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Retirement Plan Set-up Guide

For Plan Sponsor

Free Methodist Church USA

403(b)(9) Plan

PENSERV
PLAN SERVICES

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403(b)(9) Plan Introduction

Welcome to the Retirement Plan for Free Methodist Church USA 403(b)(9).

This Plan has been designed to provide a simple, cost-effective benefit program that helps pastors and church employees prepare for retirement.

The Plan was developed in partnership with GuideStream Financial, an FM Financial company (the financial services ministry of The Free Methodist Church USA), and PenServ Plan Services, Inc., the Plan's recordkeeper and Third-Party Administrator. PenServ supports the day-to-day administration of the Plan, while GuideStream makes investment management, financial coaching, and in-depth retirement planning from a biblical stewardship perspective available to every participant.

Together, these partners will support you, the Employer, and your staff as you plan for retirement and build a secure financial future.

This Employer Guide is designed to help you implement the program and carry out the operational functions of administering the Plan. We are grateful for the opportunity to serve you and your staff in this important part of your organization's benefits program.

Establishing the 403(b)(9) Plan

To Adopt the Plan for your Church, the following steps should be taken:

- The church should determine how contributions will be applied to the Plan. Employer Contributions may be made in two forms:
    - Non-Elective Contributions. This contribution is made to all Eligible Employees whether or not they participate with Elective Deferrals.
    - Matching Contributions. These contributions are applied to all Eligible Employees who elect to defer a portion of their wages to the Plan. The Match is typically stated in terms of a percentage of salary deferred; for example, 100% of the first 3% of deferred compensation.
- Adopt specific language relating to the Minister's Housing Allowance. This will permit qualifying Ministers of the Gospel to use 100% of their retirement plan distributions as a housing allowance.
- Complete the required forms and return the material to the PenServ Team 70.

Administrative Forms And Purposes

The following forms should be completed and submitted to PenServ Team 70.

Plan Participation Checklist
Document outlining the items needed to add the Employer to the Plan and generate a new Participation Agreement.

Plan Adoption Agreement
The specific provisions adopted by the Plan Sponsor are described in the Adoption Agreement. This includes eligibility to participate, methods for applying contributions to participants and benefits to be paid when an employee becomes eligible to receive a distribution from the Plan.

Census Collection Worksheet
This is the information required to enter initial employee data to the Plan database. When an employee enrolls in the Plan, this information will be displayed to the user during the enrollment process.

Plan Sponsor Account Authorization
This will provide information on those individuals authorized to view and/or modify confidential employee data displayed on the Plan web portal. A separate login must be established for each individual with this access.

Bank Account Contribution Authorization
The information provided in this document will be used to extract contributions from the designated bank account each time a contribution file is submitted to the Plan.

Calculating Contributions

IRS regulations define compensation used in the calculation of contributions to a retirement plan. The Free Methodist Church USA plan defines that compensation as the W2 earnings reported on behalf of an employee. In the case of ministers receiving a housing allowance the calculation is somewhat different. Below is an example of the calculation that should be used for those individuals.

Elective Deferrals

Elective Deferrals made by a minister may not include the amount paid as a housing allowance. Therefore, if the individual earned $50,000 in regular wages and received a housing allowance of $20,000, the deferral amount should be applied only to the $50,000.

Employer Matching or Non-Elective Contributions

Employer Matching and Non-Elective Contributions made to the Plan may include the housing allowance. In the example above, $70,000 would be used to calculate the Employer contribution for this individual. If the contribution was made in the form of a match, 100% of the first 3% of deferred wages that basis for the calculation would be based on the full $70,000.

Example:

Participant	W2 Wages	Housing Allowance	Deferral Election	Deferral Amount	Annual Employer Match@ 100% of first 3% deferred	Employer 3% Non-Elective
Pastor A	$50,000	$20,000	3%	$1,500	$2,100	$2,100

Submitting Plan Contributions

Process Outline

The following steps will be applied to enter contributions to the Plan:

- Employees Eligible to Participant will enroll through the PenServ Plan Portal using the Enrollment Guide available with material and on the Plan Sponsor Website.

  NOTE: Employees may designate a percentage or a fixed amount to defer from each paycheck.

- When a new employee enrolls, an email is generated and sent to the designated staff member with information to be added to the payroll system.

  Example: Dave is an Eligible Employee with his Church. He enrolls in the system electing to defer 5% of his wages as a pre-tax contribution to the Plan. An email will be sent to Emily, the designated payroll contact for the Church. Emily will enter the 5% deferral into the payroll system and apply the appropriate coding for the deduction. Care should be taken to ensure the deferral is not subject to applicable payroll taxes.

  On the next pay date, the 5% deferral amount will be reflected in the payroll register. This report will be used to submit contribution information through the secure Plan web portal.

- Contribution information submitted through the Plan portal will be processed and the total contribution amount (i.e., Pre-Tax and Roth deferrals, as well as any Employer Matching or Employer Contributions) for the pay period will be posted to the participant accounts. Reports detailing the transaction will be displayed on the Plan web portal and email notification will be generated to the designated payroll contact. Details of this processing can be found in the Plan Administrative Guide and the Service Team is available to assist.

Using The Plan Sponsor Web Portal

Access to the web portal should be unique to each member of the Church staff that has been authorized to view or make changes to the system. If a staff member is no longer employed by the Church or the access should no longer be provided, an authorized representative should immediately generate a new Plan Sponsor Web Authorization and return the information to PenServ.

Implementation Forms

For Plan Sponsor

SAMPLE RESOLUTION OF CHURCH
APPROVING ADOPTION OF 403(b)(9) PLAN

RESOLUTION

WHEREAS, effective (Date), (Church) elects to adopt and participate in the Church of Christ MEP 403(b)(9) Plan employee retirement plan; and

WHEREAS, the Church resolves to apply for each Eligible Employee (Employer Matching) and/or (Employer Non-Elective) Contributions to the Plan in the amount of $ _____ and

BE IT RESOLVED, that 100% of the taxable distributions made from the 403(b)(9) Plan shall be designated as eligible for use as a housing allowance for qualifying Ministers of the Gospel; and,

RESOLVED FURTHER, that this Church, and each acting alone is, hereby authorized and directed to take such further action as may be necessary, appropriate, or advisable to implement this resolution, and any such prior actions are hereby ratified; and,

The undersigned hereby certifies the authorized representatives of this Church were present at a meeting duly and regularly called, noticed, convened, and held this _____day of _____202__, and that the foregoing Resolution was duly adopted at said meeting by the affirmative vote of those representatives, that said Resolution has been duly recorded in the Minute Book of the Church and is in full force and effect.

_____
Authorized Signature

SAMPLE RESOLUTION

Church of Christ MEP
PLAN PROVISIONS QUESTIONNAIRE

The following information is required to complete the Employer Participation Agreement.

EMPLOYER QUESTIONS	
I. Employer Name	
2. Physical Address	
3. Mailing Address (if different)	
4. City, State and Zip	
5. Federal Tax ID	
6. State Tax ID	
7. Tax Filing Status	IRS Approved Church Status Yes No If yes, please enter date _____
8. Contact for Legal Purposes (Administrator)	
9. Phone	
10. Email	

11. Have you ever sponsored another retirement Plan? Yes No
If yes, please provide name and Plan Number:

EMPLOYER QUESTIONS	COMMENTS
13. How are employee wages calculated? ☐ All Hourly ☐ All Salary ☐ Combination How frequently are Employees paid? ☐ Weekly ☐ Biweekly (26 pay periods ☐ Semi-Monthly (24 pay periods) ☐ Monthly Other: _____ On what date is pay distributed to employees? _____	
14. How will Employer contributions be made to the Plan? ☐ Employer Match _____ ☐ Initial Rate of Contribution ☐ Employer Discretionary Non-Elective _____	

Authorized Signature _____ Date _____

Name _____ Title _____

Church of Christ
MEP Census Collection Worksheet

Member Name

Date

Contact Name for Information

Email

Phone

Seq No	Soc Sec No	First Name	MI	Last Name	Date of Birth	First Day of Employmt	Street Address	City	ST	Zip	Email Address	Phone
1	999-99-9999	Sample	A	Employee	mm/dd/yyyy	mm/dd/yyyy	112 Main St; Apt 112	Anytown	PA	99999	john.jemployee@church.org	999-999-9999
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												

AUTHORIZATION AGREEMENT FOR AUTOMATIC DEPOSITS (DEBITS)
(If using separate payroll accounts, please complete one form for each)

EMPLOYER INFORMATION

Participating Member Name	Tax ID No.

I (we) hereby authorize PenServ Plan Services, Inc. ("PenServ") to initiate debit entries and to initiate, if necessary, credit entries and adjustments for any debit entries in error to the following [ ] Checking [ ] Savings account. I also authorize the financial institution named below to credit and/or debit the same to such account. If any transfer from this account is returned due to insufficient funds, I further acknowledge and agree that upon notification to the Trustee of such insufficiency PenServ will be reimbursed the amount of the insufficient funds plus any cost incurred by PenServ or its Agent as a result of the transaction. If such reimbursement is not made within 24 hours of notification to the Plan Trustee, PenServ is hereby authorized and directed by the Trustee to liquidate assets of the Trust sufficient to reimburse PenServ for any cost related to any and all transactions resulting from the insufficiency. I duly certify that I am an authorized signer of said account and have the right to enter into this agreement.

ACCOUNT INFORMATION

Name of Bank		
Branch	**City**	**State**
Bank Routing Number	**Bank Account Number**	

AMOUNT TO BE CHARGED: **Plan Contributions as directed by the Employer**

This authority is to remain in full force and effect until PenServ Plan Services, Inc. has received written notification from the Employer of its termination. It is further provided that written notification of termination will be provided in such time and manner as to afford either party a reasonable opportunity to act on such instructions. (Two signatures are provided for accounts that require a counter-signature for control purposes.)

Name	Name
Signature	Signature
Date	Date

PLEASE ATTACH COPY OF VOIDED CHECK
(Deposit slips cannot be accepted)

Return this form with the initial plan set-up materials.

PLAN SPONSOR AUTHORIZATION

Member Name	

As Authorized Signer for the above-referenced Plan, I hereby request electronic access for the following individuals. I understand this authorization includes the ability to read and print personal information relating to participants, including social security numbers, compensation, account balances and other data necessary to maintain Plan compliance. This authorization shall remain in effect until PenServ confirms to the Authorized Signer that instructions have been received to modify these instructions. The Signer also acknowledges that PenServ shall have no responsibility for any loss or distribution of personal information that shall result from this authorization.

Add, Remove or Modify User	Name	Email Address	Phone	Access Code [2]

[2] Access Levels Defined. Enter appropriate Code in column above. Multiple access codes may be applied to an individual.

CODE

- **SP4** Plan representative designated to upload payroll and demographic data to the system, submit, view and modify payroll data. Unable to modify participant elections to investments or salary deferrals
- **SP5** Plan representative designated to upload payroll and demographic data to the system, submit, view and modify payroll data. Able to modify participant elections to investments or salary deferrals
- **SP6** Receives all compliance notices generated by the Plan, including payrolls, late payroll notifications, funding remittances, contribution reports and changes to salary deferral amounts submitted through the Plan website.
- **FA1** Financial Advisor with view only access. Unable to enter changes to investments or salary deferrals on behalf of the employee
- **FA2** Financial Advisor with full account access. Able to enter changes to investments or salary deferrals on behalf of the employee

PLAN SPONSOR SIGNATURE AUTHORIZATION

The individual(s) below are authorized by the Plan Sponsor and (where applicable) the Board of Directors of the Employer to execute Plan documents and authorize Plan Administrator activities. The Signature of such Authority shall bind the Plan and the Plan Sponsor to any and all actions executed as the result of such Authority.

Full Name of Authorized Signer	Title	Signature

I acknowledge that authorization for the above-named individuals shall remain in effect until such time as written instructions to modify this authorization are received and accepted by PenServ. In case of the removal of any above-named individual, PenServ shall certify to the Plan Sponsor that action to remove access to any and all records has been completed. Until such time as this Certification has been issued, PenServ shall have no responsibility for actions taken by Authorized Signers.

NOTE: Original signatures are required for this Authorization.

Plan Sponsor Official Name	Title	Signature	Date

FOR INTERNAL PENSERV USE

Received (Time/Date)	Processed (Time/Date)	By:	Reviewed:



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