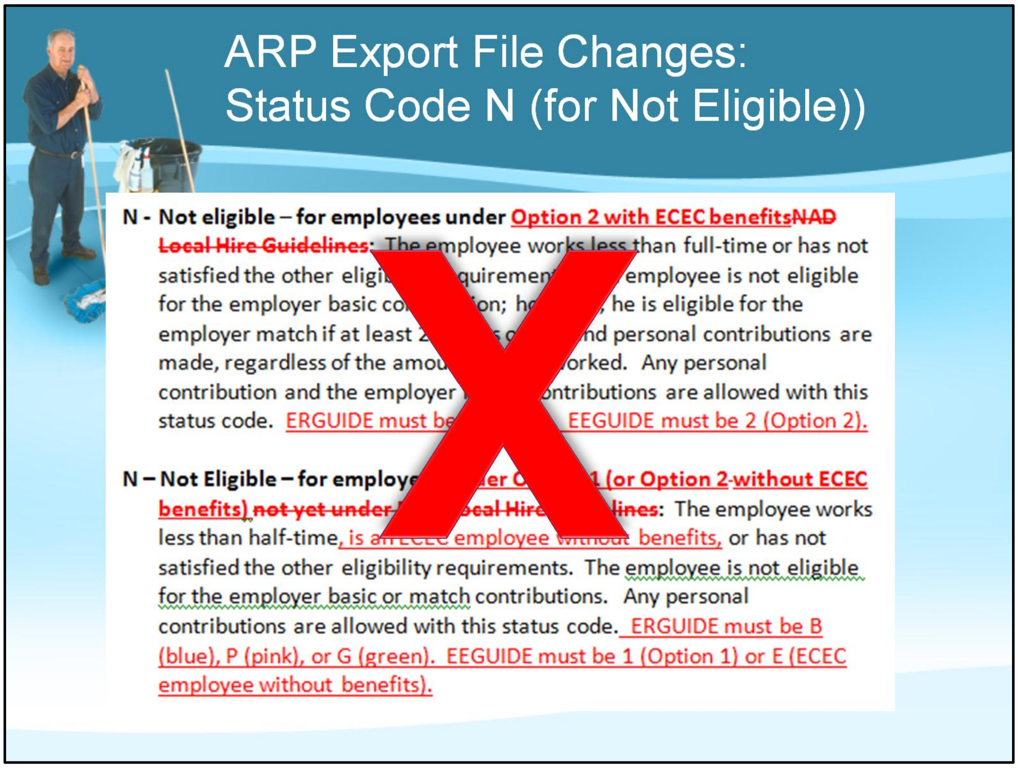


The "A" for active status code will continue to reflect the same contribution flows as previously; however, we have renamed the two options to reflect the two different types of contribution flows allowed under the two benefit profiles.

The first listing on this snapshot is for Option 2 or the 2010 Local Hire Guidelines 100% threshold option in which only full-time employees are eligible for employer basic contributions. An employee with an A status code working for an employer who selection Option 2 would be a full-time employee.

In contrast, the second listing is for Option 1 or the pre-2010 plan provisions with a 50% threshold option in which 50% or more part time and full time employees are eligible for employer basic and match contributions.

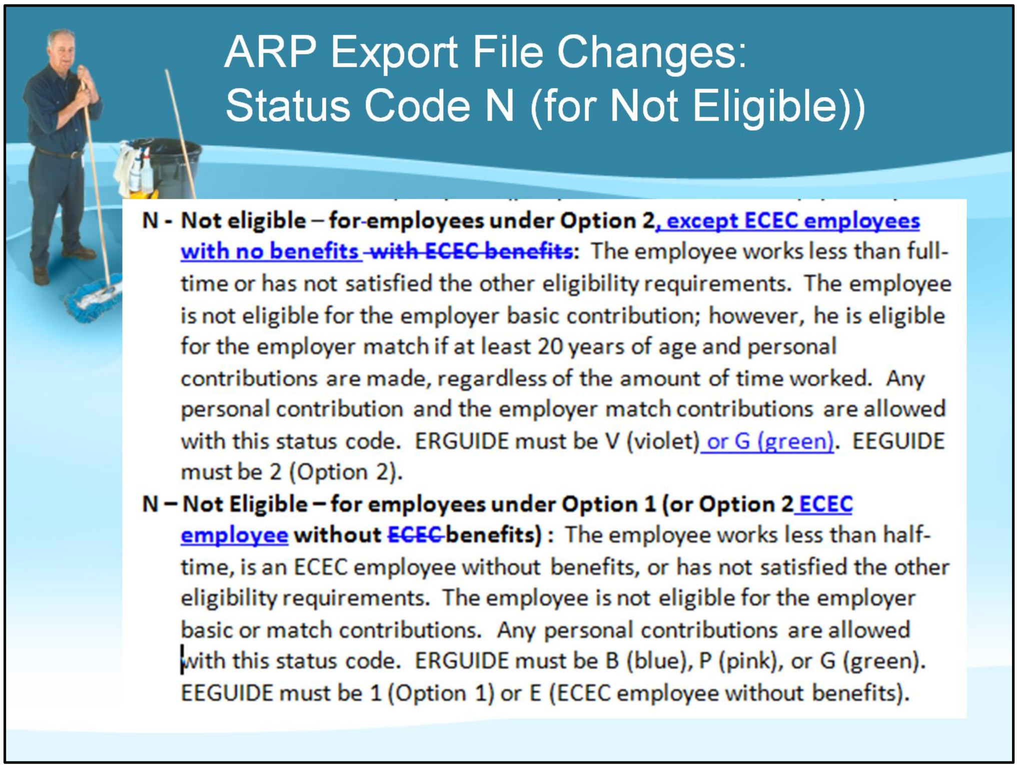
We have added wording to indicate the ERGUIDE and EEGUIDE data fill options that are acceptable for each option.



This slide was replaced on August 9, 2012 with slide 44.

The "N" for "not eligible" status code also has been updated to reflect the two revised benefit policy options.

The first listing is for Option 2 with ECEC benefits, while the second listing is for Option 1 and Option 2 (without ECEC benefits). Again, we've added language showing the acceptable ERGUIDE and EEGUIDE data fill options.



This slide was added on August 9, 2012 to replace slide 43.

The "N" for "not eligible" status code also has been updated to reflect the two revised benefit policy options.

The first listing is for Option 2 with ECEC benefits, while the second listing is for Option 1 and Option 2 (without ECEC benefits). Again, we've added language showing the acceptable ERGUIDE and EEGUIDE data fill options.

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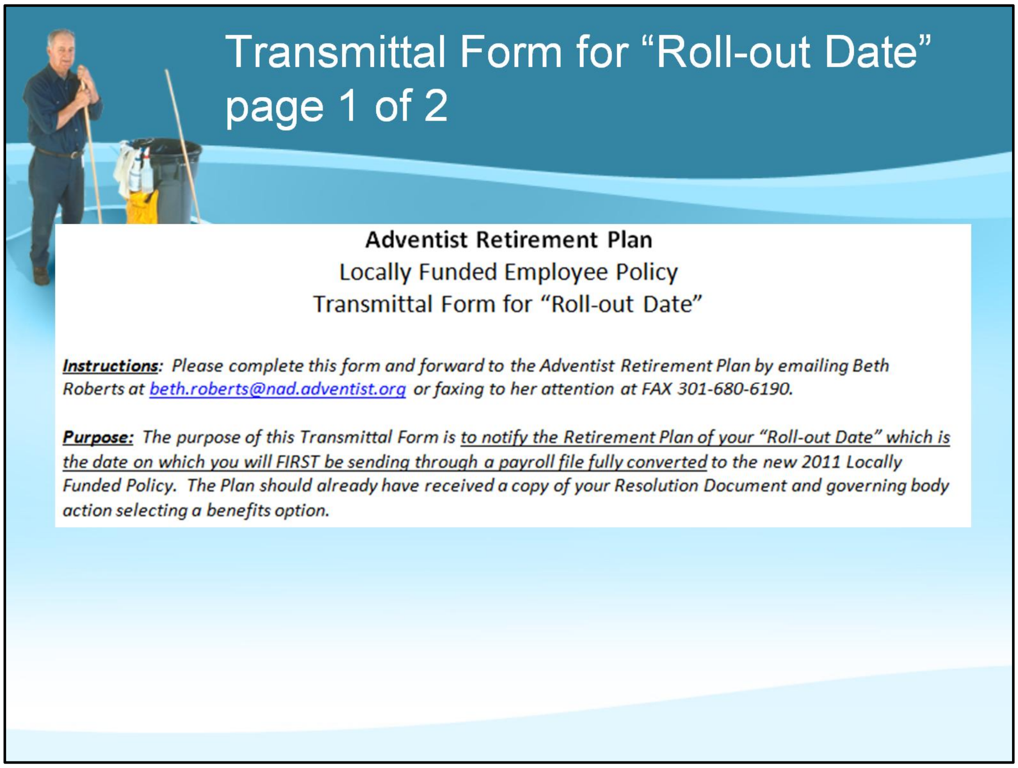
Let’s look next at the Transmittal Form you printed out before the webinar -



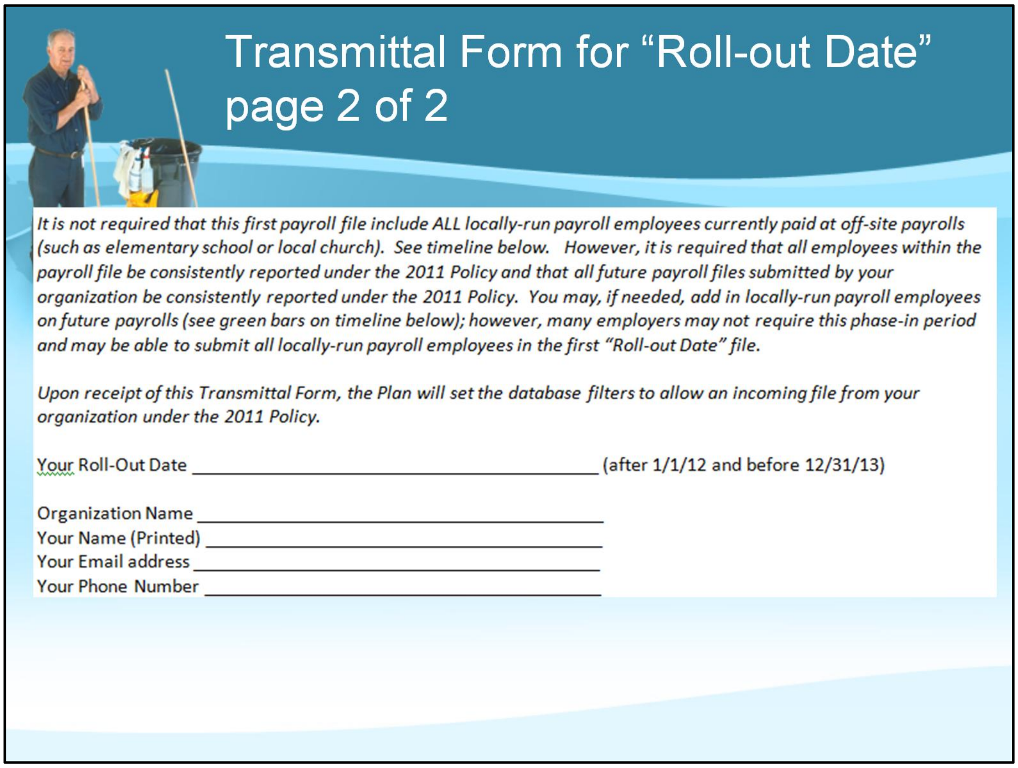
The purpose of this form is to notify the Plan of the employer's "Roll-out Date".

The "Roll-out Date" is the date on which the employer will FIRST be sending through a payroll file fully converted to the new 2011 Locally Funded Policy.

On the screen we're showing the first part of this one-page form.

Note that the Plan should PREVIOUSLY have received from the employer a copy of the Resolution document as voted by the governing body.

This form will be available on our website, and the employer can email or fax the completed form to Beth Roberts' attention.



This slide shows the lower half of the Transmittal Form.

It emphasizes that the "Roll-out Date" indicates the date on which an employer is sending through the FIRST fully converted payroll file, but that it is okay if not all locally-run payroll employees are yet included. The CRITICAL issue is that everyone in the payroll file be reported consistently under the new Policy.

Note that the "Roll-Out Date" should be after 1/1/12 but before 12/31/13.

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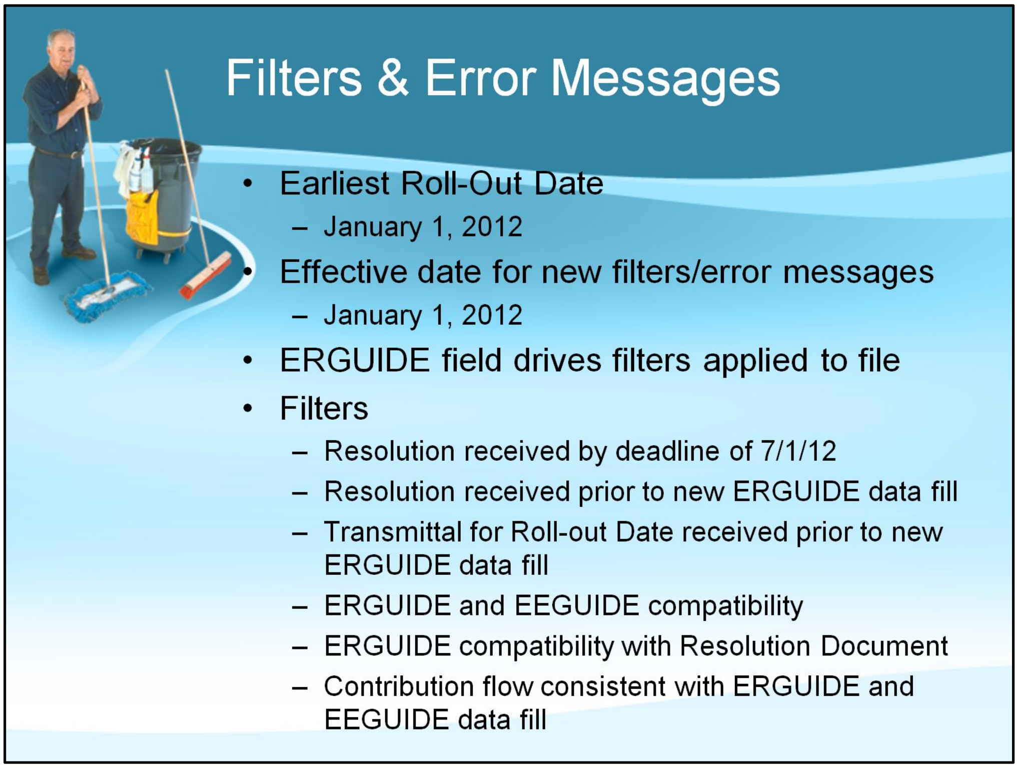
Let’s next take a brief look at what the filters and error message will look like under the new policy -



The Plan will not accept a file containing the new Policy provisions until January 1, 2012 at the earliest.

The ERGUIDE field will drive many of the filters the Plan will be putting in place. Please DO NOT rely exclusively on the Plan to catch/correct any errors or mistakes an employer might make. It is the responsibility of the employer to carefully review, categorize, and update all employee profiles to be as accurate as possible under the new Policy selected. The Plan will not be filtering for all types of errors, as it is expected that the employer will set up a checks-and-balances feature within the payroll software and working with HR coordinate to ensure compliance accuracy.

Some of the coordination the Plan will be looking for include a Resolution document received by 7/1/12. A Resolution document received prior to the new ERGUIDE data fill. A Transmittal Form for the “Roll-out Date” received prior to the new ERGUIDE data fill. ERGUIDE and EEGUIDE compatibility. ERGUIDE compatibility with the Resolution document. Contribution flow consistent with ERGUIDE and EEGUIDE data fill.

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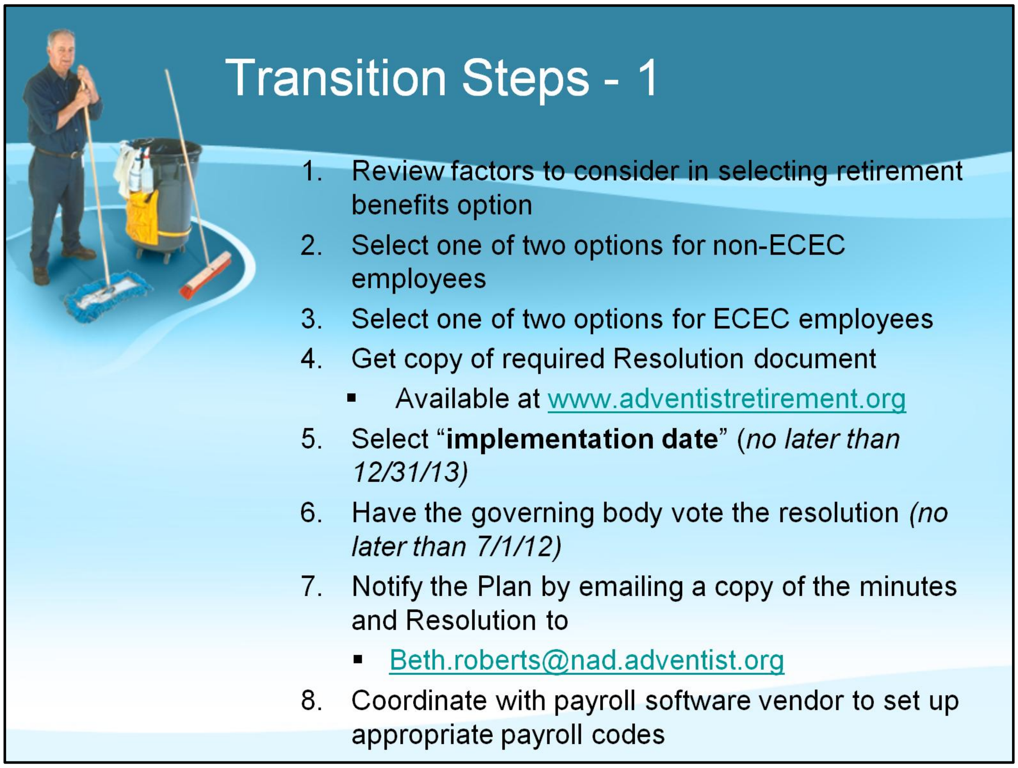
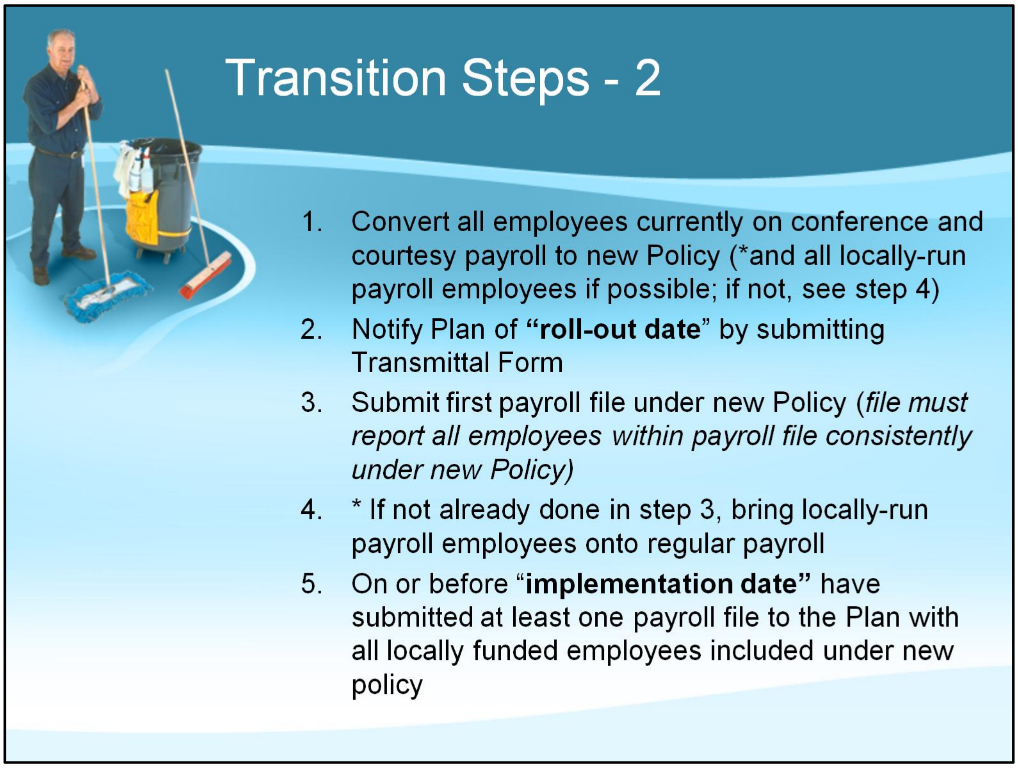
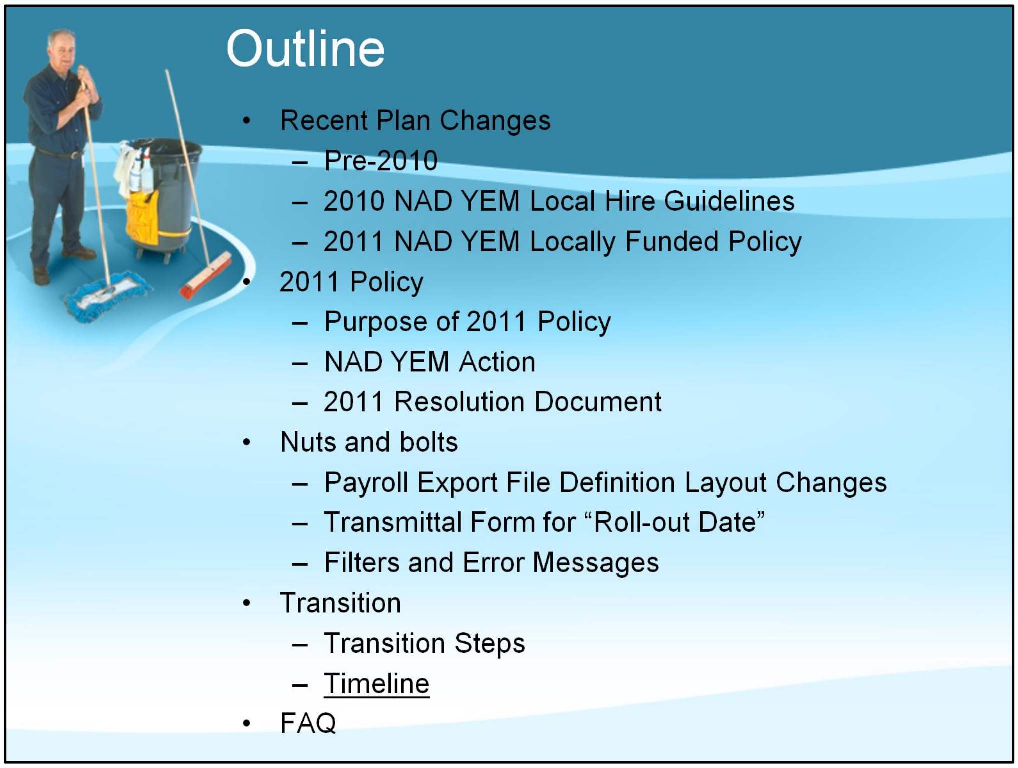
Let’s discuss transition steps and timeline -



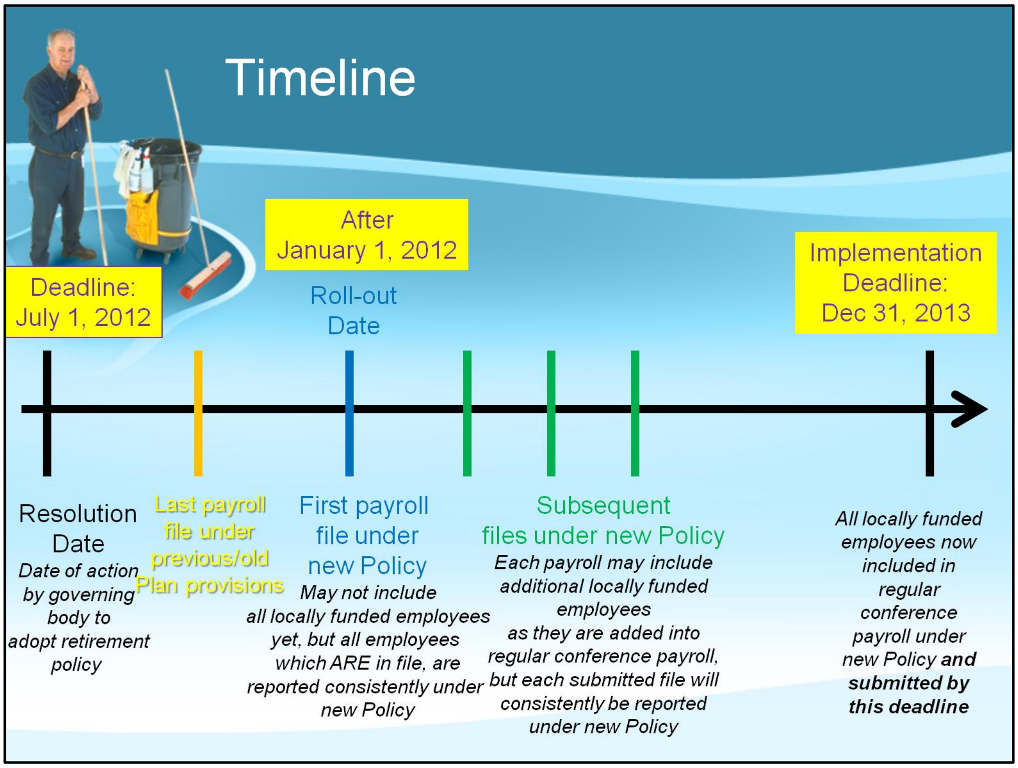
First, review the factors to consider in selecting the retirement benefits option.
Next, select an option for non-ECEC employees; then select an option for ECEC employees.
Get a copy of the required Resolution document from the website.
Select an implementation date. This cannot be later than December 31, 2013.
Have the governing body vote the 2011 Resolution no later than July 1, 2012.
Notify the Plan by emailing a copy of the minutes and Resolution to Beth Roberts.
Coordinate with your payroll software vendor to set up the appropriate payroll codes to facilitate this new Policy.



Convert all employees currently on conference and courtesy payroll to the new policy, including all locally-run payroll employees if possible. If not possible, see step 4 below.
Notify the Plan of the “roll out date” which is the date on which you first submit a file under the new Policy. Note that this file must report all employees within the file consistently under the new Policy.
Next, if not already done in step 3, bring locally run payroll employees onto regular payroll. If you as the employer have very few of these, it would be easiest if you brought these on with your “roll out date” and did not have a phase in of these employees.
On or before the “implementation date” submit at least one payroll file to the Plan with all locally funded employees included under the new Policy.



Let’s look at the timeline for this transition -



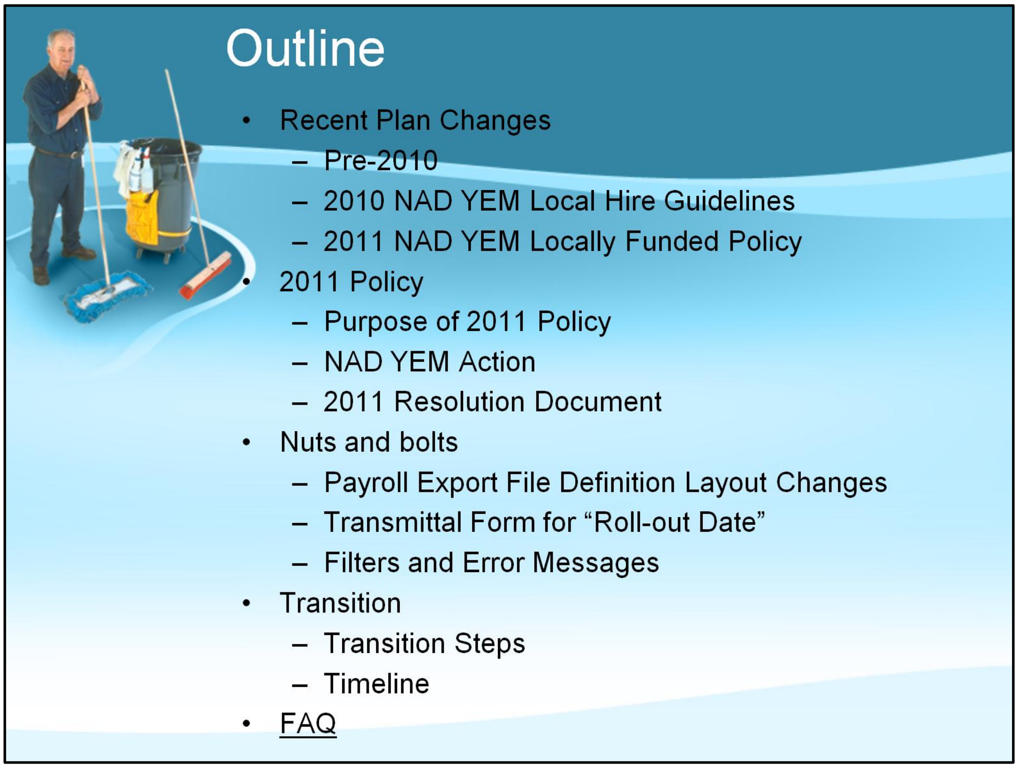
First, the Resolution Date is the date the governing body takes the 2011 Resolution action, and the deadline for taking the action is on or before July 1, 2012. Following this date, the employer begins making preparations to convert all employees to the new Policy, but in the meantime, may have to continue submitting payroll files under the previous Plan provisions. These are represented by the Gold bar on the timeline. There may be more than one payroll between the Resolution Date and the Roll-out Date.

The blue Roll-out Date is the first payroll submitted under the new Policy. This file should have all regular and courtesy payroll employees contained in the file and converted to the new policy. This must be after January 1, 2012, and the employer must submit the Transmittal Form to the Plan notifying the Plan of the Roll-out Date in order to allow the Plan to set up the appropriate filters to accept a file under the new Policy.

For employers/conferences with very few locally-run payrolls, you may not require the Green bars showing subsequent files in which additional locally-run payroll employees are added under the new Policy. It may be that with your very first "Roll-out Date" file, you would be able to include all locally funded employees, and if that is the case, your "Roll out Date" would include all your locally-run payroll employees.

For other employers with multiple locally-run payrolls, it may take awhile to add in those employees into the conference payroll. What we ask, however, is that as those employees are added, the payroll files as they are submitted are fully converted to the new Policy.

Finally, the "Implementation Date" is the date selected and noted in the Resolution as the date when all locally funded employees are being reported under the 2011 Policy. Do not wait until January 2014 to submit your first file under the new Policy.



Finally, let’s answer some frequently-asked-questions -

FAQ - 1

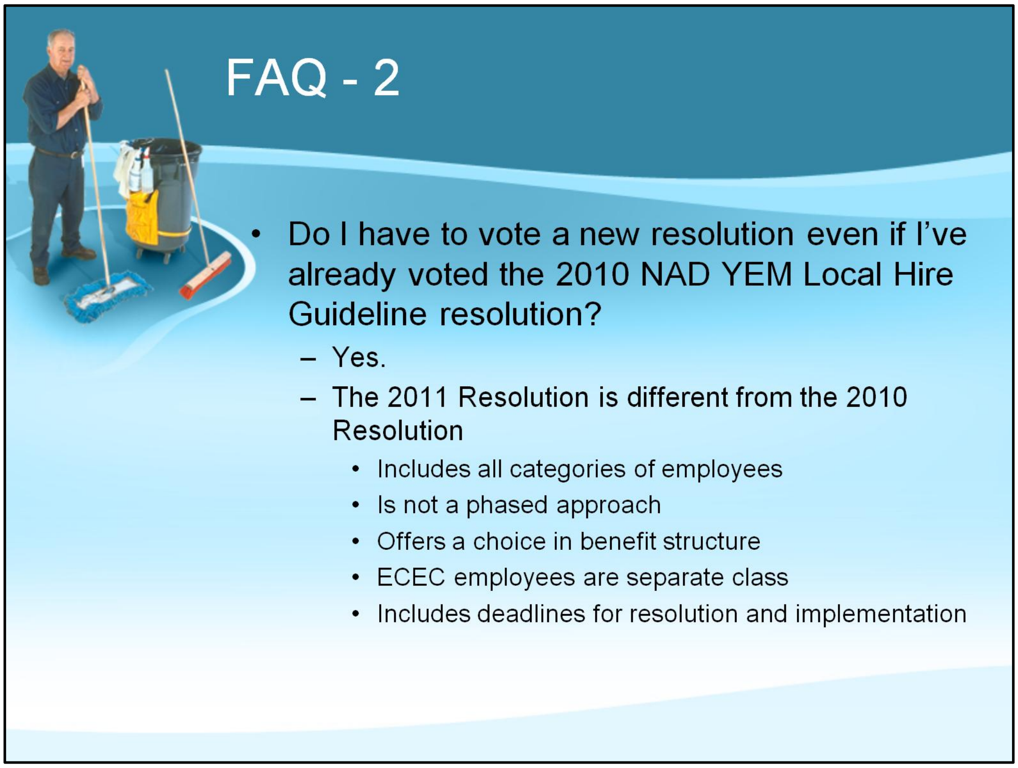
- Do all employers have to fill out the 2011 Resolution document?
  - Yes; all participating employers in the ARP need to fill this out.
  - This includes –
    - Colleges/universities
    - Publishing Houses
    - HHES
    - Academies **
  - **Note that academies who do their own payroll must fill out the Resolution document; however, their only Option is the one chosen by their Conference, so the academy Resolution must be received by the Plan either with or after the Conference Resolution and must be in alignment with the Conference Resolution

Do all employers need to fill out the 2011 Resolution document?

Yes, each employer must do this, including universities, publishing houses, and academies.

Note that academies must select the Option chosen by their local conference. Accordingly, the Plan will look to receive a Conference Resolution along with or before receiving an Academy Resolution to ensure the options are in alignment.

The goal of NAD Education and Secretariat is that all academies will, in the future, have payrolls processed by the local conference rather than at the academy. For this reason, and the fact that the local conference is the lowest level legally-identified employer, the benefit options selected must be in alignment.



What if I've already voted the 2010 Local Hire Guidelines? Do I have to vote the 2011 Resolution as well?

Yes, and the reason is that the 2011 Resolution is different than the 2010 Guidelines in several ways. The 2011 policy includes all employee categories, is not a phased approach, offers a choice of benefit structure, creates a separate ECEC class, and includes a deadline for resolution and implementation.

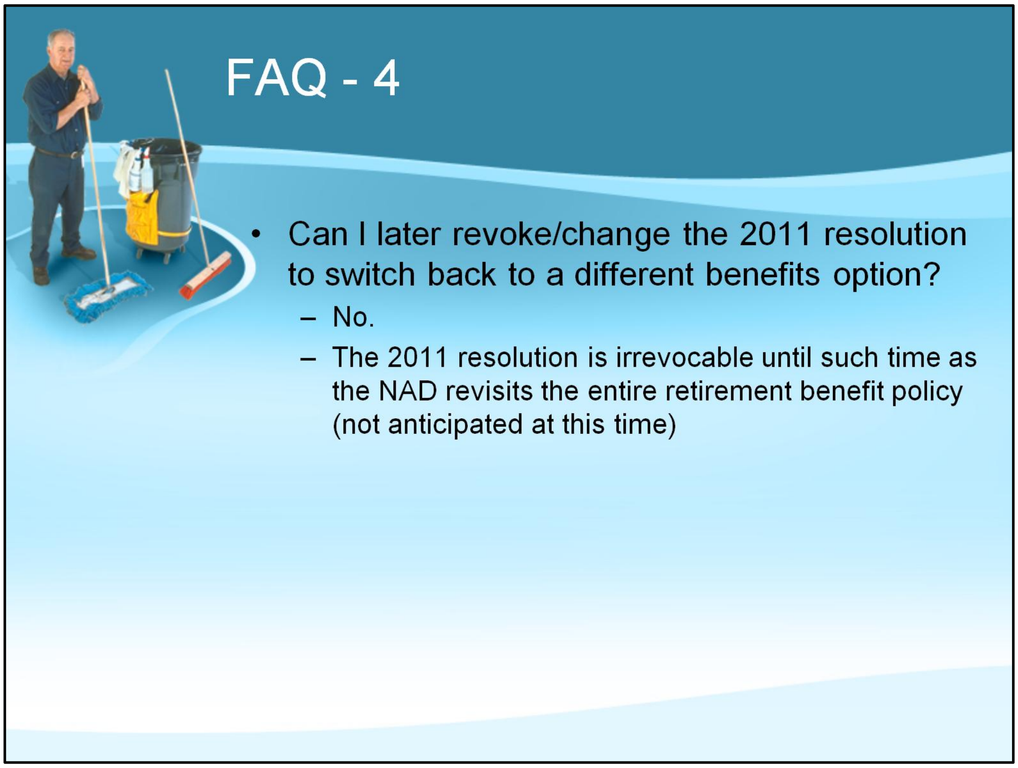
Further, if an employer previously chose the 2010 Guidelines (100% threshold), but now wishes to implement Option 1 (the 50% threshold), he may do this. The changes will NOT be retrospective, however; it will be prospective. Which means that as of the date of the resolution and implementation forward the employer may follow the newly-chosen option, but the Plan will not accept mistake-of-fact or catch-up contributions for the period of time the employer was under the 2010 Guidelines.

FAQ - 3

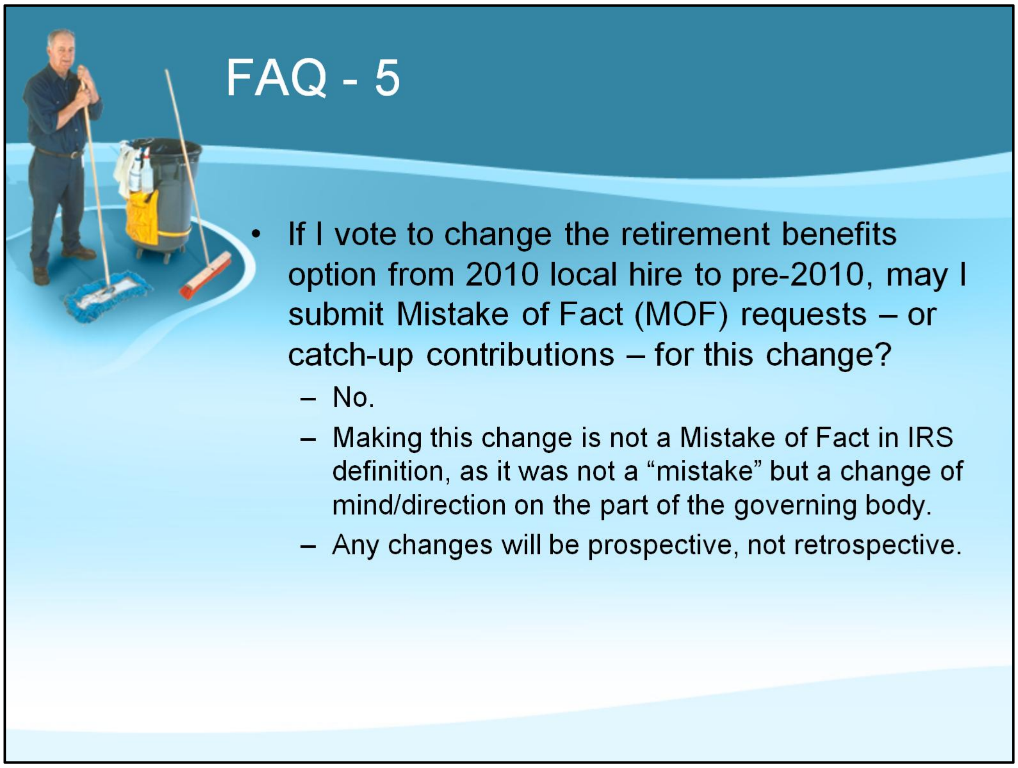
- What if I want to remain on the pre-2010 Plan provisions – do I still have to vote on the 2011 resolution?
  - Yes.
  - All employers must intentionally state what benefit structure they will operate on moving forward.
  - The resolution also notes that all courtesy payroll/locally funded employees are now treated the same as regular conference employees under the resolution, and this is different than the pre-2010 Plan provisions

What if I want to remain on the pre-2010 plan provisions. Do I still have to vote the 2011 Resolution?

Yes; the Plan requires an intentional statement from each employer to have on record the benefit structure they will be following moving forward.



Please note that the 2011 Resolution is not revocable. Please think carefully through the options and your current operating environment and make the selection wisely.


FAQ - 5
If I vote to change the retirement benefits option from 2010 local hire to pre-2010, may I submit Mistake of Fact (MOF) requests – or catch-up contributions – for this change?
– No.
– Making this change is not a Mistake of Fact in IRS definition, as it was not a “mistake” but a change of mind/direction on the part of the governing body.
– Any changes will be prospective, not retrospective.

(Read slide)

FAQ - 6

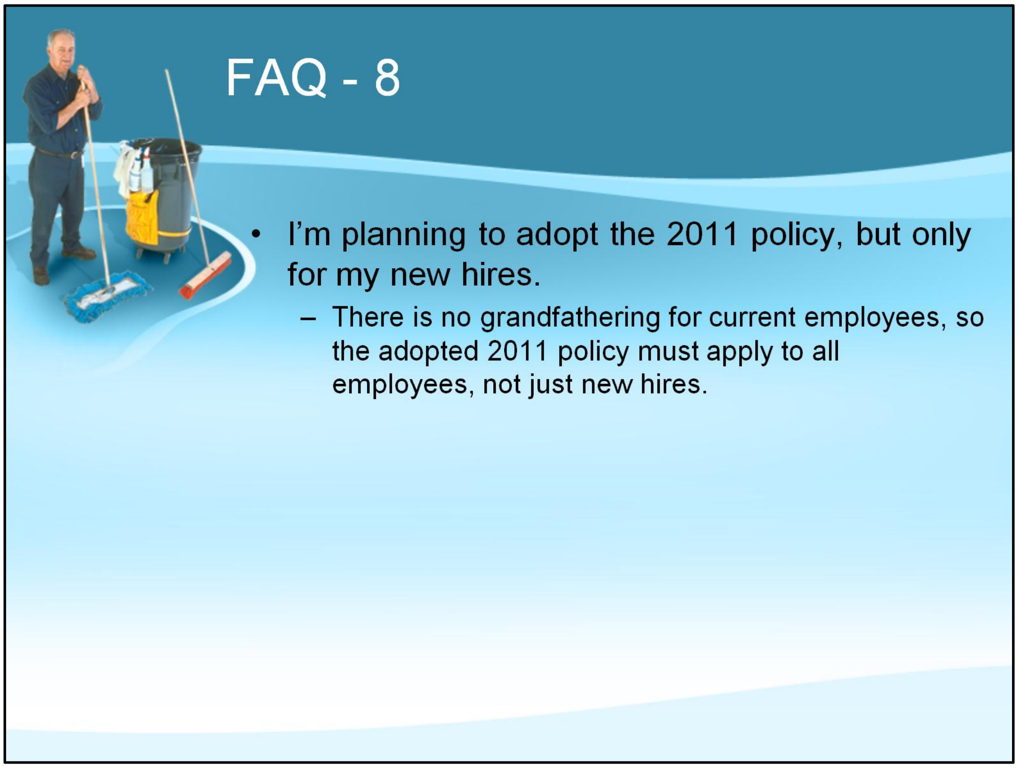
- I would like to allow my current 50% or more part-time employees to continue to receive employer basic contributions – “grandfather” them in. May I do this?
  - There is no provision for “grandfathering” any category of employee.
  - An employer should select Option 1 if he wants 50% and more employees to receive employer basic
  - As of the roll-out date date, all employees will be governed by the chosen retirement benefits option.

(Read slide)

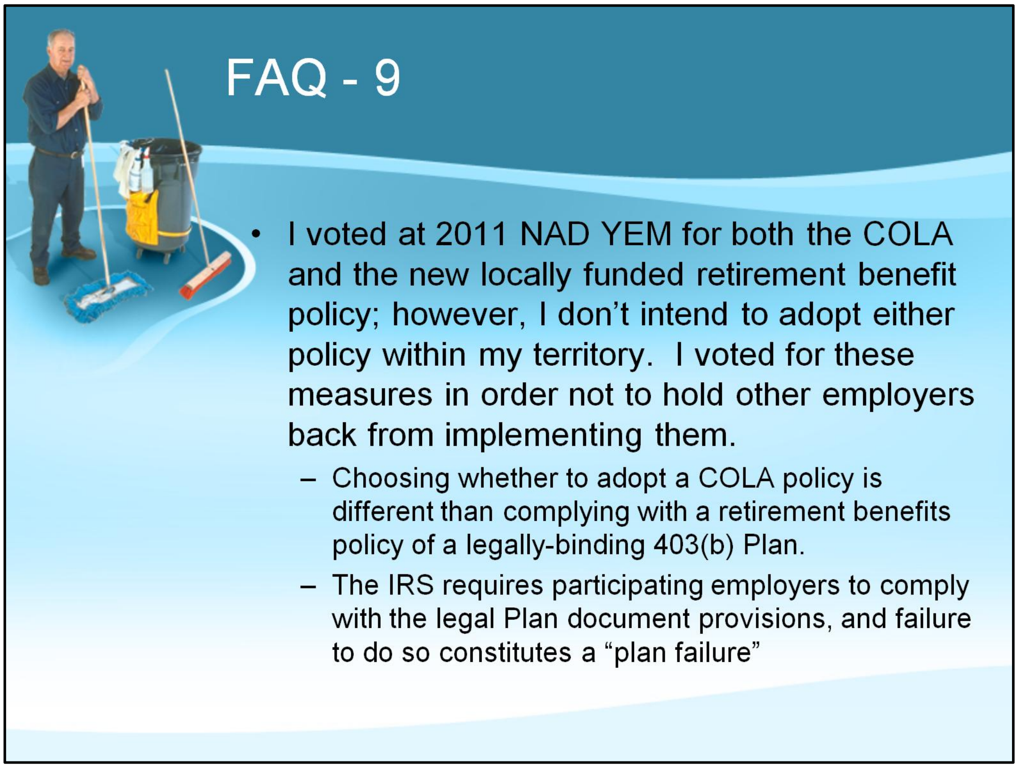
FAQ - 7

- So until I implement one of these options, can I follow whatever retirement benefit strategy I want to?
  - No.
  - During the transition period between 2011 NAD YEM and implementation of the new policy, all employers must adhere to the retirement plan provisions they currently have in place, which must be one of the following:
    - Pre-2010 Plan provisions
    - 2010 YEM local hire guidelines as voted by the employer
    - 2011 YEM locally funded policy as voted by the employer

(Read slide)


FAQ - 8
• I'm planning to adopt the 2011 policy, but only for my new hires.
– There is no grandfathering for current employees, so the adopted 2011 policy must apply to all employees, not just new hires.

(Read slide)


FAQ - 9
• I voted at 2011 NAD YEM for both the COLA and the new locally funded retirement benefit policy; however, I don’t intend to adopt either policy within my territory. I voted for these measures in order not to hold other employers back from implementing them.
– Choosing whether to adopt a COLA policy is different than complying with a retirement benefits policy of a legally-binding 403(b) Plan.
– The IRS requires participating employers to comply with the legal Plan document provisions, and failure to do so constitutes a “plan failure”

(Read slide)

Question & Answer Session

- Please type questions into the “question” box on your gotowebinar screen
- We will not be using the “raise hand” feature for this webinar

- *Thanks for joining us today*