

**RETIREMENT PENSION PLAN
OF THE
SOUTHERN METHODIST CHURCH
ADMINISTRATIVE TRUST
AGREEMENT**

REVISED - JANUARY 30, 2018

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ADMINISTRATIVE TRUST AGREEMENT**

ARTICLE I. DEFINITIONS

As used herein, unless the contract indicates otherwise:

(a) The term “Trust Agreement” shall mean this agreement, with all amendments and agreements supplemental to it.

(b) The term “Participant” shall mean any person who is eligible to participate under this trust and whose application for participation has been submitted to the Plan Administrator for submission to the Plans Investment Firm. The term “Participant” shall not include any person with respect to whom a complete distribution shall have been made or whose eligibility to participate under this trust shall have been terminated under the provision of Article XIII. Any qualified person, making personal contributions only to the plan, shall be considered a participant, but shall not be entitled to pro rata shares from the General Contribution but shall be entitled to pro rata shares of the General Conference grant (Article IV (c)). Retired persons (conference status) with a vested interest in the plan or for whom contributions continue to be made, either by a church, employer, or themselves, shall be considered a participant.

(c) The term “Board” shall mean the Ministerial Retirement Board which executes this agreement and their successors as elected, from time to time by the General Conference Board of Administration of The Southern Methodist Church.

(d) The term “Fiscal Year” shall mean August 1 through July 31.

(e) The term “Inactive Participant” shall mean a person who fails to make his/her quarterly contribution as required by the provisions of Article IV, thereby forfeiting the right of his/her account to share in quarterly pro rata distributions from general contributions for a period of four consecutive quarters of inactivity.

(f) The term “Beneficiary” shall mean any person or legal representative entitled according to the provisions of Article XI (e) to receive payment of any benefit upon the death of a participant.

(g) The term “Retirement Program” shall mean all funds, monies, and properties held by the Board under the terms and provisions of this trust agreement, also known as “The Retirement Program”.

(h) The term “Employer” shall mean any church or denominational agency eligible to participate as a contributor to the Retirement Program (The Retirement Program).

(i) The term “Conference Year” shall coincide with the ministerial assignment year of The Southern Methodist Church (August 1 through July 31).

(j) The term “General Contribution” shall mean any contribution to the Retirement Program not designated for the benefit of any specific participant in the Retirement Program.

(k) The term “Normal Retirement Date” shall mean August 1 in the year of the participant’s 62nd birthday.

(l) In the case of a minister, the term “Retirement” shall mean that the participant has requested and been granted retirement status by his annual conference. In the case of other participants, the term “retirement” shall mean the participant is no longer employed by an eligible employer and otherwise meets the requirements of Article X.

(m) The term “Base Salary” shall mean actual cash payment, not value of benefits or expenses (i.e., the amount actually reported to the IRS as actual wages).

ARTICLE II. PURPOSE

The Administrative Trust Agreement of the Ministerial Retirement Board is a plan adopted by the 1998 General Conference of The Southern Methodist Church for the benefit of all eligible persons as defined herein and their beneficiaries. Contributions may be made by any eligible participant and his/her employer to the Retirement Program hereby established for the purpose of distributing to the individual participant or his/her beneficiaries, the corpus and income of the funds accumulated by this trust in accordance with the plan as set forth herein. No part of the corpus contributed by the participant or his/her employer, or the income derived therefrom shall be used for, or directed to, purposes other than for the benefit of the participants or their beneficiaries. The payment from the funds of this trust of expenses, taxes, fees and other costs connected with the management and administration of this trust shall be deemed to be for the benefit of the participants and their beneficiaries.

ARTICLE III. ELIGIBILITY

(a) Any licensed or ordained Southern Methodist minister assigned to a work by an Annual Conference shall be eligible to become a participant. Employees of the General Conference of The Southern Methodist Church, its Annual Conferences and Southern Methodist College shall be eligible to become participants. Missionaries may be deemed employees of the General Conference for participation.

(b) To become a participant, an eligible person must execute an application for participation on forms provided by the Ministerial Retirement Board.

(c) Any church or denominational agency shall be eligible to participate for the purpose of making contributions for the benefit of any participants in the plan who are employed by said church or denominational agency.

(d) Only active participants are eligible to participate in the quarterly pro-rata distributions from general contributions made by employers and the General Conference. Participants who are assigned Leave of Absence and who contribute to the plan remain active except for participation in the quarterly pro-rata distribution.

ARTICLE IV. CONTRIBUTIONS

(a) Each participant shall invest at least three per cent (3%) of his/her annual base salary (see Article I (m) for definition) in the Fund through a Salary Reduction Agreement. The participant's employer shall deduct the agreed upon amount from the participant's salary and remit it to the Treasurer of the General Conference Retirement Program prior to the end of each quarter (Oct 31, Jan 31, April 30, and July 31). Annual payments are to be contributed prior to the end of the first quarter of the conference year. All contributions will be in default 10 days after the end of each quarter.

(b) Employers of participants shall make a general contribution equivalent to six per cent (6%) of the participant's quarterly base salary to the Treasurer of the General Conference Retirement Program prior to the end of each quarter (Oct 31, Jan 31, April 30, and July 31). Annual payments are to be contributed prior to the end of the first quarter of the conference year. All contributions will be in default 10 days after the end of each quarter.

(c) The General Conference of The Southern Methodist Church shall make an annual grant equivalent to one-sixth (1/6) of the aggregate general contributions of the employers or \$16,000.00, whichever is greater.

(d) Participants may make after-tax contributions subject to the limits established by the Internal Revenue Service.

(e) Participants may make rollover contributions to their personal accounts from other qualified retirement plans and arrangements.

(f) Employers may make voluntary non-elective contributions to the accounts of eligible employees.

(g) General contributions may be made by organizations and individuals for distribution to individual participants' accounts or for distribution to all active participants.

(h) Five-sixths (5/6) of the general contributions from employers and the entire grant from the General Conference shall be placed into a pool for quarterly pro rata distributions into ~~the~~ accounts for each active participants. Such accounts in the individuals name shall be available to them upon retirement, death, or disability.

(i) One-sixth (1/6) of the general contributions from employers shall be placed in a Benevolence and Administration Fund for benevolence and administration of the Program.

(j) No participant shall be required to contribute to this Retirement Program, except as before provided in sub-paragraph (a) of this article, however, a participant may make voluntary contributions. A participant shall have a complete right to his/her voluntary contributions, upon termination of employment and upon such reasonable notice as may be required by the Board, as hereinafter provided in Article XIII (b) and (c). A participant shall have a complete right to any contributions made on his/her behalf by his/her employer only upon said participant's retirement, death, or disability as hereinafter provided in Article X, Article XI and Article XII. Any voluntary contributions by a participant shall be placed in his/her account in the Retirement Program.

(k) Any participant who fails to make the quarterly contribution will become an inactive participant and his/her account shall only be entitled to its earnings during the period of his/her inactivity. He may become reactivated as a participant by payment of the quarterly contribution prior to the end of any subsequent quarter, provided he meets the other requirements for eligibility.

**ARTICLE V. ALLOCATION OF CONTRIBUTIONS
AND PARTICIPANTS' ACCOUNTS**

(a) The Board shall allocate an employer's non-elective contribution each quarter to the account of the individual participant designated by said employer and in such proportions as designated by said employer.

(b) No participant shall be entitled to any other interest in the Retirement Program with respect to any assets contributed by his/her employer except to the extent or as of the times that an allocation is made as provided in this Article.

(c) The portion of the general contributions from employers (Article IV, (b)) and the General Conference (Article IV, (c)) to be distributed to active participants (Article IV, (g)) shall be allocated according to the participant's aggregate base salary: \$12,000.00 and above - a full share; between \$9,000.00 and \$11,999.99 - three-quarters (3/4) share; between \$6,000.00 and \$8,999.99 - one-half (1/2) share; less than \$5,999.99 - one-quarter (1/4) share.

(d) When allocations from other general contributions are made to the accounts of active participants, they are to be allocated among the participants' accounts on a pro rata basis in the same manner as other general contributions, but only to those participants who are vested at the time of allocation.

(e) Any accumulated surplus from contributions made by The Southern Methodist Church and their earnings and any income or proceeds from contributions of cash or real property by individuals or organizations may be divided at the discretion of the Board among the vested participants on a pro rata basis.

(f) The Benevolence and Administrative Fund shall be allocated and dispensed at the discretion of the Board.

1. Any Participant in either the Old or New Retirement Programs (including active participants, inactive participants, retirees or their surviving spouses) shall be eligible for benevolence for himself/herself or an immediate family member (wife, husband, dependent child to age 18 or disabled child).
2. Consideration for Benevolence is based upon application in writing to the Retirement Board by an individual Participant or a denominational or local church official. The application should adequately demonstrate adverse hardship circumstances in the face of immediate need. It is recommended that application be made only after all other

avenues of assistance have been exhausted (i.e., vendor discounts, insurance write-offs, financial arrangements, etc.). The intent of this benefit is to help prevent the participant and their family from suffering loss of basic needs because of extenuating circumstances, not to assist with the payment of unforeseen or ordinary bills.

3. Benevolence consists of a one-time monetary gift per application to assist eligible persons in sudden or unusual financial loss due to situations such as fire, flood, storm damage, illness, disability or death etc. Qualifying needs are at the discretion of the Board. The maximum benefit per application shall not exceed \$1,000.00. Application for assistance is limited to once per participant per conference year unless deemed to be a highly unusual circumstance by the Retirement Board.
4. Approval of all applications is at the discretion of the Retirement Board. In the absence of the assembled Board, the Chairman and at least two other Board members shall be authorized to approve gifts up to the maximum amount of \$1,000.00.

(h) The Board shall have the authority to use undesignated contributions and their earnings to administer the Retirement Program in any area that they may deem appropriate and necessary.

ARTICLE VI. PARTICIPANTS' ACCOUNTS

(a) A participant's account at any specific time shall mean the amount standing to his/her credit according to the records of the Board, including any contributions made on his/her behalf by his/her employer.

(b) The fact that allocations shall be made and credited to the account of a participant shall not vest in such participant any right, title or interest in or to any of the assets of the Retirement Program except at the time and upon the conditions expressly set forth in this Trust. The words "Account of Participant" or similar phrases shall not be interpreted to mean, under any circumstances or event, that a participant has title to any specific assets of the Retirement Program.

ARTICLE VII. VESTING

(a) Vesting as covered by this Article refers to the participant's interest in the contributions made to the Retirement Program by employers and the General Conference, individual gifts of cash, real or personal property, or gifts by other organizations and the earnings

from all these gifts or contributions. Vesting also includes interest in any distribution of surplus or other accumulated funds.

(b) A participant at the end of one (1) year shall have vesting of one-fifth (1/5) of his/her pro-rata share of the funds derived from sources provided in sub-paragraph (a) of this Article and distributed by the Board to his/her account. Vesting shall increase at the rate of one-fifth (1/5) for each full year of participation. He shall be fully vested after five (5) years of participation and entitled to one hundred percent (100%) of these benefits provided all the other provisions of this Trust are met.

(c) Vesting shall apply only in the event of death or total and permanent disability or retirement due to age as provided in Article X.

(d) There shall be no vested interest in undistributed contributions, gifts or earnings. The Board's decision in these matters shall be final.

ARTICLE VIII. POWERS OF THE BOARD

For the purposes of the administration of this Retirement Program, the Board without necessity in any case for application to, order of or confirmation by any Court shall have the power and is hereby authorized:

(a) To commingle the combined funds and assets of this Retirement Program and any other Retirement Program for the purpose of investment and management of this Retirement Program.

(b) To receive, hold, manage, convert, sell, convey, lease, invest, reinvest, disburse and otherwise deal with all funds, assets and properties in this Retirement Program, including such contributions of cash or other property or properties as may be made or conveyed to this Retirement Program from time to time and the income and profits therefrom, in the manner and for the uses and purposes herein provided.

(c) To invest the Retirement Program in such a manner as the Board deems beneficial and in accordance with the provisions of this Trust Agreement.

(d) To accumulate and invest any income received hereunder.

(e) To retain any real properties received by it for such time as the Board shall deem best and to dispose of them by sale, exchange, or otherwise, as and when it shall deem it advisable to do so and reinvest the proceeds from time to time in the sole discretion of the Board.

(f) To participate in the liquidation, reorganization, consolidation, or other financial readjustment of any corporation or business in which the Trust is or shall be financially interested or to dissent from and oppose same.

(g) To execute deeds, contracts, bills of sale and other instruments in writing required for the business-like administration of the Trust and to collect, recover and receive the issues, dividends, rents, profits, and income of every nature, which may at any time accrue thereon. Provided, however, that nothing contained in this Article shall be construed as permitting or authorizing the Board to make any type of investment prohibited by the Internal Revenue Code, in effect at the time, which investment might in any way affect or impair the qualification of this plan or the tax exempt status of this Trust.

ARTICLE IX. INVESTMENTS

(a) Investments in any company that is publicly recognized (as determined by the Board) as being in the liquor, tobacco, gambling, pornography or abortion industries or any company whose products, services or activities are publicly recognized as being incompatible with the moral and ethical posture of the Board are prohibited.

(b) The Board shall determine the investment of all monies in the Retirement Program with the exception of the individual personal accounts of the active participants.

(c) Individual participants shall have the option of choosing how their personal contributions are invested from any of the funds offered by the Investment Firm with whom our Plan is placed. All General Contributions are controlled by the Retirement Board. The default option for any participant not choosing a personal portfolio will be the same as the General Contribution elections.

(d) The designation of the investment options must be included on the original application and may be changed at the discretion of the participant in accordance with the policies of the Investment Firm.

ARTICLE X. RETIREMENT BENEFITS

(a) A participant shall become eligible for retirement benefits beginning August 1, in the year of his/her 62nd birthday unless total disability, as defined herein, has occurred previously. The beginning of the retirement benefit may be extended year by year as long as he meets the

requirements of Article III (d). A participant may elect not to receive his/her retirement benefit until he reaches the age of seventy and one-half (70½). His/her retirement benefits shall continue to accumulate until the effective date of his/her retirement as defined herein.

(b) On the date which participant's retirement shall become effective as defined herein, a retired participant shall be entitled to one hundred per cent (100%) of his/her personal contributions and their earnings, and one hundred per cent (100%) of his/her vested interest in other contributions and their earnings.

(c) Each retired participant shall have the unrestricted right to select one of the following optional methods of settlement under this Article by notifying the Board of his/her selection in such manner as the Board may require:

(1) Leave settlement amount invested in the secured accounts with the Investment Firm of the Plan and draw annual, quarterly or monthly payments until such time as his/her settlement amount and its earnings have been paid out to him or his/her beneficiary.

(2) Take a partial lump sum payment (in accordance with IRS regulations for the Plan) and leave the balance invested in the secured accounts of the Retirement Program; draw annual, quarterly or monthly payments until such time as his/her settlement amount and its earnings have been paid out to him or his/her beneficiary (Amount taken must be justified as "Housing Allowance" or may be subject to income tax.).

(3) Such other agreement as may be negotiated between the Board and the participant that might be deemed in the best interest of the participant.

(d) All payments paid to the participants by the Board from this plan under the above options may be designated as housing allowance, subject to IRS limitations.

ARTICLE XI. DEATH BENEFITS

(a) In the event of the death of a participant in this Retirement Program his/her beneficiary shall receive the full value of the participant's investment. This may be paid in lump sum or any other settlement option available by the Plan.

(b) The death benefits shall be equal to one hundred per cent (100%) of the participant's personal contributions and their earnings plus one hundred per cent (100%) of his/her vested interest in other contributions and their earnings determined at the time the claim is made with the Investment Firm.

(c) When the beneficiary is a spouse, the cash value of deceased participant's account may be payable on a deferred basis under one of the options available to a retired participant under the provisions of sub-paragraph (c) of Article X. The manner of selecting a method of payment shall be as herein before provided in sub-paragraph (c) of Article X. All investments in the participants account shall continue with the Investment Firm, but shall henceforth not be eligible for allocations of general contributions, forfeitures or in future contributions by the employer of the deceased participant.

(d) Beneficiaries other than spouses shall be paid a lump sum.

(e) Each participant shall designate on the application form a beneficiary or beneficiaries to receive such death benefits. Each participant shall have the unrestricted right to revoke or change any prior designation. Each such designation shall be recorded with the Board in such manner as the Board may require. If no such designation is on record with the Board at the time of the death of the participant, then the estate of the deceased participant shall conclusively be deemed to be the beneficiary designated to receive such death benefits.

ARTICLE XII. DISABILITY

(a) If a participant incurs a total and permanent disability prior to his/her normal retirement date, which, in the opinion of a physician, either selected by the Board or whose opinion is accepted by the Board, renders him unable to satisfactorily perform any duties of his/her employment, he shall be considered disabled for the purpose of this Agreement, and he shall thereafter be referred to as a disabled participant. The common opinion of the physician as accepted by the Board shall be deemed sufficient proof of disability. The Board reserves the right to obtain a second opinion.

(b) In the event of disability as defined in sub-paragraph (a) of this Article, the participant shall be entitled to one hundred per cent (100%) of the participant's personal contributions and their earnings plus one hundred (100%) of his/her vested interest in other contributions and their earnings. All investments in the participants account shall continue with the Investment Firm, but shall henceforth not be eligible for allocations of general contributions, forfeitures or in future contributions by the employer of the disabled participant.

(c) The cash value of the disabled participant's account, as determined in subparagraph (b) of this Article is payable to the participant on a deferred basis under one of the retirement benefit options herein before set forth in sub-paragraph (c) of Article X.

ARTICLE XIII. TERMINATION OF EMPLOYMENT

(a) In the event a participant leaves the ministry of The Southern Methodist Church either voluntarily or is dismissed for disciplinary reasons, he becomes a terminated participant and the provisions of this Article apply to him.

(b) A terminated participant shall be entitled to his/her personal contributions and their earnings as hereinbefore provided in Articles IV and VII. Payment arrangements shall be made with the Investment Firm.

(c) Any Inactive Participants who are partially vested and no longer employed by any agency of the Southern Methodist Church may contact the Investment Firm concerning options of payments for their vested interest in the program in accordance with the rule of this Agreement. Inactive Participants who are fully vested and their interest remains with the Investment Firm may contact the Investment Firm concerning options of payments for their vested interest in the program in accordance with the rule of this Agreement.

(d) Any Participant that is employed by any agency of the Southern Methodist Church and voluntarily withdraws from the Program, may contact the Investment Firm concerning options of payments for their vested interest in the program in accordance with the rule of this Agreement.

ARTICLE XIV. BOARD

(a) The Ministerial Retirement Board is a creature of The Southern Methodist Church as recorded in the *Discipline of the Southern Methodist Church*, ¶452.9.

(b) The Board shall consist of five (5) members nominated by the Retirement Board and elected by the Board of Administration of the General Conference of The Southern Methodist Church at its fall meetings with rotating terms of office and unlimited succession.

(c) The Board shall elect its own officers as it deems necessary to perform the duties assigned.

(d) All of the reasonable expenses of the Board as may be incurred in the administration of this Trust, including reasonable legal expenses, and all investment expenses, are to be borne by this Trust and payable from the Retirement Program.

(e) The Board shall be responsible for the general oversight of each individual account with the Investment Firm, keeping an account of all receipts and disbursements from the Retirement Program. Financial Statements shall be provided at each semi-annual meeting of the General

Conference Board of Administration. The Financial records of the Board shall be audited quadrennially by an audit committee selected by the Board; whose report shall be given to the General Conference of The Southern Methodist Church.

(f) Any Board member(s) designated by the Board shall have the power to perform any or all of the foregoing acts either jointly or singly and the act of the one Board member(s) shall be the act of all.

(g) The Board shall keep a record of the minutes of its meetings and all actions authorized by it to be carried out by any of its members.

(h) The Board shall keep a record of all agreements between a participant or his/her beneficiaries and the Board. All such agreements must be in writing, signed by both parties to be valid.

ARTICLE XV. AMENDMENTS

(a) In view of the nature and type of this Trust Agreement and the Trust herein created, it is contemplated that various questions and problems may arise in the future which are not covered in this Trust Agreement, and all parties hereto, present and future, hereby agree that the Board of Administration of The Southern Methodist Church shall have the right to amend the Trust Agreement at any time and from time to time in the interim of the convening of the General Conference of The Southern Methodist Church. Such amendments shall remain in effect until the next session of the General Conference at which time they shall be presented to the General Conference for final adoption. The General Conference may make amendment at any of its called or regular sessions.

Provided, however, that since this Trust is created for the exclusive benefit of the eligible persons who are participating members of this Retirement Program and their beneficiaries, no amendment may be made which:

- (1) Diverts or uses any part of the corpus or income of this Retirement Program for any purpose other than the exclusive benefit of the participating members and their beneficiaries in the manner set forth in this agreement, or
- (2) Causes any contribution of an employer to this Retirement Program or any other fund subject to this Trust or any income therefrom ever to revert to or inure to the individual benefit of such employer, or

(3) Makes the Trust without purview of the Internal Revenue Code or valid regulation thereunder.

(b) In the event this Trust Agreement is found not to comply with the Internal Revenue Codes or other governmental regulation(s) concerning such Trust Agreements, the provision(s) not in compliance shall be considered null and void and the lawful regulation(s) shall apply.

ARTICLE XVI. TERMINATION OF THE PLAN

(a) The General Conference of The Southern Methodist Church has established this Trust with a bona fide intention that it will continue to exist indefinitely, but the General Conference or the Board of Retirement is not and shall not be under any obligation or liability to maintain the Trust for any given length of time, and the Board, with the approval of the General Conference, may terminate the Trust at any time without any liability whatsoever for such termination.

(b) Upon the termination of the Trust, or the complete discontinuance of all contributions, the entire interest of the participants shall vest one hundred per cent (100%) immediately, and after payment of all expenses, each participant and each retired or disabled participant, shall be entitled to receive the sum credited to his/her record with Investment Firm, free and clear of this Trust.

Adopted by the Board of Administration on October 12, 2000.