

Seventh-day Adventist

Retirement Plan

of the

North American Division

and

Auxiliary Benefits

January, 2008

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Retirement Plan

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Auxiliary Benefits

January, 2008

Adventist Retirement Plans
12501 Old Columbia Pike
Silver Spring, Maryland 20904

Amendments Voted Through
Year End Meetings, 2007
North American Division of Seventh-day Adventists

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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 General Conference of Seventh-day Adventists, 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. *Code*—The Internal Revenue Code of 1986, as amended.
5. *Committee*—The Retirement Plan Committee which administers the Retirement Plan.
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 18th birthday.
 - 2) in the case of a full-time student up to his/her 24th birthday.
 - 3) who became disabled prior to his/her 18th 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 Retirement Plan policies for North America.
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 Committee 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.

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 earns at least 50 percent of a 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.

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 Retirement Plan Committee, which serves as the governing body for the Seventh-day Adventist Retirement Plan of the North American Division, is appointed by the General Conference Committee.

4. *Authorization of Benefits*—Benefits from the Plan are authorized by the Committee. These benefits terminate with the decease of the participant, except where there is an eligible spouse and/or children.

5. *Actions of Committee*—No precedent shall be established by any action of the Committee in providing assistance to a beneficiary.

6. *Duties of the Committee*—The Committee shall administer the Plan and shall have the authority to take such actions and make such decisions as are necessary and proper to manage the affairs of the Plan. The Committee shall have the following specific authority and duties:

- a. To make and enforce such rules and regulations as it shall deem necessary for the efficient administration of the Plan.

- b. To interpret the Plan and to recommend revisions in the Plan as it shall deem appropriate.
- c. To decide on questions concerning the Plan and the eligibility of an employee to participate in the Plan.
- d. To compute the amount of benefits which shall be payable to any participant in accordance with the provisions of the Plan.

7. *Limitation of Liability*—In administering the Plan, neither the Committee nor any person to whom it may properly delegate any duty in connection with the administering of the Plan shall be liable for any action or failure to act so long as the Committee and such persons to whom it has delegated responsibility have acted with care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an operation of like character.

8. *Amendments*—Any provision of this Plan may be revised at a regularly called meeting of the North American Division Committee.

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 General Conference, on its own behalf and on behalf of the Participating Employers, may enter into a trust agreement with the General Conference 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 or any Participating Employer. If such a trust is established, with respect to all or any

portion of the Plan assets, the Committee may appoint an investment manager or managers to manage, acquire, or dispose of any assets of the Plan. Each such investment manager shall be either: (1) registered as an investment advisor under the Investment Advisors Act of 1940; (2) a bank as defined under that Act; or (3) an insurance company qualified under the laws of more than one state to manage, acquire, or dispose of Plan assets.

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 and subsequent years	9.350%

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	9.625%
2003	11.500%
2004	11.750%
2005 and subsequent years	11.850%

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

1998	.0500%
1999	.1000%
2000	.1500%
2001	.2000%
2002	.2500%
2003 and subsequent years	.3000%

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

1996 - 1999	10.5000%
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2000 - 2002	8.7500%
2003	9.000%
2004	9.250%
2005 and subsequent years	9.350%

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

1998	.0500%
1999	.1000%
2000	.1500%
2001	.2000%
2002	.2500%
2003 and subsequent years	.3000%

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

1992	7.0500%
1993	7.3000%
1994	7.5500%
1995	7.8000%
1996	8.0500%
1997	8.3000%
1998 - 1999	8.5500%
2000 - 2002	6.8000%
2003	7.050%
2004	7.300%
2005 and subsequent years	7.400%

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	7.7550%
1993	8.0300%
1994	8.3050%
1995	8.5800%
1996	8.8550%
1997	9.1300%
1998 - 1999	9.4050%
2000 -2002	7.4800%
2003	7.730%
2004	7.980%
2005 and subsequent years	8.066%

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

1998	.0500%
1999	.1000%

2000	.1500%
2001	.2000%
2002	.2500%
2003 and subsequent years	.3000%

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	3.500%
July 2005 and subsequent years	3.600%

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 and subsequent years	8.600%

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 and subsequent years	6.600%

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%
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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	5.500%
July 2004 and subsequent years	5.600%

e. HHES/FHES/FER Offices shall contribute the following percentages of the basic remuneration of all employees, plus 2 percent of all commissions paid to literature evangelists (excluding 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 and subsequent years	8.600%

f. Publishing houses

Prior to January 1, 2000	13.000%
2000 -2002	11.250%
2003	11.500%
2004	11.750%
2005 and subsequent years	11.850%

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 and subsequent years	6.600%

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 and subsequent years	6.600%

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	7.0000%
1996	7.2500%
1997 - 1999	7.750%
2000 - 2002	6.000%
2003	6.250%
2004	6.50%
2005 and subsequent years	6.60%
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 and subsequent years	8.600%
l. AdventSource	
June 1, 1997 - December 31, 1999	9.750%
2000 - 2002	8.000%
2003	8.250%
2004	8.500%
2005 and subsequent years	8.600%

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.
- 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.
 - 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:
- 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.
 - 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.
 - 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.
 - 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.
 - 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 the elimination period of Y 33, Employee Disability Income Plan, and up to one year immediately following the elimination period 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 service credit during the

elimination period of the Employee Disability Income Plan and up to one year immediately following the elimination period 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 Retirement Plan Committee.

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 I 75 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 Retirement Plan Committee 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*—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 section 414(u) of the Code.

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 25-3) 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.
- 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:

		<u>Normal</u>
	<u>Year of Birth</u>	<u>Retirement Age</u>
Through the year 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
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 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 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 (70½) 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 (70½).

b. In the case of a participant who attains age seventy and one-half (70½) 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 (70½), even if he/she is still in employment. Participants who attain age seventy and one-half (70½) 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.

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.

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 Retirement Plan Committee 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 Committee 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 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.

6. A spouse allowance shall not be paid to a participant if the spouse is eligible for retirement benefits based on his/her own service. An exception may be made if the spouse elects, in writing filed with the Committee, 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 post-freeze service credit.

Z 20 25 Surviving Spouse—*Retirement Benefit Eligibility Prior to Death of Employee*—If an employee or vested former employee dies at a time when he/she could have retired and begun to receive an early or normal retirement benefit and is survived by a spouse to whom he/she had been married for at least one year

immediately preceding his/her death such spouse shall be eligible for a surviving spouse benefit at the time of their choosing. This benefit shall equal the monthly amount which such spouse would have received if the deceased participant had been receiving a retirement benefit in the form of a joint and survivor annuity, as well as any spouse allowance for which he/she might qualify.

Z 20 30 Surviving Spouse Benefit —Death of Employee Prior to Retirement

Benefit Eligibility—The surviving spouse of an employee or vested former employee who dies before reaching retirement eligibility shall qualify for survivor benefits according to the same formula as the joint and survivor annuity, as well as spouse allowance, if eligible. This shall be based on the number of years the spouse was married to the employee while in denominational service according to the following provisions:

1. The spouse has reached the normal retirement age (or, if earlier, April 1 following the calendar year in which the employee would have attained age 70½); and
 - a. The spouse was married to the employee during at least 15 years of his/her service credit, or
 - b. The spouse was married to the employee during at least 10 years of his/her service credit and was above the age of 55 at the time of the employee's death while in denominational service, or
 - c. The spouse was married to the employee during at least 10 years of his/her service credit and also qualifies for retirement benefits from his/her own service credit.
 - 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. Surviving spouses who qualify for survivor benefits may be granted early reduced retirement benefits if the following conditions apply:
 - a. Survivor is between 55 and the normal retirement age at the time of the employee's or participant's death.
 - b. Employee or participant died while in active service.
 - c. The employee was employed continuously for a minimum of five years prior to his/her death.
 - d. Spouse has not been employed on a regular basis and does not have suitable employment skills.

The reduction shall be one percent of the benefits for the rest of their lives for each full year that their age is below 60, and shall apply to the survivor benefit and the spouse allowance.

3. In cases where a person has been married to more than one denominational employee, the survivor benefit shall be based on the service record of the last employee/participant or the total years married to the denominational employees during at least ten years of their service

credit, whichever is most, up to a maximum of 40 years.

4. Survivor benefits based on the service of an employee who died before retirement age shall be limited to the years that the spouse was married to the employee during which the spouse was not earning service credit from denominational employment or retirement credit with another organization. (Surviving spouses may forfeit some earned service credit in order to qualify for survivor benefits.)

5. 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.

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 Committee 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 Committee 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. 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 non-denominationally employed chaplains under the following conditions:

1. They have obtained Adventist Chaplaincy endorsement as Seventh-day 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 Committee 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 D 17), 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
- d. Employee vests in this plan by December 31, 2014 with at

least ten years of North American Division qualifying service,
and

e. Employee's combined pre-NAD monthly pension benefits from the home division plus the post-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 application 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 Retirement Plans Committee 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 20 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 in Z 35 05-2-a. 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 in Z 35 05-2-a. 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 Retirement Plan Committee.

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	1.5	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 Committee 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 again receive the North American Division rate only if he/she returns to the North American Division within five years of leaving North America.
- c. If such a participant returns to his/her base division for a period of time at his/her own expense, he/she may have his/her retirement check sent to his/her U.S. bank account for up to six months. If he/she chooses to receive benefits in his/her home country or stays longer than six months, his/her rate will be changed to the rate of his/her home division. He/she is eligible to be reinstated to the North American rate if he/she returns to North America within five years of the date of retirement.

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 O 10) 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 O 10).
 - 2) The initial request shall be for a specified period of up to two years (see NAD O 10 05-2).
 - 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.

4. *Move to Another Division*—If an interdivision employee described in paragraph 2 above moves to another division other than the North American Division after December 31, 1998, he/she may request to continue receiving retirement benefits at the North American Division rate for the portion of service credit earned while working in the United States or Bermuda.

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.

Z 35 26 Maximum Benefits

1. Notwithstanding any other provision of this Plan, in no event may the amount of an employee's retirement benefit commencing on or after the employee's 62nd birthday exceed an annual amount greater than the lesser of:
- a. \$90,000, or
 - b. 100 percent of the employee's average compensation from participating organizations during the 3 calendar years in which

- compensation from participating organizations was the highest.
2. The provisions of 1. above will not apply if the annual retirement benefit of an employee who has not at any time been a participant in a defined contribution plan maintained by a participating organization is not in excess of \$10,000.
 3. If an employee has less than 10 years of participation, the limitation under 1.a. above shall be multiplied by a fraction whose numerator is the employee's years of participation and whose denominator is 10. If an employee has less than 10 years of service, the limitations under 1.b. and 2. above shall be multiplied by a fraction whose numerator is the employee's years of service and whose denominator is 10. In no event shall this Section Z 35 26-3 reduce the limitations provided under 1. and 2. above to an amount less than 1/10 of each such limitation, as determined without regard to this Section Z 35 26-3. To the extent provided by the Secretary of the Treasury, this Section Z 35 26-3 shall be applied separately with respect to each change in the benefit structure of the Plan.
 4. If the payment of a retirement benefit commences prior to the employee's 62nd birthday, the amount under 1.a. above shall be the equivalent of such amount payable at age 62 using an interest rate assumption that is not less than 5 percent. However, such amount shall not be reduced below:
 - a. If the benefit begins at or after age 55, \$75,000; or
 - b. If the benefit begins before age 55, the amount which is the equivalent of the \$75,000 limitation for age 55.
 5. If the payment of a retirement benefit commences after the employee's 65th birthday, the amount under 1.a. above shall be the equivalent of such amount payable at age 65, using an interest rate assumption that is not greater than 5 percent.
 6. For purposes of determining the limitations under 1. and 2. above, any retirement benefit payable in a form other than a straight life annuity shall be adjusted to an actuarially equivalent straight life annuity beginning at the same age, using an interest rate assumption that is not less than 5 percent. Any ancillary benefit that is not directly related to retirement income benefits shall not be taken into account, and that portion of any joint and survivor annuity which constitutes a qualified joint and survivor annuity [as defined in section 401(a)(11)(G)(iii) of the Code] shall not be taken into account.
 7. As of January 1 of each calendar year, the dollar limitation as determined by the Commissioner of Internal Revenue for that calendar year pursuant to section 415(d)(1)(A) of the Code will become effective as the amount in 1.a. above for that calendar year.
 8. For purposes of this Section Z 35 26, an employee's retirement benefit shall be deemed to include benefits under any defined benefit plan

maintained by a participating organization.

9. For purposes of this Section Z 35 26, the term “compensation” includes only the 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 organization. “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 organization contributions made on behalf of an employee to a simplified employee pension plan described in section 408(k) of the Code, to the extent such contributions are deductible by the employee under section 219(b)(7) of the Code; 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 organization towards the purchase of an annuity contract described in section 403(b) of the Code. Notwithstanding the preceding, effective January 1, 1998, “compensation” shall include any (1) elective deferral (as defined in section 402(g)(3) of the Code) made on behalf of the employee, and (2) an amount that is contributed or deferred by a participating organization at the election of the employee by reason of section 125 or 457 of the Code.

10. This Section Z 35 26 is designed to comply with the benefit limitation provisions of section 415 of the Code and shall be construed in such a way as to comply with those provisions.

11. 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.

12. Notwithstanding any other provision of this Plan, 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 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 his/her 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 45 12 for retirement allowance based on denominational employment after December 31, 1999.) Prior receipt of a Termination Settlement (see Y 40) 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 the previous year's taxable income. 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 in lieu of continuation of remuneration beyond the month of death.

8. *Sharing Cost of Contribution*—If an individual 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.

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 Retirement Plan Committee, 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 Retirement Plan Committee, 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 Retirement Plan Committee.

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. (see NAD Z or ZZ, Appendix I or II).

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.) Prior receipt of a Termination Settlement (see Y 40) 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 the previous year's taxable income. 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 in lieu of continuation of remuneration beyond the month of death.

8. *Sharing Cost of Contribution*—If an individual 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.

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.
- d. Partial retirement allowance granted under paragraph 9. above shall not be recovered from the employee should the employee resign prior to eligibility for retirement benefits. No further retirement allowance would be granted. However, if the employee becomes eligible for a termination settlement under Y 40, the partial retirement allowance may be considered as an advance against the termination settlement.

Y 46 15 Tuition Assistance for Children of Seventh-day Adventist Retirement Plan Beneficiaries—The tuition assistance policy for children of employees as stated in Y 24 shall apply to children of beneficiaries of the Seventh-day Adventist Retirement Plan of the North American Division except where superseded by the following provisions:

1. *Eligibility*—Participants in the Seventh-day Adventist Retirement Plan of the North American Division may be granted assistance for their dependent children if the participants:
 - a. Are admitted or are eligible to be admitted to the Plan directly from employment prior to January 1, 1998, or
 - b. Died while in denominational employment prior to January 1, 1998, and
 - c. Were eligible for tuition assistance from his/her last employer.
2. *Amount*—Assistance is provided toward the cost of tuition and regular fees. The maximum is 35 percent for day students and 70 percent for dormitory students.

- a. Children of disability participants whose benefit starting date is prior to January 1, 1996 and employees who are denied disability income because of a disability occurring during 1996 from a preexisting condition on January 1, 1996—100 percent of policy.
 - b. Children of deceased employees/retirees whose spouses are below retirement age and are not eligible for tuition assistance from an employer—100 percent of the policy as long as the surviving spouse remains unmarried.
 - c. Children of age participants with 35 or more years of service credit—100 percent of the policy. For those with less than 35 years, the assistance is 100 percent multiplied by the full years of service credit divided by 35.
3. *Exclusions*
- a. Scholarship grants or tuition assistance is not available from the Tuition Assistance Fund if the student is eligible to receive tuition assistance from a denominational employer.
 - b. Tuition assistance is not provided for children who are born or adopted after the participant discontinued full-time denominational service. However, an exception may be made for children born to a participant during the time he/she is receiving disability retirement benefits.
4. *Funding*—Tuition assistance for eligible participants shall be funded by an allocation of 1.2 percent of General Conference payroll through December 31, 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 if there is no surviving spouse, 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 Seventh-day Adventist Retirement Plan of the North American Division, their spouses, and dependent children may be granted assistance on health care expenses in accordance with provisions in the Health Care Assistance Plan for Participants in the Seventh-day Adventist Retirement Plan of the North American Division.

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 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, health care assistance will not be provided for employees with less than 40 years of qualifying service credit who become eligible for and elect to begin receiving retirement benefits prior to eligibility for Medicare until they meet the age qualification for Medicare. Eligibility for health care assistance available to spouses of retirees whose benefits are in the form of a joint and survivor annuity are determined by the eligibility of the retiree.

Y 46 19 Funding for Health Care Assistance and Death Benefit

1. Health care assistance and funeral allowances 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 and subsequent years	3.150%

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%
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2005 and subsequent years 3.150%

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 and subsequent years	2.700%

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 and subsequent years	2.940%

c. Conferences that employ local church and elementary personnel 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 Z 15 37, shall contribute to the Health Care Assistance and Death Benefit Fund the following percentages of payroll:

1992	0.5000%
1993	1.0000%
1994	1.5000%
1995	2.0000%
1996 and subsequent years	2.5000%

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	0.5000%
1993	1.0000%
1994	1.5000%
1995	2.0000%
1996-2004	2.5000%
2005 and subsequent years	3.1500%

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.

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 05-6. Employment by a participating employer on a full-time basis renders the participant ineligible to receive benefits from the Retirement Plan, except for those participants more than 70½ 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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