

*Seventh-day Adventist*

# **Retirement Plan**

*of the*

*North American Division*

*and*

# **Auxiliary Benefits**

**January 2020**

**Adventist Retirement Plans 9705 Patuxent  
Wood Dr. Columbia, MD 21046**

Amendments Voted Through  
Year End Meetings 2019 and the Adventist Retirement Board 2019  
North American Division of Seventh-day Adventists

Printed 2020

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# Retirement Plan

## Z 05 Retirement Plan Policies

The following policies constitute the Seventh-day Adventist Retirement Plan of the North American Division. This plan, which is administered by the North American Division, makes provision for retirement benefits for the employees of the General Conference headquarters, North American Division, as well as interdivision employees sent from the North American Division, General Conference institutions located within the North American Division, union conferences and local conferences and their institutions in the United States and Bermuda, with the exception of employees of health care institutions.

This plan ceases to function for purposes of earning service credit on January 1, 2000 except for specific exceptions elsewhere in this document. Service credit earned prior to that date will be ‘frozen’ until the employee becomes eligible for retirement benefits under the terms of this plan.

## Z 10 Organization

**Z 10 05 Definitions**—The following words and terms, as used in the Plan, shall have the meanings set forth below, unless a different meaning is clearly required by the context.

1. *Basic Remuneration*—Salaried or hour-time remuneration including cost-of-living adjustment and area travel where applicable.
2. *Beneficiary*—The surviving Spouse or dependent child of a deceased employee or participant who is receiving benefits from the Plan.
3. *Benefit Rate Factor*—The average of a participant’s rate factors for the 10 years of service during which he/she had the highest yearly rate factors. (See Z 35 05-4)
4. *Board*—The Adventist Retirement Board which administers the Retirement Plan.
5. *Code*—The Internal Revenue Code of 1986, as amended.
6. *Conference*—The word “conference” as used in these policies also includes the “missions” in the North American Division.
7. *Dependent Child*—
  - a. The unmarried child of a participant:
    - 1) up to his/her 19th birthday.
    - 2) in the case of a full-time student up to his/her 24th birthday.
    - 3) who became disabled prior to his/her 19th birthday.
    - 4) who, in the case of a full-time student, became disabled prior to his/her 24th birthday.
  - b. The child must also be eligible to be claimed as a dependent on the participant’s income tax return.

8. *Denominational Wage Scale*—The remuneration scale, including allowances, for employees of Seventh-day Adventist organizations in North America as voted by NADCOM each year.
9. *Disabled*—An employee shall be considered disabled when the definition of disability in Y 33, Employee Disability Income Plan, is met.
10. *Eligible Spouse*—The surviving Spouse of an employee or participant who qualifies for benefits.
11. *Employee*—A person who is employed by a participating organization or an interdivision employee whose base division is the North American Division and declares the United States or Bermuda as his/her tax base (see NAD D 15 20). A leased employee, as defined in Code section 414(n), is not an employee.
12. *Employment*—The period of time during which a person is employed by a participating organization.
13. *Full Remuneration*—Basic remuneration plus need-related allowances.
14. *Hours of Service*—All hours for which an employee receives remuneration.
15. *Joint and Survivor Annuity*—The form of retirement benefit that provides benefits to the participant and Spouse while both are living and to the Spouse that survives the participant.
16. *North America*—The territory that has been assigned to the North American Division by the General Conference.
17. *North American Division Committee* (NADCOM)—The committee that approves membership of the Adventist Retirement Board, contribution rates, and appoints the Administrator and Associate Administrators, as described in the bylaws of the Board.
  
18. *Participant*—An employee of a participating employer who is eligible to earn service credit in the Plan or a former employee who is receiving benefits from the Plan.
19. *Participating Employer*—An organization which, with the approval of the Board and NADCOM, has adopted this Plan for the benefit of its employees. Loma Linda Foods, Inc. shall be treated as a participating employer only from such date through December 31, 1983. Notwithstanding the preceding sentence, Loma Linda Foods, Inc. shall be treated as a participating employer only for purposes of vesting under Z 20 from January 1, 1984 through December 31, 1988. La Loma Foods, Inc. shall be treated as a participating employer only for purposes of vesting under Z 20 and only from January 1, 1989, through December 31, 1989. The preceding two sentences shall apply only in the case of a participant who has at least one hour of service with a participating employer other than Loma Linda Foods, Inc. or La Loma Foods, Inc.

after the later of the participant's separation from service with Loma Linda Foods, Inc. or La Loma Foods, Inc.

20. *Plan*—The Seventh-day Adventist Retirement Plan of the North American Division. The Plan is intended to be a church plan within the meaning of Code section 414(e) and a retirement income account within the meaning of Code section 403(b)(9)(B).
21. *Retirement Allowance*—The one-time allowance, based on years of service credit at the time of admission to the Plan.
22. *Retirement Benefit*—A monthly amount payable to a participant/ beneficiary.
23. *Retirement Benefit Starting Date*—The first day of the first period in which a benefit becomes payable.
24. *Service Credit*—A measure of time, expressed in years and percentage of years up to a maximum of 40, used in determining the amount of a participant's retirement benefit.
25. *Termination Settlement*—The amount of money paid to an employee who terminates employment before qualifying for admission to the Retirement Plan.
26. *Remuneration Factor*—The monthly wage norm on which the denominational wage scale is based. This is voted by the North American Division Committee each year and adjustments are normally made on July 1.
27. *Pension Factor*—The monthly pension norm on which Retirement Plan rates are based. This is voted by the North American Division Committee each year.
28. *Year of Break in Service*—A calendar year in which an employee does not complete more than 500 hours of service or does not complete more than the equivalent of three full months on a salaried basis. Service equal to more than three months or more than 500 hours in a calendar year earned in the Seventh-day Adventist Hospital Retirement Plan prior to January 1, 1992, the Seventh-day Adventist Church Retirement Plan for Canadian Employees, a retirement plan operated by the Bermuda Conference or in divisions of the Seventh-day Adventist Church outside North America is not considered to constitute a break in service.
29. *Year of Service*—A calendar year prior to January 1, 2000 in which an employee works at least 50% of full time and earns at least 50 percent of a year of service credit in this Plan. (Prior to 1981, a year of service was a calendar year in which an employee worked full time and earned one year of service credit in this Plan.)
30. *Yearly Rate Factor*—The rate factor that an employee qualifies for at the end of each calendar year prior to January 1, 2000 in which he/she earns service credit.

31. *Part-time Employee*—An Employee of a participating employer who is designated as a part-time employee on the service record maintained by such an employer.
32. *Spouse, Spousal*—A Participant's or Beneficiaries married partner as determined under the policies of the Participating Employer and/or the North American Division.
33. *Administrative Committee*—The Retirement Administrative Committee.

**Z 10 10 Basis of the Plan** —The benefits of the Retirement Plan are designed for those who have devoted their lives to the work of the Seventh-day Adventist Church.

1. *Purpose of Plan*—The Plan provides for the assistance of eligible aged employees, their Spouses, dependent children and the eligible Spouses and children of deceased participants.
2. *Method of Funding*—The Plan is funded by contributions from participating denominational organizations. Employees do not contribute to the Plan funds.
3. *Governing Body*—The Adventist Retirement Board, which serves as the governing body for the Seventh-day Adventist Retirement Plan of the North American Division, is appointed by the North American Division Committee.
4. *Authorization of Benefits*—Benefits from the Plan are authorized by the Board. These benefits terminate with the decease of the participant, except where there is an eligible Spouse and/or children.
5. *Amendments*—Any provision of this Plan may be revised at a regularly called meeting of the Adventist Retirement Board.

### **Z 10 15 Plan Administration**

1. *Governing Body*-The Board shall be the Plan administrator and a fiduciary of the Plan. The principal purpose of the Board shall be the administration of the Plan and other retirement plans maintained by NAD. The members of the Board shall be elected by NADCOM, and the governance of the Board shall be in accordance with the bylaws of the Board.
2. *Powers and Responsibilities of the Board*-The Board shall have the discretionary power and responsibility to administer the Plan and to take all actions and make all decisions necessary or proper to carry out the Plan and to direct, manage, handle and supervise the affairs of the Plan. Without limiting the generality of the foregoing, the Board shall have the following discretionary powers and duties in addition to those otherwise specified herein:

- a. To construe and interpret the Plan, decide all questions of eligibility and determine the amount, manner and time of payment of any benefits hereunder;
  - b. To correct any error or defect or supply any omission or reconcile any inconsistency or resolve any ambiguity in the Plan in such manner and to such extent as it shall deem appropriate to carry the Plan into effect;
  - c. To prescribe procedures to be followed by Participants or beneficiaries filing applications for benefits;
  - d. To prepare and distribute, in such manner as the Board determines to be appropriate, information explaining the Plan;
  - e. To compute the amount of benefits which shall be payable to any person in accordance with the provisions of the Plan;
  - f. To receive from participants such information as shall be necessary for the proper administration of the Plan;
  - g. To receive, review and keep on file (as it deems convenient or proper) financial reports received from the Trustee;
  - h. To appoint or employ individuals to assist in the administration of the Plan and any other agents it deems advisable, including legal counsel;
  - i. To make all determinations as to the right of any person to a benefit pursuant to Article 4 hereof;
  - j. To establish rules for the administration of the Plan and the transaction of its business;
  - k. To delegate from time to time to the Administrative Committee, or to any other person, any of its powers and duties as it deems appropriate for the effective administration of the Plan; and
  - l. To report to NADCOM significant changes and financial trends involving the Plan on an annual basis.
3. *Employment of Advisors*-The Board, and any person, including the Administrative Committee, to whom it may delegate under Section Z 10 15-4 hereof any duty or power in connection with administering the Plan, may employ one or more persons to render advice with regard to any responsibility of the Board or of such person under the Plan. The Board, and any person, including the Administrative Committee, to whom it may delegate any duty or power in connection with administering the Plan under Section Z 10 15-4 hereof, shall be entitled to rely conclusively upon, and shall be fully protected in any action taken by them in good faith in reliance upon, any tables, valuations, certificates, opinions or reports which shall be furnished to them by any actuary, accountant, counsel or other specialist.
4. *Delegation of Board Powers or Responsibilities*-The members of the Board may, by resolution, allocate powers or responsibilities of the Board among

themselves, and may, by resolution, designate one or more persons, including the Administrative Committee, other than members of the Board, to carry out all or any portion of the powers or responsibilities of the Board under the Plan. Whenever the term “Board” is used herein, it shall include the Administrative Committee or any other person to whom the Board has delegated any powers or responsibility under this Section Z 10 15-4.

5. *Members of Administrative Committee*-The members of the Administrative Committee, if any, shall be selected in accordance with the bylaws of the Board.
6. *Powers and Responsibilities of Administrative Committee*-The Administrative Committee, if any, shall be responsible for those duties delegated to it from time to time by the Board, including, but not limited to, the following duties and powers:
  - a. To recommend to NAD employment of Adventist Retirement personnel by the Board or the Administrative Committee, subject to any budget guidelines established by the Board;
  - b. To retain such legal and/or financial consultants as it deems advisable;
  - c. To make recommendations to the Board regarding financial statements, audit reviews and budgets;
  - d. To make recommendations to the Board on amendments to the Plan;
  - e. To receive and process any appeals of denials of claims for benefits under the Plan and any Plan interpretation requests; and
  - f. To carry out any other discretionary or ministerial duties or functions as may be delegated to it from time to time by the Board.
7. *Rules and Decisions*-The Board may adopt such rules as it deems necessary, desirable, or appropriate. When making a determination or calculation, the Board shall be entitled to rely upon information furnished by a participant or beneficiary, the participating employer, the legal counsel of the participating employer, or the Trustee.
8. *Appointment of Investment Managers*-With respect to all or any portion of the Plan assets, the Board may appoint an investment manager or managers to manage, acquire, or dispose of any assets of the Plan. Each such investment manager shall accept appointment as a fiduciary of the Plan and shall be either:
  - a. Registered as an investment adviser under the Investment Advisers Act of 1940;
  - b. A bank as defined under that Act; or
  - c. An insurance company qualified under the laws of more than one state to manage, acquire, or dispose of Plan assets.

9. *Limitation of Liability* - In administering the Plan, neither the Board, the Administrative Committee, the Administrative Team (as defined in Section Z 473b hereof) nor any member thereof shall be liable to any person or entity for any of its acts carried out hereunder in good faith and based upon the information available at the time.
10. *Plan Expenses*-All reasonable expenses incurred prior to termination of the Plan that shall arise in connection with the administration of the Plan, including, but not limited to, the compensation of any actuary, accountant, counsel, specialist or other person who shall be employed by the Board, the Administrative Committee or a person to whom the Board has delegated responsibility pursuant to Section Z 10 15-4 hereof in connection with the administration thereof, shall be paid from Plan assets.
11. *Board Expenses*-The reasonable expenses of the members of the Board and the Administrative Committee in carrying out their responsibilities under the Plan shall be paid from Plan assets. The Trustee is authorized to reimburse Board and/or Administrative Committee members for any such reasonable expenses incurred by them in the administration of the Plan.
12. *No Duty to Investigate*-Neither NAD, the Board, the Administrative Committee, the Trustee nor an Employer shall be required to determine or make any investigation to determine the identity or mailing address of any person and shall have discharged their obligations by sending payments and other items by registered or certified mail to such person at such address as may be designated by such person or, if no such designation has been made, at the last address on the records of an Employer.
13. *Indemnification*- The members of the Board and the Administrative Committee shall be indemnified from and against any liability they may incur in connection with the administration of the Plan to the extent provided in the bylaws of the Board.
14. *Application and Forms for Benefits*. The Board may require a participant or beneficiary to complete and file with the Board an application for retirement benefits, death benefits, and all other forms approved by the Board, and to furnish all pertinent information requested by the Board. The Board may rely upon all such information so furnished it, including the participant's or beneficiary's current mailing address.

**Z 10 20 Fund Balance**—The Plan shall prepare reports on the fund balance as a percentage of the actuarially defined liability and as a percentage of three times

the disbursements for the latest complete fiscal year. The fund may not be used for, or diverted to, any purpose other than the exclusive benefit of employees and their beneficiaries. The North American Division, on its own behalf and on behalf of the Participating Employers, may enter into a trust agreement with the North American Division Corporation. In such case, all contributions made pursuant to this Plan shall be paid into such trust. The trust funds shall be held and disbursed in accordance with the provisions of this Plan and the trust agreement. No person shall have any interest in, or right to, any part of the trust fund, except as expressly provided in this Plan or in the trust agreement. If such a trust is established, the trust fund shall be the sole source of benefits under this Plan, and each individual who shall claim the right to any payment or benefit under this Plan shall be entitled to look only to the trust fund for such payment or benefit, and shall not have any right, claim or demand therefore against the General Conference, the General Conference Corporation or any Participating Employer or any officer or employee of the General Conference, the General Conference Corporation, the North American Division, the North American Division Corporation or any Participating Employer.

**Z 10 25 Sources of Funding**—The Retirement Plan is funded by contributions from the participating organizations. The rates may be changed by NADCOM as necessary in order to meet the demands on the funds. Organizations that base their contributions on employee remuneration shall include all employees, including temporary and part-time, with the exception of student labor in educational institutions.

1. *General Conference*—Contributions from General Conference payroll shall be as follows:

1995	9.700%
1996 - 1999	10.500%
2000 - 2002	8.750%
2003	9.000%
2004	9.250%
2005 - 2012	9.350%
2013	9.600%
2014	and subsequent years
	10.250%

plus the following percentages of NAD salary equivalents (packaged) for interdivision employees who declare the United States or Bermuda as their tax base:

2000	6.375%	
2001	8.000%	
2002	- 2008	8.750%
2009 - 2012	9.350%	
2013	9.600%	

2014	and subsequent years
	10.250%

In addition the General Conference shall pay the following percentages of U.S. gross tithes:

1998	0.050%
1999	0.100%
2000	0.150%
2001	0.200%
2002	0.250%
2003	and subsequent years
	0.300%

2. *North American Division*—Contributions from the North American Division payroll shall be as follows:

1996 - 1999	10.500%	2000 - 2002	
	8.750%		
2003		9.000%	
2004		9.250%	
2005		- 2012	9.350%
2013		9.600%	
2014		and subsequent years	
		10.250%	

In addition the North American Division shall pay a percentage of gross tithes received by United States conferences:

1998	0.050%	1999	0.100%
2000			0.150%
2001			0.200%
2002			0.250%
2003		- 2013	0.300%
2014 - 2016			0.600%
2017 and subsequent years			0.300%

3. *Conference Organizations*—Union conferences and local conferences shall pay a percentage of their tithe receipts for the calendar year as follows:

1992		7.050%	
1993		7.300%	
1994		7.550%	
1995		7.800%	
1996		8.050%	
1997		8.300%	
1998		- 1999	8.550%
2000 - 2002			6.800%
2003			7.050%
2004			7.300%
2005		- 2012	7.400%

2013	7.600%	
2014	- 2016	8.100%
2017 and subsequent years: local conferences		8.400%
2017 and subsequent years: union conferences		8.100%

Where the union conferences receive direct payment of tithe from members, the amount paid to the Plan shall be the same as if the tithe had been paid through the local conference:

1992	7.755%	
1993	8.030%	
1994	8.305%	
1995	8.580%	
1996	8.855%	
1997	9.130%	
1998	- 1999	9.405%
2000 - 2002	7.480%	
2003	7.730%	
2004	7.980%	
2005	- 2012	8.066%
2013	8.284%	
2014	and subsequent years	8.829%

plus, union conferences shall pay the following percentages of gross tithe received by their conferences:

1998	0.050%	
1999	0.100%	
2000	0.150%	
	2001	0.200%
2002	0.250%	
2003	and subsequent years	0.300%

4. *Institutions*—The following percentages of the basic remuneration of all employees:

a. Academies, colleges, universities, including participating subsidiary organizations, Home Study International, and Adventist Colleges Abroad, Inc. except entities that are covered in d. below (excluding student labor). Remuneration of teachers paid through subsidies or through direct appropriations shall be included when computing the amount to be paid to the Plan. Elementary schools and junior academies are excluded from this regulation:

Prior to July 1, 1996	4.000%
July 1996 - June 1997	4.250%
July 1997 - June 1999	4.750%
July 1999 - June 2003	3.000%

July 2003 - June 2004	3.250%
July 2004 - June 2005	3.500%
July 2005 - June 2013	3.600%
July 2013 - June 2014	3.700%
July 2014 and subsequent years	3.950%

b. Adventist Book Centers shall contribute the following percentages of the basic remuneration of all employees, plus 2 percent of all commissions paid to Adventist Book Center Field Representatives:

Prior to January 1, 1996	9.000%	
1996	9.250%	
1997	- 1999	9.750%
2000 - 2002	8.000%	
2003	8.250%	
2004	8.500%	
2005	- 2012	8.600%
2013	8.850%	
2014	and subsequent years	9.450%

c. Christian Record Services, Inc. shall contribute the following percentages of the basic remuneration of all employees, and net income of field representatives:

Prior to January 1, 1996	7.000%	
1996	7.250%	
1997	- 1999	7.750%
2000 - 2002	6.000%	
2003	6.250%	
2004	6.500%	
2005	- 2012	6.600%
2013	6.750%	
2014	and subsequent years	7.250%

d. Commercial entities of educational institutions that have gross annual sales of over \$200,000 (excluding student labor):

Prior to July 1, 1996	6.000%
July 1996 - June 1997	6.250%
July 1997 - June 1999	6.750%
July 1999 - June 2003	5.000%
July 2003 - June 2004	5.250%
July 2004 - June 2005	5.500%
July 2005 - June 2013	5.600%
July 2013 - June 2014	5.700%
July 2014 and subsequent years	6.100%

- e. HHES/FHES/FER Offices shall contribute the following percentages of the basic remuneration of all employees, plus 2 percent (2.1% after 2013) of all commissions paid to literature evangelists (excluding

independent distributors and students\* sales):

Prior to January 1, 1996	9.000%
1996	9.250%
1997 - 1999	9.750%
2000 - 2002	8.000%
2003	8.250%
2004	8.500%
2005 - 2012	8.600%
2013	8.850%
2014 and subsequent years	9.450%

f. Publishing houses

Prior to January 1, 2000	13.000%
2000 - 2002	11.250%
2003	11.500%
2004	11.750%
2005 – 2012	11.850%
2013	12.450%
2014 and subsequent years	13.050%

g. Adventist Media Center and other qualified radio and television stations:

Prior to January 1, 1996	7.000%
1996	7.250%
1997 - 1999	7.750%
2000 - 2002	6.000%
2003	6.250%
2004	6.500%
2005 - 2012	6.600%
2013	6.750%
2014 and subsequent years	7.250%

h. Adventist Risk Management Inc.:

Prior to January 1, 1996	7.000%	
1996	7.250%	
1997	- 1999	7.750%
2000 - 2002	6.000%	
2003	6.250%	
2004	6.500%	
2005	- 2012	6.600%

2013	6.750%
2014	and subsequent years
	7.250%
i. Monument Valley Hospital:	
Prior to January 1, 1996	5.000%
1996	5.250%
j. Adventist Development and Relief Agency, Inc.:	
Prior to January 1, 1996	7.000%
1996	7.250%
1997 - 1999	7.750%
2000 - 2002	6.000%
2003	6.250%
2004	6.500%
2005 - 2012	6.600%
2013	6.750%
2014 and subsequent years	7.250%
k. Amazing Facts, Inc.:	
Prior to January 1, 1996	9.000%
1996	9.250%
1997 - 1999	9.750%
2000 - 2002	8.000%
2003	8.250%
2004	8.500%
2005 - 2012	8.600%
2013	8.850%
2014 and subsequent years	9.450%
l. AdventSource	
June 1, 1997 - December 31, 1999	9.750%
2000 - 2002	8.000%
2003	8.250%
2004	8.500%
2005 - 2012	8.600%
2013	8.850%
2014 and subsequent years	9.450%

Notwithstanding any Z 10 25 provision to the contrary, the following employers have entered into an agreement with the North American Division regarding employee retirement responsibility: Allegheny East Conference, Allegheny West Conference, Central States Conference, Lake Region Conference, Northeastern Conference, South Atlantic Conference, South Central Conference, Southeastern Conference, and Southwest Region Conference. Contributions to this plan by

these employers and their subsidiary employers shall thus be based on that agreement rather than the provision of Z 10 25.

5. *Contribution to Provide Retirement Allowance*—Each participating employer shall provide a contribution to the Retirement Plan equal to the amount of the retirement allowance paid to its retiring employees in accordance with the provisions of Z 40 10.

**Z 10 30 Remittances**—Plan contributions are to be remitted monthly through the usual denominational channels. It is the duty of union conference and local conference treasurers to collect Plan contributions.

1. *Adherence to Plan*—No union conference or local conference committee or institutional board shall have authority to change the rates at which these organizations shall make contributions to the Plan or to change the date on which the rates shall become effective.
2. *Payment of Contributions*—Payment in full of the required contributions is an obligation of all organizations, and when such contributions are not remitted, the unpaid amounts shall be considered liabilities and treated as such in the financial statements of the respective organizations.
  - a. The General Conference shall deduct from appropriations the monthly contributions due from General Conference institutions.
  - b. The union conferences shall make monthly payments on behalf of their HHES, college and any other union conference institutions in their territory, excluding those institutions that are participating in the Hospital Retirement Plan.
  - c. The conferences shall make monthly payments on behalf of their academy, ABC and other conference institutions.
  - d. Interest shall be charged at major bank prime rate on all contributions that are more than 30 days late for current periods.
  - e. If Plan contributions become delinquent, the General Conference treasury shall deduct such contributions from annual General Conference appropriations to union conferences.
  - f. Contributions to provide retirement allowances shall be billed to union conferences for employees retiring from the union conferences, union conference institutions, conferences, or conference institutions within their territories, and to General Conference institutions for their retiring employees.
3. *Method of Calculating Contributions*—Institutions listed in Z 10 25-4 shall be billed monthly, based on the audited remuneration data for the fiscal year ending in the calendar year two years previous to the

billing year. This remuneration data shall be adjusted by the subsequent percentage changes in the remuneration factor through January 1 of the billing year.

## **Z 15 Service Credit**

**Z 15 05 Criteria for Recognizing Service**—Employees shall be eligible for service credit prior to January 1, 2000 according to the following:

1. *Age Parameters*—Employees are eligible to earn service credit from the first of the month in which they attain the age of 20 (after attaining age 18 for service before January 1, 1981) up to a maximum of 40 years with the following exception: Service after one’s 68th birthday between January 1, 1981 and December 31, 1987 is not counted as service credit unless the employee has been in employment on or after January 1, 1988. Those who began denominational service after attaining age 55 shall not receive service credit for periods prior to January 1, 1988.
2. *Remuneration*—Prior to January 1, 1989, employees working in the North American Division and paid above the North American Division remuneration scale were not eligible to earn service credit. Employees paid above the North American Division remuneration scale shall be eligible for service credit effective January 1, 1989 except for employees paid above the North American Division remuneration scale and participating in an “alternate plan” (for purposes of denying service credit for the period of service with the employer which established the “alternate plan”). For purposes of the preceding sentence, an “alternate plan” shall mean another retirement plan, established in lieu of this Plan, by a participating employer prior to January 1, 1989 to provide pension coverage for employees who were ineligible to earn service credit in this Plan prior to January 1, 1989.
3. *Year of Service Credit*—One year of service credit shall be credited to an employee for each calendar year in which he/she was remunerated for at least 1,950 hours or for at least 11.5 months on a full-time salaried basis for participating employers.
4. *Proportionate Service Credit*—After January 1, 1981, an employee who works less than full-time during a calendar year shall be eligible for proportionate credit on the following basis:
  - a. If the employee completes 1,000 hours of service he/she shall be credited with 50 percent of a year of service credit plus proportionate credit for hours between 1,001 and 1,950.
  - b. If the employee completes at least six months of full-time service on a salaried basis, he/she shall be credited with 50 percent of a year of service plus proportionate credit for service that exceeds six months.

- c. If the employee is paid a salary for less than full-time employment he/she shall be credited with proportionate service credit provided his/her remuneration equals at least 50% of the salary that is paid to full-time employees with equivalent qualifications and responsibilities. All other part-time service shall be recorded on the employee's service record in hours. In cases where the remuneration is paid as a flat amount per month, the number of hours shall be computed by dividing the flat amount for the year by the hour rate that is paid full-time employees for similar work.
  - d. Only full-time service prior to January 1, 1981 that totals at least six full months during a calendar year will be recognized as service credit. The employee also must have received full remuneration in harmony with a denominational wage scale.
5. *Special Provisions*—Employees who serve on a full-time salaried basis for less than six months or less than 1,000 hours, provided such hours average at least 83 per month, shall be granted service credit for the time they serve during the periods listed below.
- a. During the year an employee began denominational employment and the year he/she is admitted to the Plan on or after his/her normal retirement date.
  - b. During the year an employee began an authorized study leave and the year it ends.
6. *Penalty for Breaks in Service*—Employees who prior to qualifying for 10 years of service credit have a break in service that exceeds their previous accrued years of service shall lose the previous credit with the following exceptions:
- a. Employees who are granted a leave of absence for graduate study and return to denominational service within 90 days of the close of the leave of absence shall not be charged with a break in service.
  - b. Employees who had 15 years of service credit prior to January 1, 1981 or have 25 years of service credit by the time of their admission to the Plan, shall not be subject to this regulation.
  - c. Full-time employees who were in service on October 1, 1979, but who will not have 15 years of service credit as of January 1, 1981, if they earn 15 years of service credit.
  - d. Physicians, dentists, and optometrists who return to the NAD after having served a minimum of three years as regular interdivision employees, may, without a penalty for breaks, add any subsequent denominational service.

- e. Service credit after December 31, 1999 shall be counted in this plan for minimum eligibility only.
7. *Employed Spouses*—Effective January 1, 1981, an employed Spouse shall be eligible to earn service credit even though the retired Spouse is receiving a Spouse allowance.
  8. *Medical Leave*—Employees who become disabled will be granted full service credit for up to 18 months from the first day of the elimination period of Y 33, Employee Disability Income Plan, while the employee remains eligible for disability income plan benefits.
  9. *Family and Medical Leave of Absence Guidelines*—Employees who have taken approved Family and Medical Leave, shall be granted service credit for the time absent from work, during which compensation was received, up to the maximum accrual of twelve weeks in a twelve-month period.
  10. *Post-retirement Service*—Participants are not eligible to earn service credit while receiving retirement benefits, except to the extent that they are receiving in-service distributions under Z 20 05-5 and 6.
  11. *Student Labor*—Students, whose work in Seventh-day Adventist educational institutions and affiliated industries is classified as student labor by the employer, are not eligible for service credit.
  12. *Study Programs*—Service credit that is granted to persons during study programs shall not count toward vesting.
  13. *Termination Settlements*—Service credit shall not be granted for periods covered by a settlement under North American Division policy Y 40.
  14. *Eligibility Pre-1981 Service*—For purposes of eligibility only, the pre-1981 provisions for calculating service credit (service of six consecutive months duration) will be used in cases where application of the revised 6-month rule relative to service before 1981 causes an employee to be ineligible for a benefit and it is not possible to earn additional service credit.
  15. *Required Hours Prior to 1981*—Full-time employees who, prior to January 1, 1981, worked an average of at least 36 hours per week are eligible to receive service credit.
  16. *Insurance Benefits*—Service credit up to a maximum of one year shall be granted for benefit payments made to an employee from an insurance policy paid for by the employing organization. Unemployment compensation benefits are specifically excluded.
  17. *Beginning Date of Denominational Employment*—The beginning date of denominational employment is determined to be the later of the employee's first date of employment or the first day of the month in which the age of 20 is attained (first day of the month age 18 is attained for service prior to January 1981). In neither case shall student

labor in educational institutions or student literature evangelism be considered regular denominational employment.

18. *Vesting*—The following service credit in other plans will be counted toward vesting in this Plan:

a. Service credit in the Seventh-day Adventist Church Retirement Plan for Canadian employees as follows:

- 1) Full time service credit prior to January 1, 1981
- 2) Part time service credit (credited service) of 1,000 hours or more per year after December 31, 1980 3) If an employee has service credit in both the United States and Canadian Plans in a calendar year, a combination of hours in both plans will be counted toward minimum requirements in this Plan.

b. Service credit in the Seventh-day Adventist Hospital Retirement Plan as follows:

- 1) Full time service credit prior to January 1, 1981 2) Part time service credit of 1,000 hours or more per year after December 31, 1980 and before January 1, 1992
- 3) If an employee has service credit in both the Hospital Plan prior to January 1, 1992 and this Plan in a calendar year, a combination of hours in both plans will be counted toward minimum requirements in this Plan.

19. *Accrued Vacation/Paid Leave Cashed Out*—Service credit shall not be granted for periods covered by lump sum cash-out payments of accrued vacation or paid leave at termination.

**Z 15 06 Service Credit after December 31, 1999**—Employees shall be eligible for service credit after December 31, 1999 according to the following:

1. *Career Completion Option*—Notwithstanding any provisions to the contrary, an employee who meets the following criteria for eligibility may irrevocably elect to complete his/her career under this plan, earning up to five additional years of service credit between January 1, 2000 and December 31, 2004:

- a. Is employed by a participating employer in this plan or the Seventh-day Adventist Church Retirement Plan for Canadian Employees on December 31, 1999.
- b. Has accrued at least thirty years of service credit on December 31, 1999.
- c. Will be eligible for retirement benefits prior to January 1, 2005.

- d. Because the employee has waived the right to participate in the Adventist Retirement Plan, the employer shall make contributions to this plan equal to the maximum contributions, including the basic and matching contributions, that would have otherwise been paid into the Adventist Retirement Plan.
  - e. If the employee continues to be denominationally employed after December 31, 2004, he/she immediately becomes eligible to participate in the Adventist Retirement Plan (defined contribution plan.)
2. *Disabled Employees*—Employees who became disabled while earning service credit in this plan will be granted full service credit up to 18 months from the first day of the elimination period of the Employee Disability Income Plan while the employee remains eligible for Employee Disability Income Plan Benefits. (See NAD Y 33 30)
  3. *Eligibility*—Service credit after December 31, 1999 shall be applied toward vesting and minimum eligibility purposes described in Z 20.

**Z 15 10 Service Verification**—Each entry on the service record of an employee shall be verified by an officer or the Personnel Director of the employing organization. This signature does not guarantee that such service will count toward eligibility for retirement benefits. It verifies that the person was employed during the period indicated. The service shall meet the criteria of the Retirement Plan policies and the final decision is made by the Adventist Retirement Board.

### **Z 15 15 Educational Employees**

1. *Employees of K-12 Schools*—Full-time employees of K-12 schools who have the option to be off duty during the summer period shall be considered employed from July 1 to December 31 if they serve the full first semester of a school year, and they shall be considered employed from January 1 to June 30 if they serve the full second semester of a school year. Teachers who are employed at least half time shall also be eligible for proportionate service credit during the periods listed above.
2. *Employees of Colleges and Universities*—Full-time employees of colleges and universities who have the option to be off duty during the summer period or an equivalent amount of time during the calendar year shall be granted service credit for the period January 1 to December 31, if they serve during the full calendar year, except for the optional off duty time. Teachers who are employed at least half time during the full calendar year shall also be eligible for proportionate service credit during the period January 1 to December 31.

**Z 15 20 Christian Record Services, Inc.**—Field representatives of the Christian Record Services, Inc. shall be granted a full year of service credit for each calendar year prior to January 1, 2000 in which they work a minimum of 1,950 hours and submit the required number of weekly reports.

**Z 15 22 Loma Linda Foods**—Prior to January 1, 1984, salesmen of Loma Linda Foods, Inc., shall be granted a full year of service credit for each calendar year they work a minimum of 1,950 hours and submit the required number of weekly reports.

**Z 15 25 Literature Evangelists**—Regular literature evangelists as defined in NAD Literature Evangelist policy FP 70 05 shall be granted a full year of service credit for each calendar year prior to January 1, 2000 in which they work a minimum of 1,680 hours (1,200 hours prior to 1981, and 1,600 hours for 1981 and 1982) and submit the required number of weekly reports. If a literature evangelist completes 900 hours of service he/she shall be credited with 50 percent of a year of service plus proportionate credit for hours between 900 and 1,680. Students who earn scholarships and literature evangelists working as independent contractors are not considered regular literature evangelists and are not eligible for service credit.

**Z 15 26 Literature Evangelist Account Collectors**—Literature Evangelist Account Collectors shall be granted a full year of service credit for each calendar year prior to January 1, 2000 in which they worked a minimum of 1,680 hours and submitted the required number of weekly reports. If the Literature Evangelist Account Collector completes 900 hours of service, he/she shall be credited with 50 percent of a year of service plus proportionate credit for the hours worked between 900 and 1,680.

**Z 15 27 Adventist Book Center Field Representatives**—Adventist Book Center field representatives shall be granted a full year of service credit for each calendar year prior to January 1, 2000 in which they work a minimum of 1,680 hours and submit the required number of weekly reports. If an ABC field representative completes 900 hours of service, he/she shall be credited with 50 percent of a year of service plus proportionate credit for the hours between 900 and 1,680.

**Z 15 35 Local Church and Elementary School Personnel**—A number of conferences have local church and elementary school personnel on their payroll with costs funded by the church or school. Service credit for such service shall be granted for each calendar year prior to January 1, 2000 under the following terms:  
1. Unless otherwise prohibited by the Plan, service credit shall be granted to employees in churches and elementary schools such as secretaries, custodians and bus drivers provided:

- a. They are remunerated for at least 1,000 hours during a calendar year.
  - b. The conference has them on its payroll and for years prior to 1990, their remuneration is at least the federal minimum wage but does not exceed the denominational remuneration scale.
2. A contribution equal to 9 percent of basic remuneration shall be made by the conference to the Retirement Plan on that portion that is reimbursed by local churches and elementary schools for those employees who are receiving service credit. This contribution is not required for these employees after December 31, 1999.
  3. Conferences are exempted from applying this provision for elementary teachers (K-10). (The temporary provision for validating the service of such employees, prior to the time they were taken on the conference payroll, expired on January 1, 1975.)

**Z 15 37 Service Funded by Other Organizations**—Because conferences contribute a percentage of tithe receipts to the Retirement Plan, they are exempted from contributing a percentage of the payroll financed by the normal sources of conference income. In some cases, conferences employ individuals whose remuneration is funded partially or fully by other organizations or individuals. 1. *Service Credit*—Unless otherwise prohibited by the Plan, service credit shall be granted to employees whose remuneration is funded partially or fully by other organizations or individuals for calendar years prior to January 1, 2000 provided:

- a. They are remunerated for at least 1,000 hours during a calendar year.
  - b. They are retained on the conference payroll and, for years prior to 1990, their remuneration is at least the federal minimum wage but does not exceed the denominational remuneration scale.
2. *Employees Assigned to Other Employers*—For years after 1989, service credit for employees assigned to and funded by other employers shall not be permitted except for
    - a. Ministers assigned and serving as pastors or chaplains.
    - b. Employees of not-for-profit organizations having denominational status under the control of the conference provided the full remuneration of all employees is included in the contribution.

For years prior to 1990, prior approval must be granted by the Adventist Retirement Board before such employment begins.

3. *Contribution*—A contribution equal to 9 percent of basic remuneration shall be made by the conference to the Retirement Plan on that portion that is reimbursed by other organizations or individuals for

those employees who are receiving service credit. This contribution is not required for these employees after December 31, 1999.

4. *Exemption from Contribution*—Elementary teachers (K-10), publishing department directors, assistant publishing department directors in conferences, publishing department directors and assistant publishing department directors in publishing houses and Family Enrichment Resources, Inc. are exempted from applying this provision even though their salary, or a portion of it, may be funded by a church or another denominational organization. Local church and elementary school personnel are provided for under separate policies and therefore are not covered by this provision (see Z 15 35).

5. *Service Prior to 1990*—Service funded by other organizations prior to January 1, 1990, including denominationally operated nursing homes and member organizations of Adventist-Laymen's Services and Industries, shall be recognized as service credit in accordance with policies prevailing in 1989, provided the required Retirement Plan contribution was made at that time.

**Z 15 45 Physicians/Dentists**—Service credit is granted to a physician/dentist for calendar years prior to January 1, 2000 under the following circumstances: 1.

*Postgraduate Training*—For the period, up to five years, of an approved postgraduate internship, residency program, recognized dental specialty or equivalent in the United States or Canada.

2. *Leave of Absence*—For the period of time granted to a denominationally employed physician/dentist for further training with or without remuneration, provided the physician/dentist returns to denominational service immediately after completing the further training.

3. *Required Service*—For the period of time a physician/dentist is required to serve in order to be eligible to practice in the assigned country, provided the physician/dentist receives regular denominational remuneration and passes on to the employing organization any additional remuneration received.

4. *Vesting*—Service credit granted in accordance with paragraphs 1. to 3. shall be counted toward vesting requirements, one year for each year of denominational service up to a maximum of five years applicable after a minimum of six years of denominational employment has been completed.

5. *Indenturement for Loans or Scholarships*—Government or military service which was required as a result of indenturement for loans or scholarships does not apply to denominational service credit.

**Z 15 50 Military Service**—

1. Persons who went into military service or who were assigned to alternate service in lieu of military service, and who within one year after discharge enter or reenter full-time denominational employment or engage in further training for denominational service and within one year enter or re-enter full time denominational employment upon completion of such training, shall be eligible for up to two years of service credit for calendar years prior to January 1, 2000 spent in military service. 2. *Uniformed Services Employment and Reemployment Rights Act and HEART Act*—Effective December 12, 1994, notwithstanding any other provision of this Plan to the contrary, contributions, benefits and service credit with respect to qualified military service shall be provided under the Plan in accordance with Code section 414(u) of the Code. In addition, the survivors of any participant who dies on or after January 1, 2007, while performing qualified military service, are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) that would have been provided under the Plan had the participant resumed employment and then terminated employment on account of death. For this purpose, the term “qualified military service” means any service in the uniformed services (as defined in chapter 43 of title 38, United States Code) by any individual if such individual is entitled to reemployment rights under such chapter with respect to such service and to the participating employer.

## **Z 15 60 Graduate Study**

1. *Service Credit*—Service credit for calendar years prior to January 1, 2000 not to exceed two years shall be granted for time spent in obtaining graduate degrees with less than full or no denominational remuneration according to the following provisions:
  - a. The degree earned is above the Master of Arts level.
  - b. The person either begins or returns to full-time denominational service within one year of the awarding of the degree.
  - c. Service credit equal to the lesser of two years or the minimum time required to complete the degree shall be granted to persons who earn a doctoral degree.
  - d. A maximum of one year of service credit shall be granted for the Master of Divinity or equivalent professional degree.
  - e. The degree must be awarded before service credit is granted.
  - f. This service credit cannot be counted for vesting purposes.
2. *Contributions*—The organization that employs such persons after the period of graduate study, if other than a conference, shall be responsible to pay to the Retirement Plan the amount that would have

been contributed to the Plan during the service credit period if the persons had been on the payroll of that organization.

**Z 15 62 Postdoctoral Studies**—*Service Credit*—Effective January 1, 1983, a faculty member or a prospective faculty member who, with prior approval, is authorized to do postdoctoral studies with less than full or no denominational remuneration, may receive up to two years of service credit for calendar years prior to January 1, 2000 provided:

1. He/she begins or returns immediately to university employment on completion of the postdoctoral studies, at a denominationally approved wage scale rate.
2. A contribution is made to the Church Retirement Plan by the university of the amount which would have been contributed had the faculty member or prospective faculty member been on a denominationally approved wage scale during the years for which service credit is granted.

**Z 15 65 Commission Salesmen**—Salesmen working on a commission basis are considered self-employed persons and are not eligible for service credit, except as provided elsewhere in the Plan policies.

**Z 15 67 Task Force Workers**—Task Force workers are volunteers and are not considered employees; therefore, they are not eligible for service credit.

**Z 15 68 Adventist Volunteer Service**--1. *AVS Extension*—The service credit of an Adventist Volunteer service worker sent from the North American Division prior to January 1, 1994, whose service is extended beyond the normal two-year period in accordance with NAD O 10 10-4-d shall be validated in the North American Division by the employing division paying into the North American Division Retirement Plan 15 percent of the NAD US Category A remuneration factor for each month of service beyond the initial two-year period of service.

2. *Adventist Volunteer Service After December 31, 1993*—No service credit shall be granted for AVS volunteers sent from the North American Division after December 31, 1993.

**Z 15 70 Employee Returning on Special Arrangement**—The service credit for calendar years prior to January 1, 2000 of a person with North America as his/her adopted division who is called to serve in his/her home division on the basis of an employee returning on special arrangement (see NAD D 17 25-3 and GC E 17 253) shall be validated in North America by the calling division paying into the North American Division Retirement Plan 15 percent of the NAD US Remuneration Factor for each month of service.

## Z 20 Eligibility

### Z 20 05 Service and Age Requirements—

1. In order to be eligible for retirement benefits an employee must earn 10 full years of service credit unless the employee qualifies for vesting due to interdivision service as described in paragraph 4. An employee who retired from active service between January 1, 1981 and December 31, 1987 must have begun denominational service before attaining age 55 and must earn 10 full years of service credit before attaining normal retirement age. Employees who terminated denominational service prior to January 1, 1981 must have 15 full years of service credit. Those who began denominational service after attaining age 55 shall not receive service credit for periods prior to January 1, 1988. A person who was out of denominational service on January 1, 1981 and who has at least 10 years but less than 15 years of service credit shall have to earn at least two additional years of service credit or the difference between his/her service credit and 15 years, whichever is less, in order to be eligible for benefits. Up to ten years of service credit between January 1, 2000 and December 31, 2014 in the following plans shall be counted for vesting and minimum eligibility thresholds:

- a. The Adventist Retirement Plan—or at least half-time service for a participating employer in the Adventist Retirement Plan.
  - b. The Seventh-day Adventist Church Retirement Plan for Canadian Employees.
  - c. A retirement plan operated by the Bermuda Conference.
  - d. The Kettering Medical Center Retirement Plan for only those employed in the Kettering College of Medical Arts who were also employed in that organization as of December 31, 1999.
  - e. The Regional Conference Retirement Plan for only those employed by an employer of the North American Division as of December 31, 1999.
2. *Normal Retirement Age*—A participant who has terminated full-time denominational employment shall be entitled to begin receiving retirement benefits in a monthly amount starting on the first day of the month in which he/she attains normal retirement age according to the following schedule:

Normal

<u>Through the year</u>	<u>Year of Birth</u>		<u>Retirement Age</u>
	2002	1937 or earlier	65
	2003	1938	65 and 2 months
	2004	1939	65 and 4 months
	2005	1940	65 and 6 months
	2006	1941	65 and 8 months
	2007	1942	65 and 10 months
	2008 - 2019	1943 - 1954	66
	2020	1955	66 and 2 months
	2021	1956	66 and 4 months
	2022	1957	66 and 6 months
	2023	1958	66 and 8 months
	2024	1959	66 and 10 months
	2025	1960 and later	67

3. *Early Retirement*—An employee who has attained age 59 1/2 may retire at any time prior to his/her normal retirement age and thereupon shall be entitled to receive a retirement benefit in a monthly amount starting on the first day of the month following the date of his/her actual retirement from employment or the first day of the month after he/she attains the age of 59 1/2, if he/she is not in denominational service at that time. A reduction in retirement benefits shall apply in accordance with NAD Z 35 05-1 if such early retirement begins after December 31, 1999. (Minimum requirements prior to January 1, 2005 are age 62 and 35 years of service credit.)

4. *Vested Retirement*—An employee who after February 1, 1981 terminates denominational service prior to normal retirement age and who has earned at least 10 years of service credit shall be entitled to receive a retirement benefit in a monthly amount starting on the first day of the month in which he/she attains normal retirement age. A North American Division based interdivision employee who was an interdivision employee on or after December 31, 1991 and has earned a minimum of 6 years of service credit as an interdivision employee shall be considered vested. Pre-embarkation, furlough, and permanent return salary shall be counted as interdivision service.

5. *Minimum Distribution Rule*—Notwithstanding any other provision of this plan, distributions will be in accordance with Code section 401(a)(9), including the incidental death benefit requirements of section

401(a)(9)(G) and Treasury regulations thereunder, including section 1.401(a)(9)-2. Post-retirement benefit payments under this Plan to a participant's beneficiaries shall be limited so that the actuarially determined present value of the payments to be made to the participant, determined as of his/her retirement date, is more than 50 percent of the actuarially determined present value, determined as of his/her retirement date, of the total benefits payable to the participant's spouse (as determined under applicable state or federal law) shall be deemed to satisfy the preceding sentence if no such payment is greater than the monthly payments the participant was receiving during his/her lifetime (with cost-of-living increases no greater than those the participant would have received if he/she had not died).

a. For years after 1986, in the case of a participant who attains age seventy and one-half (70 $\frac{1}{2}$ ) before January 1, 1988 or after December 31, 1997, distributions must commence no later than the first day of April following the later of the calendar year in which the participant retires, or attains age seventy and one-half (70 $\frac{1}{2}$ ).

b. In the case of a participant who attains age seventy and one-half (70 $\frac{1}{2}$ ) between January 1, 1988 and December 31, 1997, distributions must commence no later than the first day of April following the calendar year in which the participant attains age seventy and one-half (70 $\frac{1}{2}$ ), even if he/she is still in employment. Participants who attain age seventy and one-half (70 $\frac{1}{2}$ ) in 1988 may choose to delay receiving distributions until no later than the first day of April 1990.

c. If any additional benefits accrue to a participant after distributions from this Plan begin, distribution of such additional amounts, as a separate identifiable component, will

commence in accordance with U.S. Treasury Regulations beginning on the first day of the first month of the calendar year immediately following the calendar year in which the additional benefits accrued.

d. If a participant dies before distribution of his/her interest commences, his/her entire interest will be distributed to his/her beneficiaries in substantially equal installments over the lives of the beneficiaries, or a shorter period.

e. Benefit increases for years in which in-service distributions are made shall be reduced in accordance with Treasury regulations by the actuarial equivalent of such in-service distributions.

f. Notwithstanding a. through e. above, for years beginning on and after January 1, 2003, all distributions hereunder shall satisfy the minimum distribution requirements of Appendix A hereto.

6. *In-Service Distributions to Part-time Employees*—Effective January 1, 1992, an employee who is entitled to retire and receive normal or early retirement benefits under Z 20 05-2 or -3 above may receive in-service distributions of such normal or early retirement benefits for months during which he/she provided no service to his/her employer other than as a part-time employee.

- a. Such distributions shall begin or resume on the later of: 1) The date such participant's distributions would begin under Z 20 05-1 or -2, if he/she had retired prior to that date; or 2) The first day of a month following a month for which in-service distributions are payable.
- b. If any additional benefits accrue to a participant after distributions from this Plan begin, distribution of such additional amounts, as a separate identifiable component, will commence on the first day of the first month of the calendar year immediately following the calendar year in which the additional benefits accrued.
- c. If a retiree's early retirement benefits are suspended because of returning to full time denominational employment, upon subsequent retirement the early retirement reduction (see Z 20 05-3 and Z 35 05-1) shall be recalculated by reducing the number of early retirement months in the original calculation by the number of full time months worked during the suspension of benefits.
- d. Benefit increases for years in which in-service distributions are made shall be reduced in accordance with Treasury

regulations by the actuarial equivalent of such in-service distributions.

- e. Notwithstanding any Z 20 05 provision to the contrary, subject to the discretion of the Adventist Retirement Board, Participants shall also include the following individuals:
  - a) Persons living in the United States who are eligible to receive benefits from a retirement plan sponsored by a division of the Church, other than NAD. The Adventist Retirement Board, in consultation with such other division, shall determine the amount of benefits to be paid from the Plan to each such Participant.
  - b) Individuals for whom the Adventist Retirement Board determines that an equitable pension payment or an equitable adjustment to their pension benefit payment should be made. The Adventist Retirement Board shall, in consultation with the General Conference, determine the amount of such benefits or additional benefits to be paid to each such Participant.

f. A full-time employee of a non-participating employer is required to terminate such full-time employment to be allowed to start the Defined Benefit benefits.

Benefits payable pursuant to this policy shall be provided pursuant to rules and regulations from time to time adopted by the Adventist Retirement Board for such purpose; provided, however, that such benefits shall be provided only to the extent that the Adventist Retirement Board determines that adequate funding will be available from such other divisions or from the General Conference to provide such benefits.

**Z 20 10 Disability Retirement Benefits**—This policy only applies to employees who are denied disability income benefits under Y 33 because of a disability occurring during 1996 from a pre-existing condition at January 1, 1996. An employee who retired from employment because of disability shall be entitled to receive, for so long as he/she is disabled, a monthly disability retirement benefit subject to the following conditions:

1. The employee must have a minimum of 15 years of full-time service—the last five years of which must have been continuous with the exception of a break that was caused by a health problem.
2. Employees who are appointed from the North American Division to serve in another division shall be granted retirement benefits on a compassionate basis because of disability without regard to length of service if they are disabled while serving in another division.

3. Until normal retirement age, disability retirement benefits shall be based on the employee's service credit or 20 years, whichever is greater. Until the employee reaches normal retirement age or qualifies for early retirement, the benefits shall be limited to the single life benefit rate without a Spouse allowance. Even though the Spouse of a participant who is receiving disability retirement benefits will be eligible to receive a survivor benefit, the reduction in the joint and survivor benefit (see Z 20 15-2) shall apply only at the time the participant begins to receive either an early or normal retirement benefit. If the participant dies before qualifying for regular benefits, section Z 20 30 will apply to his/her surviving Spouse.
4. Notwithstanding Z 20 10-3 above, in no event may the amount of a participant's disability retirement benefit exceed an amount greater than the sum of:
  - a. the maximum amount that would be a qualified disability benefit under Code section 411(a)(9) and Treasury Regulation section 1.411(a)-7, and
  - b. the maximum amount that would be a Social Security supplement under Code section 411(a)(9) and Treasury Regulation section 1.411(a)-7.
5. The granting of retirement benefits on the basis of disability before retirement age will be limited to those who experience the disability and apply for benefits while in full-time denominational employment. Exceptions may be made for employees who voluntarily discontinue service in an effort to find employment that is compatible with their health condition and who apply for benefits within two years, provided this arrangement is recommended by the employing organization and approved by the Adventist Retirement Board at the time of termination of denominational service.
6. Until normal retirement age, disabled full-time employees who otherwise qualify shall not be eligible for disability retirement benefits while they are receiving Workers' Compensation Benefits as salary replacement (including the time period covered by lump settlements) except for the difference between the two benefits when Workers' Compensation is less than disability benefits. Such employees shall be eligible to apply for disability benefits if they are still disabled when Workers' Compensation terminates provided they do so within six months.
7. When participants who earned service credit after December 31, 1980 and who have earned less than 30 years of service credit, reach normal retirement age, they shall be granted additional service credit equal to 50 percent of the period of time they received disability benefits with the total service credit not to exceed 30 years, and their benefits

shall be adjusted accordingly. If the adjusted total service credit is less than 20 years, the participant will receive a reduction in monthly benefits. If the participant dies before reaching normal retirement age the additional service credit shall be calculated to the time of death and be included in the surviving Spouse benefit calculation. Service credit according to the provisions of this paragraph shall continue to be granted for those receiving disability benefits from this plan on and after December 31, 1999.

8. Employing organizations shall be responsible for making a termination settlement with disabled employees who are neither eligible for disability retirement benefits or who will not be eligible when they reach normal retirement age.

9. Disability participants who have regained their health to the degree of being able to resume employment in the denomination or elsewhere are expected to do so and their benefits will be terminated. Persons who average 20 hours per week or more will be considered employed.

**Z 20 15 Joint and Survivor Annuity**—Married denominational employees are automatically eligible for the joint and survivor annuity (unless they elect single life benefits) according to the following provisions:

1. The employee has been married to his/her Spouse for the period of one year immediately preceding his/her retirement benefit starting date.
2. The retirement benefit payable to the participant during his/her lifetime shall be reduced by a percentage equal to:
  - a. Ten percent plus one percent for each full year in excess of five by which the participant's birth date precedes that of the Spouse.
  - b. Ten percent minus one percent for each full year in excess of five by which the participant's Spouse's birth date precedes that of the participant but the ten percent shall in no case be reduced to less than two percent. (The Spouse allowance is excluded from the computations in a. and b.)
3. Payments to the participants shall continue in a reduced amount and shall not be increased, regardless of whether his/her Spouse predeceases him/her.
4. A participant's benefits shall be paid to his/her surviving Spouse for two months following the month in which his/her death occurs. After that, the payment shall be reduced to 50 percent of the monthly annuity the participant was receiving at his/her death.

**Z 20 20 Spouse Allowance**—Married employees may qualify for a Spouse allowance according to the following provisions:

1. The employee must have earned at least 20 years of service credit on the retirement benefit starting date and have a Spouse to whom he/she has been married for the immediately preceding period of one year.
2. The Spouse allowance is a monthly amount equal to the participant's retirement benefit (before the reduction for the joint and survivor annuity) multiplied by 1.25 percent for each of his/her years of service credit provided, however, that the Spouse allowance shall be reduced by one percent for each full year in excess of five by which the employee's birth date, precedes that of his/her Spouse. No Spouse allowance shall be paid prior to receipt by the Board of a written application.
3. The Spouse allowance shall be terminated two months after the month in which death of the Spouse occurs and will not be reinstated if the participant remarries. If the Spouse survives the participant, such Spouse is eligible for a continuation of a proportionate share of the Spouse allowance based on the years married to the participant while he/she was earning service credit, provided the Spouse was married to the participant during at least 10 years of such service.
4. The Spouse allowance shall be reduced by the portion of a retirement benefit (other than Social Security or other type of retirement benefit provided in lieu of Social Security) that is received or will be received by the Spouse of a participant from this plan or another plan that was funded by the employer. A lump sum distribution shall be computed on the basis of a monthly annuity payable for life.
5. A Spouse allowance shall not be paid during such time as a Spouse, otherwise entitled to a Spouse allowance under Sections Z 20 25, Z 20 30 and Z 35 07, is employed an average of 20 or more hours per week.  
This 20 hours restriction is no longer in effect after December 31, 2008.
6. A Spouse allowance shall not be paid to a participant if the Spouse is eligible or will become eligible for employer-provided retirement benefits based on his/her own service. An exception may be made if the Spouse elects, in writing filed with the Board, not to receive benefits based on his/her own service.
7. Up to ten years of service credit between January 1, 2000 and December 31, 2014 shall be counted in this plan for minimum eligibility purposes only.
8. A Spouse allowance payable from this plan for those who participate in the Adventist Retirement Plan (ARP) prior to retirement will be proportionalized by calculating what the Spouse allowance would have been for total years of NAD service (including eligible service credit after December 31, 1999) and multiplying that sum by a

fraction, the numerator of which is the years of pre-freeze service credit, and the denominator of which is the combined years of pre-freeze and postfreeze service credit.

9. The Spouse Allowance shall cease upon the divorce of the Participant and his Spouse, except as described in a court order.

**Z 20 25 Surviving Spouse**—If a vested employee or vested former employee dies and is survived by a Spouse to whom the employee had been married for at least one year immediately preceding death, such surviving Spouse shall be eligible for a surviving Spouse benefit at the time the deceased employee would have reached age eligibility. This Surviving Spouse benefit shall be calculated at fifty percent of the Joint & Survivor annuity which the deceased employee would have received upon reaching age eligibility as well as any qualifying Spouse allowance subject to early retirement reductions if the surviving Spouse elects to receive benefits prior to the month in which the deceased employee would have reached Normal Retirement Age (see Z 20 05). For Surviving Spouse benefits effective prior to January 1, 2010, pre-2010 Z 20 25 and Z 20 30 policies apply.

**Z 20 35 Surviving Spouse Temporary Benefit**—In the event of the death of a full-time employee who was a participant in this Plan on December 31, 1999 and who is survived by a Spouse to whom he/she was married the entire calendar year of 1999, such Spouse shall be eligible to receive temporary benefits according to the following provisions:

1. The temporary benefit shall be paid as long as the Spouse has not remarried and is employed less than an average of 20 hours per week and either:
  - a. The Spouse has a dependent child who is less than 8 years of age and has not yet begun elementary school, or
  - b. The Spouse is engaged (for a period not to exceed 24 months) in acquiring skills to enable such Spouse to find employment.
2. The temporary benefit shall be based on the employee's service credit and benefit rate factor or a minimum of 20 years whichever is greater.
3. This assistance is limited to the surviving Spouses of employees who die while in full-time denominational service.

**Z 20 40 Single Life Annuity Option**—At least 30 days prior to the retirement benefit starting date, an employee may, by filing a written election with the Board and with the written consent of his/her Spouse, elect to have his/her retirement benefits paid to him/her in the form of a single life annuity payable monthly for his/her life in lieu of payment in the form of a joint and survivor annuity. In the absence of full disclosure of this option during the application process an

employee and his/her Spouse may choose to accept or revoke any such election by written notice to the Board within 90 days of the date the first monthly benefit is issued.

**Z 20 45 Eligibility for More Than One Benefit**—A surviving Spouse may be granted survivor benefits and his/her own retirement benefits if he/she meets the eligibility requirements of the two types of benefits. The years that the Spouse was married to the employee may not be added to his/her own service credit in order to qualify for either a surviving Spouse or his/her own retirement benefits.

**Z 20 50 Military Chaplains**—When an ordained minister enters the military services as a denominationally approved chaplain the following shall apply:

1. *Service Record*—The service record shall include denominational service and military service prior to January 1, 2000. When a chaplain who has become eligible for a government pension reenters denominational employment, service credit and regular denominational remuneration will be granted even though he/she is currently receiving a pension.
2. *Government Pension*—A chaplain receiving a government pension for active duty, who has re-entered denominational employment and later applies for denominational retirement benefits is eligible for the difference between the denominational benefits and his/her government pension if the latter is less. A chaplain who has not re-entered denominational employment and has pre-2000 service credit prior to entering the chaplaincy, shall receive the Defined Benefit retirement benefit based upon policy eligibility rules. However, a government pension for a reservist chaplain shall not be considered in calculating benefits. The same principle shall apply in the case of a surviving Spouse, provided arrangements have been made for inclusion in the Survivor Benefit Program. Surviving Spouse benefits for Spouses of chaplains who terminated military service after December 31, 1994 shall be based on the maximum military Survivor Benefit Program.

**Z 20 52 Non-Denominationally Employed Chaplain**—Up to ten years of service credit between January 1, 2000, and December 31, 2014, shall be counted in this plan for vesting and minimum eligibility thresholds for nondenominationally employed chaplains under the following conditions:

1. They have obtained Adventist Chaplaincy endorsement as Seventhday Adventist ministers serving as chaplains.
2. They are classified as full-time employees.
3. They participate in the Adventist Retirement Plan and contribute at least two percent of the Remuneration Factor to that plan.

**Z 20 55 Ministers From Other Denominations**—When a minister who has served another denomination enters the ministry of the Seventh-day Adventist Church before he/she has passed his/her fifty-fifth birthday and is unable because of a health problem to meet the 10-year minimum requirement for retirement benefits, the Board is empowered to grant benefits at the 10-year rate if the minister is not eligible for a pension from his/her service in another church organization but whose combined service prior to January 1, 2000 in the previous church and the Seventh-day Adventist Church amounts to at least 10 years.

**Z 20 60 Marriage of Single Participant**—A single participant receiving benefits from the Plan on his/her own service record shall continue receiving benefits from the Plan after marriage.

**Z 20 65 Remarriage of Regular Participant**—A widower or widow either receiving or eligible for regular benefits on the basis of his/her own service or his/her former Spouse's service, or a combination of both, shall continue receiving benefits from the Plan after marriage.

### **Z 25 Independent Transfers**

When an employee discontinues service in one division and moves to the North American Division without being transferred in the regular way, thus effecting an independent transfer (NAD E 20), the following provisions shall apply to the processing of his/her application for retirement benefits, to the determining of his/her eligibility for such benefits, and to the assigning of responsibility for the funding of benefits by the divisions in which he/she served:

**Z 25 05 Responsibility for Benefits**—There shall be no transfer of responsibility for retirement benefits to or from the North American Division.

**Z 25 10 Applications**—The employee shall be eligible to apply through the Retirement Plan office in North America for retirement benefits from each of the divisions in which he/she has served provided he/she has accumulated the required minimum service credit as outlined in Z 25 15.

**Z 25 15 Minimum Service Requirements**—The years of service credit required for an independent transferee to apply for retirement benefits shall be as follows:

1. For those who independently transferred between January 1, 1978 and December 31, 1991:
  - a. A minimum of 15 full years of service credit shall be required in one of the divisions to which the employee is applying or

- b. A minimum of 10 full years of service credit in each of the divisions if that is the minimum requirement in each of the divisions to which the employee chooses to apply.
  - c. In addition to the 10- or 15-year requirement in a. or b. above, a minimum of 10 full years of service credit shall be required in each of any other divisions to which the employee chooses to apply for retirement benefits.
  - d. Up to ten years of service credit between January 1, 2000 and December 31, 2014 shall be counted in this plan for minimum eligibility purposes only.
2. For those who independently transferred between January 1, 1992 and December 31, 1999: The years of service credit required for an independent transferee to apply for retirement shall be the minimum number of years required for vesting in each division in which service is given.

**Z 25 20 Basis of Benefits**—After minimum vesting requirements have been met in each division, eligibility for retirement benefits, Spouse allowance, and disability benefits shall be based on the total years of service credit in all divisions with this plan bearing the costs based on its proportionate share of total service credit in accordance with its policies.

**Z 25 25 Service Credit**—The service credit which an employee may apply toward retirement benefits from the divisions where he/she has served shall be the first 40 years, except in those cases where the independent transfer was made after December 31, 1977.

**Z 25 30 Service After Age 55**—Persons who came to North America on an independent transfer between January 1, 1978 and December 31, 1987 and who entered denominational employment in North America after their fifty-fifth birthday shall not be eligible to earn North American Division service credit prior to January 1, 1988 even though they have served in another division.

**Z 25 40 Exclusions**—These provisions do not apply to employees who are called to North America as interdivision employees from other divisions. Employees who come to North America on an independent transfer and are later appointed to interdivision service with North America as their adopted base division shall continue earning North American service credit.

**Z 25 45 Beginning Date**—The above provisions shall apply to those employed on an independent transfer basis after December 31, 1977. For provisions applicable to those employed on an independent transfer basis prior to January 1, 1978, refer to the 1975 Sustentation Policy, paragraph nine, except that the

minimum ten years of service credit in the North American Division shall be substituted for the minimum vesting of fifteen years of service credit referred to in paragraph 38 for those who terminate employment in this division subsequent to January 1, 1981.

**Z 25 50 Employee Returning to Home Division**—When an employee who has made an independent transfer to the North American Division is subsequently called or transfers independently to his/her home division, retirement responsibility for his/her service shall be in harmony with the following provisions:

1. If the employee made his/her first independent transfer to the North American Division before January 1, 1978, and if he/she has a minimum of ten years of service credit in North America, he/she may request that the North American Division assume responsibility for his/her total denominational service up to the date of his/her reemployment by the home division. If he/she elects not to make this request, the responsibility for his/her service shall be shared by the divisions in harmony with Z 25 20.
2. If the employee made his/her first independent transfer before January 1, 1978 but has not fulfilled the ten-year service credit requirement in the North American Division, only his/her service from the time of the independent transfer to the date of re-employment by the home division shall be recognized by the North American Division. However, if the employee returned and was employed by the home division prior to January 1, 1978, he/she may request the North American Division to assume responsibility for his/her total denominational service provided he/she returns to North America on an independent transfer basis and resumes employment by December 31, 1980, and subsequently completes the ten-year service credit requirement.
3. If the employee referred to in paragraph 2. above returns to North America after December 31, 1980, and subsequently completes the ten-year service requirement, he/she may, at the time he/she qualifies for North American Division retirement benefits, request additional North American Division service credit and retirement benefits for only the service credit earned in his/her home division prior to his/her first independent transfer to the North American Division.
4. If the employee made his/her first independent transfer after December 31, 1977, only his/her service from the time of the independent transfer to the date of re-employment by the home division shall be recognized by the North American Division.
5. Regardless of the date when the employee made his/her first independent transfer to the North American Division, he/she shall be

allowed to add to his/her service in North America any subsequent service in that division, provided he/she returns to North America on an independent transfer basis.

6. See Z 15 70 for provisions for employees who return to home division under special arrangement.

### **Z 25 55 Special Provisions for Retirement after December 31, 1999**

1. Notwithstanding other restrictions or provisions in this policy, special provisions apply for those employees who meet the following eligibility criteria:
  - a. Effective date of retirement is after December 31, 1999, and
  - b. Independent transfer to the North American Division occurred after December 31, 1977 and before January 1, 2000, and
  - c. Employee was an employee of a participating employer on December 31, 1999, and
  - d. Employee vests in this plan by December 31, 2014 with at least ten years of North American Division qualifying service credit, and
  - e. Employee's combined pre-NAD monthly pension benefits from the home division plus the post-Independent Transfer (ITR) NAD monthly pension benefits do not equal or exceed what the employee would have received had he/she been a NAD employee for the total career.
2. For employees meeting the above criteria,
  - a. All pre-independent transfer denominational service credit, shall qualify for NAD vesting requirements. Vesting in the home division need not to have occurred.
  - b. All pre-independent transfer denominational service credit, shall qualify for calculation of monthly benefits, retirement allowance, health care assistance, death benefits and any other retirement benefit provided under this plan.
  - c. The Plan will seek reimbursement from the retirement plans of previous employers subject to the provisions of those plans
  - d. NAD benefits, will not be recalculated if the employee elects to return to his/her previous division.
  - e. Qualifying employees who have retired prior to the date of this amendment are eligible for an immediate adjustment in benefits retroactive to the post-1999 retirement date.

## Z 30 Applications

**Z 30 05 Application Procedure**—Applications for benefits from the Plan must be accompanied by satisfactory evidence that the persons are entitled to benefits, and applications shall be processed as follows:

1. *Employees of Participating Employers*—Applications from employees of participating employers shall be processed and signed by an officer of the employing organization.
2. *Former Employees of Participating Employers*—Applications from former employees not currently employed by a participating employer shall be submitted to and be processed by the last employing organization.
3. *Final Approval*—After applications for retirement benefits have been processed by employers according to the above procedure, they shall send copies to their Union Conference for recording purposes and shall send the original application materials directly to the Retirement Plans Office for processing and submission to the Adventist Retirement Board for final approval.

**Z 30 10 Protection of Plan**—Conference committees and institutional boards should protect the Plan by declining to recommend applications of persons who do not qualify for benefits.

## Z 35 Benefits

**Z 35 05 Monthly Rates**—The retirement benefits of employees who meet the requirements for eligibility are governed by the following provisions:

1. *Rate Computation*—The monthly rate is the product of the employee's benefit rate factor (see 4. below) multiplied by his/her years of service credit (not in excess of 40), multiplied by the pension factor in effect as of the date of each payment. (For yearly rate factor purposes years above 40 may be counted.)

In the case of early retirement (see NAD Z 20 05-3) after December 31, 1999, benefits shall be reduced permanently by .5 percent for each month an employee's age is less than the normal retirement age (see NAD Z 20 05-2) or for each month service credit (including all service in the plans indicated in Z 20 05-1) is less than 40 years, whichever yields the greatest monthly benefit. In cases where an employee qualifies for early retirement prior to January 1, 2000, but does not retire until later, no reduction in benefits due to early retirement shall apply. Up to ten years of service credit earned in the plans indicated in Z 20 05-1 between January 1, 2000 and December 31, 2014 shall be counted in this plan for minimum eligibility purposes.

2. *Yearly Rate Factors*—An employee's rate factor for each calendar year shall be determined in the following manner:

- a. Salaried Employees—The employee’s remuneration percentage as of the last pay period that is paid in the calendar year shall determine the yearly rate factor according to the following schedule. (See end of Z 35 05.)
  - b. Hour-time Employees—The yearly rate factor of hour-time employees shall be computed by converting the hour rate to a percentage of the remuneration factor used for hour-time employees as follows:  
The product of the hourly rate times 38 multiplied by 52 and divided by 12 equals the monthly salary. The monthly salary divided by the remuneration factor equals the remuneration percentage rounded to the nearest percentage.
  - c. Sales and Field Representatives—The remuneration percentage of Christian Record Services field representatives, Literature Evangelists, Adventist Book Center Field Representatives, and Loma Linda Foods, Inc, salespersons shall be computed by converting their average monthly earnings during the calendar year (excluding tuition assistance) to a percentage of the remuneration factor rounded to the nearest hundredth percentage. The yearly rate factor is then obtained by matching the resulting remuneration percentage with the yearly rate factor on the schedule found at the end of Z 35 05. Average monthly earnings are calculated by dividing their annual earnings figure by 12.
  - d. Teachers—The yearly rate factor for teachers on the 10-month plan shall be calculated by using the remuneration percentage they would have received if they worked 12 months.
  - e. Employees Having Alternative Forms of Remuneration—Effective January 1, 1996, the remuneration percentage of employees who receive part or all of their remuneration in a form other than salary or wages shall be calculated by dividing their average monthly earnings from salary, wages, commissions, bonuses, incentive compensations or other similar types of compensation arrangements by the remuneration factor for the area. The yearly rate factor is then obtained by matching the resulting remuneration percentage with the yearly rate factor on the schedule found at the end of Z 35 05. Commission salespersons who are considered independent contractors are not eligible for service credit (see Z 15 65).
3. *Service Records*—An employee’s monthly salary or hour-time rate as of the last full payroll period in the calendar year, hours or months of full or part-time work, and yearly rate factor shall be recorded on his/her service record each year.

4. *Benefit Rate Factor*—An employee’s Benefit Rate Factor shall be the average of his/her rate factors for the ten qualifying years of service prior to January 1, 2000 during which he/she had the highest yearly rate factors and shall be rounded to the nearest hundredth percentage. If the employee’s service credit prior to January 1, 2000 is less than ten years, the Benefit Rate Factor shall be the average of his/her rate factors for the qualifying years prior to January 1, 2000.
5. *Benefit Starting Date*—Retirement benefits shall begin on the first day of the month in which the participant becomes eligible, but as a general rule no benefit shall be effective more than 12 months prior to the month in which the application is approved by the Adventist Retirement Board. This 12-month restriction on the retroactive commencement of benefits is no longer in effect after December 31, 2011.
6. *Lump Sum Payout*—Notwithstanding any other provision of this Z policy, any retiree of this plan whose effective date is after December 31, 2009, and whose vested monthly benefit is based upon less than five years of qualifying service credit, including qualifying pre-NAD years (See Z 25), shall receive a lump sum payout in lieu of a pension. The lump sum payout shall be calculated using total monthly benefits including pension, Medicare B reimbursement, and accrued pension supplement. Actuarial functions approved by the Adventist Retirement Board shall be used to determine a present value. Effective for any interest paid after January 1, 2021 in respect to (i) retroactive annuity payments, or (ii) in the case of a lump sum, the period between the first day of the month following a participant’s attainment of normal retirement age (as set forth in Z 20 05 02) and the actual payment date of such lump sum, interest shall be determined at a rate of six percent per annum, compounded annuity. The death benefit(s) in current dollars (See Y 46 17) shall be included in the calculated lump sum payout. Receiving such a payout shall not negate service credit used to calculate policy thresholds for benefits such as healthcare assistance.
7. *Eligible Rollover Distributions*—
  - a. Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee’s election, a Distributee may elect, at the time and in the manner prescribed by the Board, to have any portion of an Eligible Rollover Distribution that is at least \$500 paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover, as those terms are defined in b. below. If an Eligible Rollover Distribution is less than \$500, a Distributee

may not make the election described in the preceding sentence to roll over only a portion of the Eligible Rollover Distribution.

b. For purposes of this Section Z 35:

1. The term “Eligible Rollover Distribution” means any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution does not include: (A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee’s designated beneficiary, or for a specified period of ten years or more; (B) any distribution to the extent such distribution is required under Code Section 401(a)(9); (C) any distribution(s) that is reasonably expected to total less than \$200 during a year; or (D) any other distribution that is no considered an eligible rollover distribution for purposes of Code section 402(c)(4) with respect to the Plan.

2. The term “Eligible Retirement Plan” means any of the following plans that accepts a Distributee’s Eligible Rollover Distribution: (A) an individual retirement account described in Code section 408(a), (B) an individual retirement annuity described in Code section 408(b), (C) an annuity plan described in Code section 403(a), (D) for calendar years after 2001, a qualified trust described in Code section 401(a), (E) an annuity contract described in Code section 403(b), or (F) for calendar years after 2001, an eligible plan under Code section 457(b) maintained by a state, political subdivision of a state or any agency or instrumentality of a state or political subdivision of a state that agrees to separately account for amounts transferred into such plan from this Plan. However, in the case of an Eligible Rollover Distribution to a surviving spouse during a calendar year beginning before 2002, an Eligible Retirement Plan is an individual retirement account described in Code section 408(a) or individual retirement annuity described in Code section 408(b).

3. Effective for distributions made on and after January 1, 2008, a Distributee may elect a Direct Rollover of all or a portion of an Eligible Rollover Distribution to a Roth IRA described in Code section 408A.

Notwithstanding the foregoing sentence, the Board shall not be responsible for ensuring that a Distributee is eligible to make a Direct Rollover to a Roth IRA.

c. The term “Distributee” means as follows.

1) A participant or former participant is a Distributee. In addition, the participant’s or former participant’s surviving spouse or the Participant’s or former Participant’s spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), is a

Distributee with regard to the interest of the spouse or former spouse hereunder.

2) Effective for distributions on and after January 1, 2010, a nonspouse beneficiary is a Distributee with respect to his or her interest hereunder if the nonspouse beneficiary is eligible to receive a distribution hereunder with respect to a deceased participant, which distribution would otherwise constitute an Eligible Rollover Distribution, and the nonspouse beneficiary is a designated beneficiary (within the meaning of Treasury Regulations section 1.401(a)(9)-4). The nonspouse beneficiary may direct a trustee to trustee transfer of such distribution to an individual retirement account or an individual retirement annuity

described in Code section 408(a) or (b) (other than an endowment contract) (“IRA”) established for the purpose of receiving the distribution on behalf of the nonspouse beneficiary, and such transfer shall be treated as Direct Rollover of an Eligible Rollover Distribution, and such IRA shall be treated as an inherited IRA (within the meaning of Code section 408(d)(3)(C)).

- d. The term “Direct Rollover” means a payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

### Schedule of Remuneration Percentages and Yearly Rate Factors

Remuneration Percentage	Yearly Rate Factor	Remuneration Percentage	Yearly Rate Factor
165% & above	1.60	123	1.12
164	1.58	122, 121	1.11
163	1.56	120	1.10
162	1.54	119, 118	1.09
161	1.52	117	1.08
160	1.50	116, 115	1.07
159	1.48	114	1.06
158	1.46	113, 112	1.05
157	1.44	111	1.04
156	1.42	110, 109	1.03
155	1.40	108	1.02
154	1.38	107, 106	1.01
153	1.36	105	1.00
152	1.34	104, 103	.99
151	1.32	102	.98
150	1.30	101, 100	.97

149, 148	1.29	99	.96
147	1.28	98, 97	.95
146, 145	1.27	96	.94
144	1.26	95, 94	.93
143, 142	1.25	93	.92
141	1.24	92, 91	.91
140, 139	1.23	90	.90
138	1.22	89, 88	.89
137, 136	1.21	87	.88
135	1.20	86, 85	.87
134, 133	1.19	84	.86
132	1.18	83, 82	.85
131, 130	1.17	81	.84
129	1.16	80, 79	.83
128, 127	1.15	78	.82
126	1.14	77, 76	.81
125, 124	1.13	75 or below	.80

**Z 35 06 Transitional Enhancement**—Employees eligible to begin receiving benefits from this plan may be eligible for a transitional enhancement. The single life annuity for service prior to January 1, 2000 will be added to a single life annuity based on an estimate of the Adventist Retirement Plan employer-provided accumulation using actual employer Basic and Match contributions, and actual quarterly performance of the Socially Screened Moderate allocation model as defined by the Adventist Retirement Plan, irrespective of the allocation model selected by the employee and converted to an annuity using inflation and investment return assumptions currently in place by the Plan’s actuary. If that combined monthly benefit is less than the single life annuity would have been had the employee completed his/her career under this plan, this plan will ‘top up’ the single life annuity with a transitional enhancement by the amount of the estimated loss.

**Z 35 07 Divorce Situations**—In cases where the courts have not made a determination of the ex-Spouse’s rights to retirement benefits the Board is empowered to allocate the benefits between the two parties in harmony with approved guidelines.

**Z 35 09 Allocation of Charges Between Plans**—The cost of the retirement benefits of participants who have served in NAD health care institutions as well

as other Church organizations shall be proportionately allocated based on years of service credit between this Plan and the Hospital Retirement Plan.

**Z 35 10 Rates of Beneficiaries in Other Divisions**—The rate of a beneficiary who is not living in his/her base division is as follows:

1. *Basic Plan*—When a North American beneficiary after retirement moves to another division, he/she shall continue receiving benefits at the North American rate for all years in which he/she was earning North American service credit.
2. *Interdivision Employees*—A participant who as an employee was called to North America prior to January 1, 2000 and who served continuously in church employment in the North American Division on an interdivision employee basis for at least 10 years or until retirement and is vested for retirement benefits in his/her home division may elect to remain in the North American Division and shall receive benefits according to the North American Retirement Plan policies based on service credit through December 31, 1999 even though it is not his/her base division. For interdivision employees serving in the North American Division as of December 31, 1999, up to ten years of service credit between January 1, 2000 and December 31, 2014 shall be counted in this plan for purposes of meeting the ten year requirement in this paragraph only. Costs of these benefits are allocated according to the following terms:
  - a. If the benefits according to the North American policies are more than they would be in his/her base division, the North American Retirement Plan shall be responsible for the difference.
  - b. If such a participant moves to another division, other than North America prior to January 1, 1999, or returns to his/her base division, on the basis of an official permanent return at the time of his/her retirement or sometime later, he/she shall be eligible to continue to receive the North American Division rate on their combined home division and NAD years of service credit.
3. *Retirement Plan Assignees to Home Division*
  - a. A retirement beneficiary who as an active worker has transferred from his/her home division to the North American Division on the basis of a call or an independent transfer prior to January 1, 2000, and who has elected to retire in the North American Division under the provisions of Z 35 10-2, Interdivision Calls, may be invited to return to his/her home division under the Adventist Volunteer Service plan (NAD R

16) and continue to receive retirement benefits based on the rates of the North American Division in which he/she has retired provided the following conditions are met:

- 1) The retiree's home division shall request his/her services under the provisions of the Adventist Volunteer Service plan (see NAD R 16).
  - 2) The initial request shall be for a specified period of up to two years (see NAD R 16 25-2).
  - 3) The General Conference shall approve the request.
  - 4) The AVS worker's retirement benefits shall be paid to him/her in North America during the time that he/she is serving in another division.
- b. If the retiree's home division wishes to request his/her further service under the AVS plan, either as an extension of the initial request or as a new request, it shall do so under the same conditions outlined in a. above.

### **Z 35 15 Accrued Pension Supplement**

1. An Accrued Pension Supplement will be provided to a participant who is described in a. below, but not in b. below:

- a. A participant is described in this a. if, on December 31, 1991, either:
  - 1) Under the Seventh-day Adventist Hospital Retirement Plan ("Hospital Plan") he/she was an active participant with at least fifteen (15) years of Service Credit, as defined under that plan ("Service Credit");
  - 2) He/she was an active participant under the Hospital Plan at least age sixty (60) with at least ten (10) years of Service Credit and who subsequently retired with at least fifteen (15) years of Service Credit, computed without regard to the freeze on Service Credit effective under the Hospital Plan January 1, 1992.
  - 3) He/she was a terminated vested participant under the Hospital Plan with at least fifteen (15) years of Service Credit; or
  - 4) He/she was an active participant under the Hospital Plan for this plan with at least ten (10) years of Service Credit and who subsequently retired with at least fifteen (15) years of Service Credit, computed without regard to the freeze on Service Credit effective under the Hospital Plan January 1, 1992.

b. An Accrued Pension Supplement will not be provided to an individual who has at least fifteen (15) years of service credit and either:

- 1) Was entitled to receive a retirement benefit, other than a disability retirement benefit, commencing prior to January 1, 1992;
- 2) Was receiving a disability retirement benefit on January 1, 1992, and continuously thereafter; 3) Was an employee, as defined in the Hospital Plan, on December 31, 1991, and who, on that date, was at least age fifty-five (55) with at least twenty-five (25) years of Service Credit;
- 4) Is entitled to receive medical benefits under the Health Care Assistance Plan for Participants in the Seventh-day Adventist Retirement Plan for the North American Division; or
- 5) Is a Spouse or dependent of a participant described in 1), 2), 3), or 4) above.

2. The Accrued Pension Supplement will be added to and paid as part of each monthly retirement benefit payment that is otherwise made to the participant under this plan.

3. The monthly amount of the Accrued Pension Supplement during 1992 will be equal to the difference between a. and b. below:

a. The amount computed under this a. is:

- 1) One hundred percent (100%) minus two percent (2%) for each year of Service Credit less than 35 years, multiplied by:
- 2) a. One hundred twenty dollars (\$120) in the case of a participant who either:
  - (1) Was not married on December 1, 1991;
  - (2) Is not receiving a retirement benefit in the form of a joint and survivor annuity; or
  - (3) Is not married to the Spouse to whom he/she was married on December 31, 1991; or

b) Two hundred forty dollars (\$240) in all other cases.

b. The amount in this b. is computed in the same way as the amount under a. above except that Service Credit shall be replaced by the difference, with respect to such participant, between Service Credit and service credit.

4. The Accrued Pension Supplement shall be indexed in the same manner as the pension factor, as defined in the Hospital Plan.

1. *Maximum Permissible Benefit*—

- a. Notwithstanding any other provision of the Plan, a participant's Annual Retirement Benefit shall not exceed the Maximum Permissible Benefit. If the benefit the participant would otherwise accrue in a calendar year would produce an Annual Retirement Benefit in excess of the Maximum Permissible Benefit, the benefit shall be limited (or the rate of accrual reduced) to a benefit that does not exceed the Maximum Permissible Benefit. For purposes of this Section Z 35 26, the calendar year shall be the “limitation year” within the meaning of Code section 415.
- b. If the participant is, or has ever been, a participant in another 403(b) defined benefit plan (without regard to whether the plan has been terminated) maintained by a participating employer or a Predecessor Employer, the sum of the participant’s Annual Retirement Benefits from all such plans may not exceed the Maximum Permissible Benefit. If the participant controls (within the meaning of Treasury Regulations section 1.4151(f)(2)) the participating employer, the participant’s

benefit under any qualified defined benefit plan maintained by the participating employer shall be included in determining his or her Annual Retirement Benefit to the extent required under such regulation.

- c. The application of the provisions of this Section Z 35 26 shall not cause the Maximum Permissible Benefit for any participant to be less than the participant's accrued benefit under all the 403(b) defined benefit plans of a participating employer or a Predecessor Employer as of December 31, 2007, under provisions of the plans that were both adopted and in effect before April 5, 2007.

## 2. *Definitions*—

### a. *Annual Retirement Benefit.*

1) The term “Annual Retirement Benefit” means a benefit that is payable annually in the form of a single life annuity. Except as otherwise provided below, if a participant's Annual Retirement Benefit is payable in a form other than a single life annuity, the benefit shall be adjusted to an actuarially equivalent single life annuity beginning at the same time as such other form of benefit and payable on the first day of each month before applying the limitations of this Section Z 35 26. For a participant who has or will have benefits commencing at more than one annuity starting date, the Annual Retirement Benefit shall be determined as of each annuity starting date (and shall satisfy the limitations of this Section Z 35 26 as of each such annuity starting date), actuarially adjusting for past and future distributions of benefits commencing at the other annuity starting dates. For this purpose, the determination of whether a new annuity starting date has occurred shall be made with regard to Treasury Regulations Section 1.415(b) 1(b)(1)(iii)(B) and (C).

2) No actuarial adjustment to the Annual Retirement Benefit shall be made for (i) survivor benefits payable to a surviving spouse under a qualified joint and survivor annuity (within the meaning of Code section 401(a)(11)(G)(iii)) to the extent such benefits would not be payable if the participant's benefit were paid in another form, (ii) benefits not directly related to retirement benefits

(such as qualified disability benefits, preretirement incidental death benefits and postretirement medical benefits); or (iii) the inclusion in the form of benefit of an automatic benefit increase feature, provided that the form of benefit would otherwise satisfy the limitations of this Section Z 35 26, and the Plan provides that the amount payable under the form of benefit in any calendar year shall not exceed the limits of this Section applicable at the annuity starting date, as increased in subsequent years pursuant to Code section 415(d).

3) The determination of actuarial equivalence of forms of benefits other than a single life annuity shall be made in accordance with this paragraph 2.a.3). For calendar years beginning on and after January 1, 2008, the actuarially equivalent single life annuity shall be equal to the greater of (i) the annual amount of the single life annuity (if any) payable to the participant commencing at the participant's annuity starting date as the participant's form of benefit, or (ii) the annual amount of the single life annuity commencing at the participant's annuity starting date that has the same actuarial present value as the participant's form of benefit computed using an interest rate of not less than five percent and the Applicable Mortality Table for that annuity starting date.

b. *Applicable Mortality Table* means the applicable mortality table within the meaning of Code section 417(e)(3). c. *Compensation*.

1) The term "Compensation" includes only an employee's wages, salaries, fees for professional services and other amounts received for personal services actually rendered in the course of employment with a participating employer. "Compensation" does not include: (1) contributions to a plan of deferred compensation to the extent that, before the application of this Section Z 35 26, or corresponding provisions of another plan, the contributions are not includible in the gross income of the employee for the taxable year in which contributed; (2) distributions from a plan of deferred compensation; (3) participating employer contributions made on behalf of an employee to a

simplified employee pension plan described in Code section 408(k), to the extent such contributions are deductible by the employee under Code section 219(b)(7); or (4) other amounts which receive special tax benefits, such as premiums for group term life insurance to the extent excludible from gross income of an employee or contributions made by a participating employer towards the purchase of an annuity contract described in Code section 403(b). Notwithstanding the preceding, "Compensation" shall include amounts that would otherwise be included in compensation but for an election under Code section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b). A participant's Compensation for a calendar year shall not exceed the limit of Code section 401(a)(17) in effect for such year.

2) For calendar years beginning on and after January 1, 2008, the term "Compensation" shall also include compensation paid by the later of 2½ months after a participant's severance from employment with a participating employer or the end of the calendar year that includes the date of the participant's Severance from Employment with the participating employer if the payment is regular compensation for services during the participant's regular working hours, or compensation for services outside the participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and absent a severance from employment, the payments would have been paid to the participant while the participant continued in employment with the participating employer.

3) Any payments not described in 1) or 2) above shall not be considered "Compensation" if paid after Severance from Employment with an employer, even if they are paid by the later of 2½ months after the date of Severance from Employment or the end of the calendar year that includes the date of Severance from Employment.

c. *Dollar Limitation.* Effective for calendar years ending after December 31, 2001, the Dollar Limitation is \$160,000, automatically adjusted under Code section 415(d), effective

January 1 of each year, as published in the Internal Revenue Bulletin, and payable in the form of a single life annuity. The new limitation shall not apply to a participant who has had a Severance from Employment with a participating employer prior to 2002.

d. *Earnings Limitation.* 100 percent of a participant's High Three Year Average Compensation, payable in the form of a single life annuity. If a participant has had a Severance from Employment with a participating employer, the Earnings Limitation applicable to the participant in any calendar year beginning after the date of severance shall be automatically adjusted by multiplying the Earnings Limitation applicable to the participant in the prior calendar year by the annual adjustment factor under Code section 415(d). If a participant is rehired after a Severance from Employment, the Earnings Limitation shall be the greater of 100% of the participant's High Three Year Average Compensation (i) as determined prior to the Severance from Employment, as adjusted pursuant to the first sentence of this paragraph, if applicable, or (ii) as determined after the Severance from Employment under paragraph g. below.

e. *Formerly Affiliated Plan of Participating Employer.* A plan that, immediately prior to the cessation of affiliation, was actually maintained by a participating employer and immediately after the cessation of affiliation, is not actually maintained by the participating employer. For this purpose, cessation of affiliation means the event that causes an entity to no longer be considered the participating employer, such as the sale of a member of a controlled group of corporations, as defined in Code section 414(b), as modified by Code section 415(h), to an unrelated corporation, or that causes a plan to not actually be maintained by a participating employer, such as transfer of plan sponsorship outside the participating employer's controlled group.

f. *High Three-Year Average Compensation.* The average Compensation for the three consecutive Years of Service (or, if the participant has less than three consecutive Years of Service, the participant's longest consecutive period of service, including fractions of years, but not less than one year) with a participating employer that produces the highest average. If a

participant is rehired by a participating employer after a Severance from Employment, the participant's High Three Year Average Compensation shall be calculated by excluding all years for which the participant performs no services for, and receives no Compensation from, a participating employer (the "break period") and by treating the years immediately preceding and following the break period as consecutive. A participant's Compensation for a Year of Service shall not include Compensation in excess of the limitation under Code section 401(a)(17) that is in effect for the calendar year in which such Year of Service begins.

g. *Maximum Permissible Benefit.* The lesser of the Dollar Limitation or the Earnings Limitation (both adjusted where required, as provided below).

1) Adjustment for Less than 10 Years of Participation and/or Service. If a participant has not completed ten Years of Participation in the Plan, the Dollar Limitation shall be reduced by multiplying such Limitation by a fraction (I) the numerator of which is the number of Years (or part thereof, but not less than one) of Participation in the Plan, and (II) the denominator of which is ten. If a participant has not completed ten Years of Service with a participating employer, the Earnings Limitation shall be reduced by multiplying such Limitation by a fraction (I) the numerator of which is the number of Years (or part thereof, but not less than one) of Service with the employer, and (II) the denominator of which is ten. In no event shall the Dollar Limitation or the Earnings Limitation be reduced to an amount less than 1/10 of such Limitation (determined without regard to the preceding sentences).

2) Adjustment of Dollar Limitation for Benefit Commencement Before Age 62.

(I) If a participant's annuity starting date is prior to his attainment of age 62 and after December 31, 2007, and the Plan does not have an immediately commencing single life annuity payable at both age 62 and the age of benefit commencement, the Dollar Limitation for the participant's annuity starting date shall

be equal to the annual amount of a benefit payable in the form of single life annuity commencing at the participant's annuity starting date that is the actuarial equivalent of the Dollar Limitation (as adjusted under subparagraph g.1) above) with actuarial equivalence computed using an interest rate of not less than five percent and the Applicable Mortality Table for the participant's annuity starting date (and expressing the participant's age based on calendar months as of his annuity starting date).

(II) If a participant's annuity starting date is prior to his attainment of age 62 and after December 31, 2007, and the Plan has an immediately commencing single life annuity payable at both age 62 and the age of benefit commencement, the Dollar Limitation for the participant's annuity starting date shall be equal to the lesser of (i) the adjusted Dollar Limitation determined under subparagraph g.2)(I) above, or (ii) the Dollar Limitation (as adjusted under subparagraph g.1) above) multiplied by the ratio of the annual amount of the immediately commencing single life annuity under the Plan at the participant's annuity starting date to the annual amount of the immediately commencing single life annuity under the Plan at age 62, both determined without applying the limitations of this Section.

3) Adjustment of Dollar Limitation for Benefit Commencement After Age 65.

(I) If a participant's annuity starting date is after his attainment of age 65 and after December 31, 2007, and the Plan does not have an immediately commencing single life annuity payable at both age 65 and the age of benefit commencement, the Dollar Limitation for the participant's annuity starting date shall be equal to the annual amount of a benefit payable in the form of single life annuity

commencing at the participant's annuity starting date that is the actuarial equivalent of the Dollar Limitation (as adjusted under subparagraph g.1) above) with actuarial equivalence computed using an interest rate of five percent and the Applicable Mortality Table for the participant's annuity starting date (and expressing the participant's age based on completed calendar months as of the annuity starting date).

(II) If a participant's annuity starting date is after his attainment of age 65 and after December 31, 2007, and the Plan has an immediately commencing single life annuity payable at both age 65 and the age of benefit commencement, the Dollar Limitation for the participant's annuity starting date shall be equal to the lesser of: (i) the adjusted Dollar Limitation determined under subparagraph g.3)(I) above, or (ii) the Dollar Limitation (as adjusted under subparagraph g.1) above) multiplied by the ratio of the annual amount of the adjusted immediately commencing single life annuity under the Plan at the participant's annuity starting date to the annual amount of the adjusted immediately commencing single life annuity under the Plan at age 65, both determined without applying the limitations of this Section. For this purpose, the adjusted immediately commencing single life annuity under the Plan at the participant's annuity starting date is the annual amount of such annuity payable to the participant, computed disregarding the participant's accruals after age 65, but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing single life annuity under the Plan at age 65 is the annual amount of such annuity that would be payable under the Plan to a hypothetical participant who is age 65

and has the same accrued benefit as the participant.

4) Notwithstanding the other requirements of subparagraphs g.1) and g.2) above, no adjustment shall be made to the Dollar Limitation to reflect the probability of a participant's death between the annuity starting date and age 62, or between age 65 and the annuity starting date, as applicable, if benefits are not forfeited upon the death of the participant prior to the annuity starting date. To the extent benefits are forfeited upon death prior to the annuity starting date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon the participant's death if the Plan does not charge a participant for providing a preretirement annuity upon the participant's death.

5) Minimum Benefit Permitted.

Notwithstanding any other provision of this Section Z 35 26 to the contrary, the benefit otherwise accrued or payable to a participant under the Plan shall be deemed not to exceed the Maximum Permissible Benefit if: (I) the retirement benefit payable for a calendar year under any form of benefit with respect to such participant under this Plan and under all other defined benefit plans (without regard to whether a plan has been terminated) ever maintained by a participating employer do not exceed \$10,000 multiplied by a fraction, (i) the numerator of which is the participant's number of Years (or part thereof, but not less than one) of Service (not to exceed 10) with the participating employer, and (ii) the denominator of which is 10; and (II) the participating employer (or a Predecessor Employer) has not at any time maintained a defined contribution plan in which the participant participated (for this purpose, mandatory employee contributions under a defined benefit plan, individual medical accounts under Code section 401(h) and accounts for postretirement medical benefits established under Code section 419A(d)(1) are not considered a separate defined contribution plan).

- h. *Predecessor Employer.* If a participating employer maintains a plan that provides a benefit which the participant accrued while performing services for a former employer, the former employer is a Predecessor Employer with respect to the participant. A former entity that antedates the participating employer is also a Predecessor Employer with respect to a participant if, under the facts and circumstances, the participating employer constitutes a continuation of all or a portion of the trade or business of the former entity.
- j. *Severance from Employment.* An employee has a Severance from Employment when the employee ceases to be an employee of a participating employer and all the members of the participating employer's controlled group. An employee does not have a Severance from Employment if, in connection with a change of employment, the employee's new employer maintains the Plan with respect to the employee.
- j. *Year of Participation.* A participant shall be credited with a Year of Participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met: (i) the participant is credited with at least the period of service required under the terms of the Plan to accrue a benefit for the accrual computation period, and (ii) the participant is included as a participant under the eligibility provisions of the Plan for at least one day of the accrual computation period. If these two conditions are met, the portion of a Year of Participation credited to the participant shall equal the amount of benefit accrual service credited to the participant for such accrual computation period. A participant who is permanently and totally disabled within the meaning of Code section 415(c)(3)(C)(i) for an accrual computation period shall receive a Year of Participation for that period. In addition, for a participant to receive a Year of Participation (or part thereof) for an accrual computation period, the Plan must be established no later than the last day of such accrual computation period. In no event shall more than one Year of Participation be credited for any 12-month period.
- k. *Year of Service.* For purposes of paragraphs g. and h. above, a participant shall be credited with a Year of Service (computed to fractional parts of a year) for each accrual computation period for which the participant is credited with at least the period of service for benefit accrual purposes, required

under the terms of the Plan, to accrue a benefit for the accrual computation period, taking into account only service with a participating employer or a Predecessor Employer.

3. *Other Rules.*

a. *Benefits Under a Terminated Plan.* If a defined benefit plan maintained by a participating employer has terminated with sufficient assets for the payment of benefit liabilities of all Plan participants, and a participant in the Plan has not yet commenced benefits thereunder, the benefits pursuant to the annuities purchased to provide the participant's benefits under the terminated plan at each possible annuity starting date shall be taken into account in applying the limitations of this Section Z 35 26. If there are not sufficient assets for the payment of all participants' benefit liabilities, the benefits taken into account shall be the benefits actually provided to the participant under the terminated plan.

b. *Benefits Transferred from the Plan.* If a participant's benefits under a defined benefit plan maintained by a participating employer are transferred to another defined benefit plan maintained by the participating employer and the transfer is not a transfer of distributable benefits pursuant to Treasury Regulations section 1.411(d)-4, Q&A-3(c), the transferred benefits are not treated as being provided under the transferor plan (but are taken into account as benefits provided under the transferee plan). If a participant's benefits under a defined benefit plan maintained by the participating employer are transferred to another defined benefit plan not maintained by the employer and the transfer is not a transfer of distributable benefits pursuant to Treasury Regulations section 1.411(d)-4, Q&A-3(c), the transferred benefits are treated by the employer's plan as if such benefits were provided under annuities purchased to provide benefits under a plan maintained by the employer that terminated immediately prior to the transfer with sufficient assets to pay all participants' benefit liabilities under the plan. If a participant's benefits under a defined benefit plan maintained by the participating employer are transferred to a defined benefit plan in a transfer of distributable benefits pursuant to Treasury Regulations section 1.411(d)-4, Q&A-3(c), the amount transferred is treated as a benefit paid from the transferor plan.

c. *Formerly Affiliated Plans of the Employer.* A Formerly Affiliated Plan of an Employer shall be treated as a plan maintained by the participating employer, but the Formerly Affiliated Plan shall be treated as if it had terminated immediately prior to the cessation of affiliation with sufficient assets to pay participants' benefit liabilities under the plan and had purchased annuities to provide such benefits.

d. *Plans of a Predecessor Employer.* If a participating employer maintains a defined benefit plan that provides benefits accrued by a participant while performing services for a Predecessor Employer, the participant's benefits under a plan maintained by the Predecessor Employer shall be treated as provided under a plan maintained by the participating employer. However, for this purpose, the plan of the Predecessor Employer shall be treated as if it had terminated immediately prior to the event giving rise to the Predecessor Employer relationship with sufficient assets to pay participants' benefit liabilities under the plan, and had purchased annuities to provide such benefits; the participating employer and the Predecessor Employer shall be treated as if they are a single employer immediately prior to such event and as unrelated employers immediately after the event; and if the event giving rise to the predecessor relationship is a benefit transfer, the transferred benefits shall be excluded in determining the benefits provided under the plan of the Predecessor Employer.

e. *Special Rules.* The limitations of this Section Z 35 26 shall be determined and applied taking into account the rules in Treasury Regulations Section 1.415(f)-1(d), (e) and (h).

4. *Effective Date.* The provisions of this Section Z 35 26 are effective for calendar years beginning on or after January 1, 2008, and benefit increases resulting from the increase in the limitations of Code section 415(b) for calendar years beginning after December 31, 2001, shall be provided to all employees participating in the Plan who complete at least one Hour of Service on or after such date.
5. *Savings Clause.*—This Section Z 35 26 is designed to comply with the benefit limitation provisions of Code section 415(b) and shall be construed in such a way as to comply with those provisions.. In addition to other limitations set forth in the Plan and notwithstanding any other provisions of the Plan, a participant's accrued benefit hereunder, including the right to any optional benefit provided in the

Plan, and all other plans required to be aggregated with this Plan under the provisions of Code section 415, shall not increase to an amount in excess of the amount permitted under Code section 415. The limitations of this Section Z 35 26 are designed to comply with the provisions of Code section 415 and the Treasury Regulations thereunder, which provisions are incorporated herein by reference. If there is any discrepancy between this Plan and the provisions of Code section 415 or the Treasury Regulations thereunder, such discrepancy shall be resolved to give full effect to the provisions of such Code section or Treasury Regulations.

~~6.~~ Protection of Benefit Accrued Prior to 1987—If the benefit accrued by an employee as of January 1, 1987 exceeds the benefit limitations set forth in this Section Z 35 26, then the limitations with respect to such employee under this Section Z 35 26 shall be equal to that employee's accrued benefit as of January 1, 1987.

7. Notwithstanding any other provision of this Plan, for periods prior to January 1, 2008, the actuarially determined amount of employer contributions that are equivalent to a participant's benefit under this Plan, as determined in accordance with Treasury Regulation section 1.403(b)-1(d)(4), shall not exceed the exclusion allowance of Code section 403(b)(2) for any year. For this purpose, in accordance with Code section 403(b)(6), all such amounts with respect to the year in which a participant becomes vested and all preceding years shall be treated as employer contributions in the year in which such participant becomes vested.

### **Z 35 27 Missing Participant or Beneficiary**

If the Trustee is unable to pay a benefit to a Participant or Beneficiary hereunder because the Trustee or Board cannot ascertain the identity or whereabouts of such person, after making reasonable efforts to do so, within three (3) years after such benefit becomes payable, the benefit shall be forfeited; provided, however, that the benefit will be restored if a claim is subsequently made therefor by such Participant or Beneficiary.

## **Z 40 Retirement Allowance**

**Z 40 10 In General**—Employees who have earned at least 1,000 hours or the equivalent of one-half year of service credit during each of the two years immediately preceding their admission to the Plan and go directly from active service into retirement shall be granted a retirement allowance by the Retirement Plan. Employees who qualify for retirement benefits shall be granted the retirement allowance even though their Spouse elects the Spouse allowance. The

retirement allowance is not termination pay but is a retirement benefit provided at the time the participant is eligible for retirement benefits according to the following provisions:

1. *Amount*—The maximum allowance shall be equivalent to five months (865 hours) remuneration (including wages and cost of living adjustment, but not including travel allowance) for employees with 40 years of service credit prior to January 1, 2000. For those with less than 40 years the allowance is equivalent to 12.5 percent of a month's remuneration for each year of service credit prior to January 1, 2000. (See Y 46 12 for retirement allowance based on denominational employment after December 31, 1999.) Prior receipt of a Termination Settlement (see Y 36) shall not jeopardize or reduce the Retirement Allowance payable after December 31, 2004. In the case of part-time employment immediately prior to retirement eligibility, the Retirement Allowance is calculated at the employee's current remuneration percentage or rate based upon full time service.
2. *Disability*—Receipt of disability benefits from the Employee Disability Income Plan (see NAD Y 33) shall not jeopardize or reduce a Retirement Allowance payable after December 31, 2004.
3. *Interdivision Employees (Missionaries)*—Employees and their Spouses who retire directly from interdivision (mission) service shall be granted a retirement allowance based on the NAD remuneration rate.
4. *Literature Evangelists*—Credentialed Literature Evangelists who retire from active service while currently qualifying shall be eligible for a retirement allowance if they meet the retirement plan requirements. The amount of monthly remuneration is based on the average monthly earnings for up to the previous 60 months of taxable earnings from qualifying literature evangelism. Each union conference shall develop a plan for sharing the cost of contributions for retirement allowances between the employing conference and the HHES/FHES. Literature Evangelists who are considered independent distributors, and thus not employees, are not eligible for the Retirement Allowance.
5. *Service Credit*—The retirement allowance does not entitle a participant to any additional service credit.
6. *Teachers*—The retirement allowance for teachers who are employed on a 10-month basis shall be calculated on the maximum monthly remuneration rate which would be available to them if they were employed on the 12-month basis.
7. *Death Before Retirement*—If an employee was eligible to retire at the time of death, but was still employed, the surviving Spouse shall be entitled to a retirement allowance.
8. *Sharing Cost of Contribution*—If an individual on a regular employment basis--as opposed to a casual or temporary basis--is

employed directly from one denominational employer to another organization after passing their 60th birthday, the previous denominational employer shall be responsible for, and shall pay to the new employer at the time of the employee's retirement, a portion of the contribution required to provide a retirement allowance based on the following formula: 50 percent of the contribution plus 10 percent for each year that the employee's age exceeded 60 at the time of such employment. In no case shall an amount greater than 100 percent of the benefit be granted. Signed agreements by employers to share the contribution on a different basis shall be honored. (For purposes of this policy, hospital employers do not share the Retirement Allowance.) 9. *Time of Payment*—The retirement allowance shall be paid at the time regular benefits begin and shall be computed at the current remuneration rate.

10. *Special Exceptions*—The requirement that employees go directly from active service into retirement in order to be eligible for a retirement allowance payable at the time regular retirement benefits begin may be waived if the following applies:

- a. Termination of active employment was no more than 36 months prior to the date retirement benefits become effective, and
- b. Termination of active employment was at the written recommendation of the last employer, and approved by the Adventist Retirement Board, or
- c. The termination of active employment was due to the transfer of the Spouse to a different location or because of retirement of the Spouse, or
- d. The Adventist Retirement Board, because of exceptional circumstances, approves a request of the employing organization to waive the requirement that an employee go directly from active service into retirement.

## **Z 45 Participating Employers**

**Z 45 05 Termination of Participating Employers**—Participating employers shall not be permitted to terminate participation in this Plan without specific approval of the North American Division Committee and payment of a share of the unfunded actuarial liability to be determined by the Adventist Retirement Board.

## **Z 47**

### **Claims Procedures**

1. *Written Application for Benefit Required*-No retirement benefit shall be paid prior to receipt by the Board of an executed, fully completed,

written application for the retirement benefit, in the form prescribed by the Board.

2. *Denial of Applications*-In the event that any person (“Claimant”) files an application making a claim for a retirement benefit and the application is denied in whole or in part, the Board (or its designee) shall furnish to the Claimant a written notice of the denial, setting forth the specific reasons for the denial, specific references to the provisions of the Plan upon which the denial is based, a description of the additional material or information, if any, necessary for the Claimant to perfect his or her claim, including an explanation why such material or information is necessary, and an explanation of the claims procedure under the Plan. Such notice shall be furnished within 90 days after receipt of an application by the Board, unless special circumstances require an extension of time for processing the claim. If such an extension is required, written notice of the extension shall be furnished to the Claimant, prior to the termination of the initial 90-day review period, indicating the special circumstances requiring an extension and the date by which the Board (or its designee) expects to render a final decision. In no event shall such extension exceed a period of 90 days from the end of the initial 90-day review period; provided, however, that a Claimant may agree to an extension or further extension of the time period within which the Board must decide a claim hereunder.

3. *Review of Claim Denial*-

- a. Within 60 days after the date on which a Claimant receives a written notice of a denied claim, the Claimant (or his duly authorized representative) may file a written request with the Board for a review of the denied claim. If a Claimant requests a review of a denied claim, the Claimant shall (i) state the basis for the review in the request, and (ii) be entitled to submit to the Board written comments, documents, records and other information relating to the claim for benefits and to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant’s claim for benefits.

- b. Upon receipt of the request for review, a designated administration team (the “Administration Team”) appointed by the Board shall (i) conduct a full and fair review of the denial of the claim, taking into account all comments, documents, records and other information submitted by the Claimant relating to his claim without regard to

whether such information was submitted or considered in the initial benefit determination, and (ii) make a recommendation to the Administrative Committee of whether to deny the claim on review.

c. The Administrative Committee shall (i) consider the request for review at one of its regularly scheduled meetings, as described in (d) below; (ii) make a decision on review after considering the facts of the initial claim denial and the recommendation of, and the appeal record provided by, the Administration Team; and (iii) notify the Claimant in writing of its decision on review. If the claim is denied, such notification shall be written in a manner calculated to be understood by the Claimant and shall contain (x) the specific reasons for the denial, (y) references to pertinent provisions of the Plan, and (z) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits.

d. The Administrative Committee meets on a quarterly basis, and its decision on review shall be made no later than the date of the first meeting of the Administrative Committee following receipt of the Claimant's request for review. If the request for review is received less than 30 days preceding such meeting, however, the decision on review shall be made no later than the date of the second meeting of the Administrative Committee following receipt of the Claimant's request for review. If special circumstances require an extension of time for deciding a claim on review, the decision shall be made no later than the date of the third meeting of the Administrative Committee following receipt of the Claimant's request for review, and prior to the end of the initial review period, the Administrative Committee shall notify the Claimant in writing of the extension, describing the special circumstances requiring the extension and the date as of which the decision on review will be made. The Administrative Committee shall notify the Claimant of its decision on review as soon as administratively practicable, but not more than five days, after the Administrative Committee makes its decision on review.

e. If an extension of time is needed due to a Claimant's failure to submit information necessary to make a decision on review, the period during which the Board must make a decision on review shall be tolled from the date the extension notice is sent to the Claimant until the date the Claimant responds to the request for additional information. A Claimant may agree to an extension or further extension of the time period within which the Administrative Committee must make a decision on review hereunder.

f. A Claimant must file a claim for benefits and exhaust his administrative remedies hereunder prior to filing any court action for benefits from the Plan.

**Z 50 Retirement Plan—Implementation Regulation  
(as voted by 1980 Annual Council)** The

following Plan revisions shall be effective January 1, 1980:

**Z 10 25 Sources of Funding**—Paragraph 1-c—Conference employees other than those assigned to privately operated institutions, whose remuneration is funded partially or fully by other organizations or individuals.

**Z 15 15 Educational Employees**

**Z 15 55 Service in Privately Operated Institutions**

**Z 15 70 Nationals Returning on Special Arrangement**

**Z 25 50 Employees Returning to Home Division**

All other revisions shall be implemented as of January 1, 1981 according to the following regulations:

1. The eligibility of applicants who were out of denominational service on January 1, 1981 shall be determined by the pre-1981 policies. (Z 20 05, excluding the provision for early retirement, and Z 20 30.) Such participants' benefits shall be determined by the policies that are in effect at the time of their admission to the Plan. (See also Z 20 05.)
2. The eligibility and benefits of persons who are admitted to the Plan from active service after January 1, 1981 shall be determined by the policies that are in effect at the time of their admission except employees who have 32 years of service credit and reach the age of 60 during 1981 shall be eligible for admission to the Plan during that year. Their benefits, however, shall be determined by the post-1980 policies.
3. The additional 50 percent that some participants were receiving because of the family rate provision will be considered a Spouse allowance after January 1, 1981.
4. The benefits of participants who were receiving retirement benefits prior to January 1, 1981 shall be continued according to the pre-1981 policies with the following exceptions:
  - a. The rates of participants and beneficiaries who have been receiving an "additional percentage" shall be recomputed, using the applicable benefit rate factor minus 6.66 percent for those receiving the family rate and 10 percent for those receiving the basic rate and the new rate shall be phased in over

a period of years by granting 50 percent of the annual cost of living increase.

b. The Spouse allowance (additional 50 percent) shall be permanently terminated if a participant loses his/her Spouse by death.

c. The child allowance granted prior to the 1981 policy shall be terminated as of August 31, 1981 for children who are in school at that time and for other children when they begin school after that date.

5. Survivor benefits shall be administered according to the following regulations:

a. Survivor benefits for the surviving Spouses of participants who were receiving retirement benefits prior to January 1, 1981 but who die after that date shall be determined by the pre-1981 policy (Z 20 25 paragraph 1) with the exception of the adjustment in paragraph 4. a. above.

b. Survivor benefits for the surviving Spouses of the following shall be determined by the post-1981 policies: (Joint and survivor concept)

1) Participants who are admitted to the Plan from active service after January 1, 1981.

2) Employees who serve after January 1, 1981 and die before reaching retirement age.

3) Employees who terminated denominational employment before January 1, 1981 but who are not eligible to receive retirement benefits until after that date.

4) Employees and participants who die before January 1, 1981 and whose Spouses did not qualify for retirement benefits until after that date. Spouses who do not meet the post-1981 eligibility requirements may qualify under the pre-January 1, 1981 policy (Z 20 15) if they are above the age of 55 as of January 1, 1981. (This will only apply to the Spouses that were eligible for survivor benefits under the pre-1981 policies.)

c. In the case of persons who were admitted to the Plan before January 1, 1981 and who die after that date and leave a Spouse, the Spouse shall be eligible for a continuation of a proportionate share of the participant's benefits if the Spouse was married to the participant during at least 10 years of his service credit. (This will only apply to Spouses that were eligible for survivor benefits under the pre-1981 policies.)

- d. Surviving Spouses of employees and participants who died before January 1, 1981 and whose Spouses did not qualify until after that date shall receive benefits at the joint and survivor rate even though they did not share 10 years of service credit with the deceased Spouse provided they establish vesting on their own service credit.
6. Employees who began denominational service before age 55 shall be eligible to retire under the post-January 1, 1981 policies if they were employed on that date, have been employed full-time during the preceding full year, continue serving until at least January 31, 1981 and have earned at least 10 years of service credit by January 1, 1981.
7. *Employed Spouse of Participant*—Employees are not eligible for service credit for periods of service prior to January 1, 1981 during which their Spouse was receiving retirement benefits at the family rate.
8. Employees who qualify for early retirement by December 31, 1980 shall be eligible to retire at that time or any time thereafter.

**[Auxiliary benefits for retired employees as described in the following pages are separate from the Seventh-day Adventist Retirement Plan of the North American Division and can be found in the North American Division *Working Policy* book.]**

### **Y 46 Benefits for Retired Employees**

**Y 46 05 Denominational Retirement Plans**—The Seventh-day Adventist Retirement Plan of the North American Division, a defined benefit plan, has been available to employees of participating employers described in Z 05. Service credit was frozen on December 31, 1999 except for situations specifically provided in that plan. Beginning January 1, 2000 the Adventist Retirement Plan, a defined contribution plan, has been made available for employees of such employers.

All organizations that participate in these plans shall make the contributions required by the applicable plan documents.

**Y 46 07 Organizations Not Participating in the Retirement Plans**—Some denominational organizations that are currently listed in the Seventh-day Adventist *Yearbook* are not participating in one of the denominational retirement plans. Administrators of these organizations have the responsibility to inform their employees in writing that they are not covered by one of the denominational retirement plans and are not earning denominational service credit.

Notwithstanding any Y 46 provisions to the contrary, the following employers have entered into an agreement with the North American Division regarding employee retirement responsibility: Allegheny East Conference, Allegheny West Conference, Central States Conference, Lake Region Conference, Northeastern Conference, South Atlantic Conference, South Central Conference, Southeastern Conference, and Southwest Region Conference. Individuals who were employees of such employers as of December 31, 1999 who have signed an affidavit authorizing the transfer of personal pre-2000 service credit to the Regional Conference Retirement Plan shall not be eligible to receive any earned benefits under the terms and policies of the Seventh-day Adventist Retirement Plan of the North American Division or the Health Care Assistance Plan for Participants in the Seventh-day Adventist Retirement Plan of the North American Division.

**Y 46 10 Supplemental Retirement Plans**—Since denominational organizations are making substantial contributions to retirement plans of Bermuda, Canada or the United States authorized by the North American Division, and employees are eligible to participate in a national pension plan of one of these countries, employers are not permitted to make contributions to other retirement plans on behalf of employees who are covered by the denominational plans.

**Y 46 12 Retirement Allowance**—Employees who have been employed at least half-time during each of the two years immediately preceding retirement and terminate employment with eligibility to immediately access employer-provided retirement benefits shall be granted a retirement allowance by the employer. The retirement allowance is not termination pay but is an employee benefit provided at the time the participant is approaching eligibility for retirement benefits according to the following provisions:

1. *Amount*—The maximum allowance shall be equivalent to 12.5 percent of a month's remuneration (including wages and cost of living adjustment, but not including travel allowance) for each year of NAD denominational employment after December 31, 1999. (See Z 40 for Retirement Allowance earned by service prior to January 1, 2000.) Employees who previously received a retirement allowance under this policy shall be eligible for a subsequent retirement allowance based only on the years of service credit earned after such payments. Prior receipt of a Termination Settlement (see Y 36) shall not jeopardize or reduce a Retirement Allowance payable after December 31, 2004. In the case of part-time employment immediately prior to retirement eligibility, the Retirement Allowance is calculated at the employee's current remuneration percentage or rate based upon full time service.
2. *Disability*—Receipt of disability benefits from the Employee Disability

- Income Plan (see NAD Y 33) shall not jeopardize or reduce a Retirement Allowance payable after December 31, 2004.
3. *Interdivision Employees (Missionaries)*—Employees and their spouses who retire directly from interdivision (mission) service shall be granted a retirement allowance based on the NAD remuneration rate.
  4. *Literature Evangelists*—Credentialed Literature Evangelists who are denominational employees who otherwise qualify for retirement benefits plan shall be eligible for a retirement allowance. The amount of monthly remuneration is based on the average monthly earnings for up to the previous 60 months of taxable earnings from qualifying literature evangelism. Each union conference shall develop a plan for sharing the cost of contributions for retirement allowances between the employing conference and the HHES/FHES. Literature Evangelists who are considered independent distributors, and thus not employees, are not eligible for the Retirement Allowance.
  5. *Teachers*—The retirement allowance for teachers who are employed on a 10-month basis shall be calculated on the maximum monthly remuneration rate which would be available to them if they were employed on the 12-month basis.
  6. *Service Credit*—The retirement allowance does not entitle an employee to any additional service credit.
  7. *Death Before Retirement*—If an employee was eligible to retire at the time of death, but was still employed, the surviving spouse shall be entitled to a retirement allowance.
  8. *Sharing Cost of Contribution*—If an individual on a regular employment basis – as opposed to a casual or temporary basis - is employed by one denominational employer directly from another denominational employer without interruption of service after passing their 60th birthday, their previous denominational employer shall be responsible for, and shall pay to the new employer at the time(s) the allowance is paid, a portion of the contribution required to provide their retirement allowance based on the following formula: 50 percent of the contribution plus 10 percent for each year that the employee's age exceeded 60 at the time of such employment. In no case shall an amount greater than 100 percent of the benefit be granted. Payment(s) shall be made directly to the eligible employee by the last denominational employer who shall take responsibility for collection of shared amounts from the other employer(s) involved. Signed agreements by employers to share the contribution on a different basis shall be honored. (For purposes of this policy, hospital employers do not share the Retirement Allowance.)
  9. *Special Exceptions*—The requirement that employees go directly from active service into retirement in order to be eligible for a

retirement allowance payable at the time regular retirement benefits begin may be waived by the employer by special action for reasons such as the following:

- a. Termination of active employment was no more than 36 months prior to the date retirement benefits become effective, and
- b. The termination of active employment was due to the transfer of the spouse to a different location or because of retirement of the spouse, or
- c. The employer may, because of exceptional circumstances, approve a request of the employing organization to waive the requirement that an employee go directly from active service into retirement.

10. *Special Situations*—Notwithstanding provisions of this Y 46 12 paragraph 1 or Z 40 10 paragraph 1 to the contrary, employers will provide a Retirement Allowance for career years prior to 2000 for retirees who meet either of the following criteria:

- a. Employees who qualify for benefits from one or more of the following alternate NAD-based retirement plans for service prior to 2000 and completed their career under the defined contribution NAD Adventist Retirement Plan and are thus ineligible for the Z 40 Retirement Allowance for years prior to 2000.
  - Regional Conference Retirement Plan
  - Retirement Plan for Canadian Employees
    - SDA Hospital Retirement Plan
- b. Employees who come to the NAD on an Interdivision Basis after December 31, 1999 who have opted for the NAD retirement plan for their service in the NAD rather than their home division retirement plan, and thus are ineligible for the Z 40 Retirement Allowance for years prior to 2000.

**Y 46 17 Death Benefit**—Beneficiaries of the Seventh-day Adventist Retirement Plan of the North American Division and their spouses shall be granted a death benefit according to the following provisions:

1. *Eligibility*—Upon the death of a beneficiary or a beneficiary's spouse who was eligible for joint and survivor annuity a death benefit shall be paid to the surviving spouse, or to the person who has undertaken responsibility for the funeral arrangements. No death benefit shall be paid with respect to the death of a spouse if the participant is receiving retirement benefits in the form of a single life annuity. Up to 10 years of service credit between January 1, 2000 and December 31, 2014 shall be considered for minimum eligibility purposes only.

2. *Amount*—Beneficiaries with 40 or more years of service credit prior to January 1, 2000 are granted a death benefit equivalent to the pension factor. For those with at least 10 years of service credit and less than 40 years the benefit is the pension factor multiplied by years of service credit prior to January 1, 2000 divided by 40. For those receiving disability benefits in accordance with Z 20 10 in the North American Division Retirement Plan with less than 20 years service credit the benefit is based on 20 years.

**Y 46 18 Retirees Health Care Assistance Plan**—Beneficiaries of the Seventhday Adventist Retirement Plan of the North American Division and/or the Adventist Retirement Plan, their spouses, and dependent children may be granted assistance on health care expenses in accordance with provisions in the Supplemental Healthcare Adventist Retirement Plan (SHARP).

1. As of January 1, 2005, the level of assistance shall be based on qualifying years of service under the frozen Seventh-day Adventist Retirement Plan of the North American Division (defined benefit plan) and/or the Adventist Retirement Plan (defined contribution plan). Further, years between 1999 and the effective date of this provision shall apply to those who retired during this window, but only on a prospective basis as of the effective date of January 1, 2005.
2. As of January 1, 2003, a healthcare earned credit will not be provided for retirees with less than 40 years of qualifying service credit who become eligible for and elect to begin receiving retirement benefits and/or Adventist Retirement Plan distributions prior to meeting the normal age qualification for Medicare. Eligibility for a healthcare earned credit available to qualifying spouses of retirees whose benefits are in the form of a joint and survivor annuity is determined by the eligibility of the retiree.
3. Notwithstanding other provisions in these Y 46 18 and Y 46 19 policies, employees with no NAD qualifying service credit prior to January 1, 2000 shall earn no additional service credit towards SHARP's eligibility thresholds as described in SHARP documentation after June 30, 2020 for themselves or for qualifying spouse or children.

**Y 46 19 Funding for Health Care Assistance and Death Benefit**

1. Health care assistance and death benefits for beneficiaries of the Seventh-day Adventist Retirement Plan of the North American Division shall be funded by contributions from the participating organizations. The rates may be changed by NADCOM as necessary in order to meet the demands on the funds. Organizations that base their contributions on employee remuneration shall include all employees, including temporary and part-time, with the exception of student labor in educational

institutions. In Canada, contributions shall be set by the controlling committee of the healthcare plan for Canadian employees. 2.

*Contributions from the General Conference*—The General Conference shall contribute to the Health Care Assistance and Death Benefit Fund the following percentages of payroll:

1995	1.000%	
1996	- 2000	1.300%
2001 - 2004	2.500%	
2005 - 2012	3.150%	
2013 and subsequent years	3.500%	

Plus the following percentages of NAD salary equivalents (packaged) for interdivision employees who declare the United States or Bermuda as their tax base:

2002 - 2004	2.500%
2005 - 2012	3.150%
2013 and subsequent years	3.500%

3. *Contributions from Conference Organizations*—Union conferences and local conferences:

a. Regular contributions shall be a percentage of their tithe receipts:

Prior to 2005	2.200%	2005 - 2012
	2.700%	
2013 and subsequent years	3.000%	

b. Where the union conferences receive direct payment of tithe from members, the contribution shall be a percentage of their direct tithe receipts:

Prior to 2005	2.420%	2005 - 2012
	2.940%	
2013 and subsequent years	3.270%	

c. Conferences that employ local church and elementary per-sonnel as described in NAD Z 15 35, and employees whose remuneration is funded partially or fully by other organizations or individuals as described in NAD Working Policy Z 15 37, shall contribute to the Health Care Assistance and Death Benefit Fund the following percentages of payroll:

1992	0.500%
1993	1.000%
1994	1.500%
1995	2.000%
1996	and subsequent years
	2.500%

No contributions are required for employees described in Z 15 35 or Z 15 37 after December 31, 1999.

4. *Contributions from Institutions*

a. Institutions that contribute less than 13 percent of payroll (11.25 percent after December 31, 1999) to the Retirement Plan shall contribute to the Health Care Assistance and Death Benefit Fund the following percentages of payroll:

1992	0.500%	
1993	1.000%	
1994	1.500%	
1995	2.000%	
1996	- 2004	2.500%
2005 - 2012	3.150%	
2013 and subsequent years	3.500%	

b. Contributions shall be billed monthly, based on the audited remuneration data for the fiscal year ended in the calendar year two years previous to the billing year. This remuneration data shall be adjusted by the subsequent percentage changes in the remuneration factor through January 1 of the billing year.

5. Bermuda Exclusion— Effective 1/1/2015, Bermuda-based employers are excluded from the requirements of this Y 46 19 section.
6. Notwithstanding other provisions in these Y 46 18 and Y 46 19 policies, employers recognized as attaining NAD denominational status after June 30, 2020 shall not participate in this plan and shall not be required to make any contributions to this plan. Employees of such employers will not earn service credit towards healthcare assistance thresholds.

**Y 46 35 Denominational Employment**—Retired participants in the Seventh-day Adventist Retirement Plan of the North American Division may be employed on a part-time basis without the loss of retirement benefits in accordance with Z 20 056. Employment by a participating Adventist Retirement Plan employer on a fulltime basis renders the participant ineligible to receive benefits from the Retirement Plan, except for those participants more than 72 years of age receiving benefits in accordance with Z 20 05-5(b). Benefits may be reinstated when the employee ceases full-time employment again.

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## APPENDIX A

### **MINIMUM DISTRIBUTION REQUIREMENTS**

1. General Rules.

1.1 Effective Date. The provisions of this Appendix will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

1.2 Precedence. The requirements of this Appendix will take precedence over any inconsistent provisions of the Plan.

1.3 Requirements of Treasury Regulations Incorporated. All distributions required under this Appendix will be determined and made in accordance with the Treasury Regulations under Code section 401(a)(9).

1.4 General Rules Regarding Minimum Distribution Requirements. Unless and to the extent otherwise permitted by law and in regulations or other rules of general applicability published by the Department of the Treasury or the Internal Revenue Service, the Plan shall comply with the minimum distribution requirements of Code section 401(a)(9) and the regulations thereunder in accordance with paragraphs 2 through 5 of this Appendix. The distribution requirements in paragraph 2 through 5 of this Appendix generally apply to a participant's entire accrued benefit. However, these requirements do not apply to the undistributed portion of a Participant's accrued benefit valued as of December 31, 1986, provided that the applicable requirements of Treasury Regulations section 1.401(a)(9)-6(e)(6) are satisfied. In this case, a Participant's pre-'87 accrued benefit shall be distributed in accordance with the incidental benefit requirements of Treasury Regulations section 1.401-1(b)(1)(i). To the extent permitted under Treasury Regulations section 1.403(b)-6(e)(7), a participant's accrued benefit under the Plan, or under the Plan and other section 403(b) plans in which the participant participates as an employee, may be aggregated and the minimum distribution requirements satisfied by distribution from any one or more of the plans.

2. Required Minimum Distributions. Distribution of the participant's accrued benefit will begin no later than the first day of April following the later of (i) the calendar year in which the participant attains age 72 (or age 70½, in the case of a participant who attains such age before January 1, 2019), or (ii) the calendar year in which the participant retires from employment (the "Required Beginning Date"), and if not made in a single sum, will be made over (1) the life of the participant, (2) the lives

of the participant and beneficiary, or (3) a period certain not extending beyond the life expectancy of the participant or the joint and last survivor expectancy of the participant and beneficiary.

2.1 If the participant's accrued benefit is distributed as an annuity, the period over which payments will be distributed, beginning with the calendar year the participant attains age 72 (or age 70½, if applicable) or retires and continuing through the year of death, cannot exceed the periods specified in Treasury Regulations section 1.401(a)(9)-6. However, if the participant's sole Beneficiary is his or her surviving spouse and such spouse is more than 10 years younger than the participant, then the distribution period is determined under the Joint and Last Survivor Table in Q&A-3 of Treasury Regulations section 1.401(a)(9)-9, using the ages as of the participant's and spouse's birthdays in the year. Payments must be made in periodic payments at intervals of no longer than one year and must be either non-increasing or they may increase only as provided in Q&As-1 and -4 of Treasury Regulations section 1.401(a)(9)-6. In addition, any distribution must satisfy the incidental benefit requirements specified in Q&A-2 of Treasury Regulations section 1.401(a)(9)-6.

2.2 The first required annuity payment for the year the participant attains age 72 (or age 70½, if applicable) or retires can be made as late as the Required Beginning Date. The required annuity payment for any other year, including the year that contains the Required Beginning Date, must be made by the end of such year.

3. Death on or After Required Beginning Date or Date Required Annuity Payments Begin. If the participant dies on or after required payments begin, the remaining portion of the participant's interest will continue to be distributed under the distribution option chosen.
4. Death Before Required Beginning Date or Date Required Annuity Payments Begin. If the participant dies before the date required payments begin, his or her entire interest will be distributed at least as rapidly as follows:

4.1 If the beneficiary is someone other than the participant's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the participant's death, over the remaining life expectancy of the beneficiary, with such life expectancy determined using the age of the beneficiary as of his or her birthday in the year following the year of the participant's death, or, if elected, in accordance with paragraph 4.3 below.

4.2 If the participant's beneficiary is the participant's surviving spouse, the entire interest will be distributed, starting by the end of the calendar year following the calendar year of the participant's death (or, if later, by the end of the calendar year in which the participant would have attained age 72 or age 70½, as applicable), over the spouse's life, or, if elected, in accordance with paragraph 4.3 below. If the surviving spouse dies before distributions are required to begin, the remaining interest will be distributed, starting by the end of the calendar year following the calendar year of the spouse's death, over the spouse's beneficiary's remaining life expectancy determined using the beneficiary's age as of his or her birthday in the year following the death of the spouse, or, if elected, will be distributed in accordance with paragraph 4.3 below. If the surviving spouse dies after distributions are required to begin, any remaining interest will be distributed under the distribution option chosen.

4.3 If there is no beneficiary, or if applicable by operation of paragraph 4.1 or 4.2 above, the entire interest, to the extent required by Treasury Regulations, will be distributed by the end of the calendar year containing the fifth anniversary of the participant's death (or of the spouse's death in the case of the surviving spouse's death before distributions are required to begin under paragraph 4.2 above).

5. For purposes of paragraphs 3 and 4 above, required annuity payments are considered to begin on the participant's Required Beginning Date or, if applicable, on the date distributions are required to begin to the surviving spouse under paragraph 4.2 above. However, if distributions start prior to the applicable date in the preceding sentence, on an irrevocable basis (except for acceleration) under a retirement income account meeting the requirements of Section 1.403(b)6(e)(5) of the Treasury Regulations, then required annuity payments are considered to begin on the annuity starting date.