

FORM 20: EMPLOYER ADOPTION AGREEMENT — Instructions

Keep a copy of the Employer Adoption Agreement on file and send a copy to FCMM.

The Employer Adoption Agreement (Form 20) serves as a cover letter to the full FCMM Plan Document (Form 30) available online at www.fcmmbenefits.org. The agreement and the plan document together serve as the employing ministry's legal retirement plan document. It is important that the employer keep the Employer Adoption Agreement current in terms of the kind of retirement benefit provided. The IRS requires the employer to clearly communicate this benefit to its employees. The IRS further requires the employer to administer retirement contributions as adopted and communicated to employees. Failure to do so may result in significant penalties.

As a 403(b)(9) church plan, the FCMM Retirement Plan permits an employer to establish classes of retirement benefits. This flexibility allows the employer to acknowledge the diversity of staff members and provide appropriate, and sometimes varied, benefits to recognizable classifications of employees. However, the IRS requires that employees identified within a certain category all receive the same benefit. Failure of the employer to follow adopted benefits may result in penalties and fines.

Classes of employees should be established by objective criteria such as type of role, longevity, or other data. Classes should never be established based on specific individuals. (i.e. Do not list names.) Every employer will have *at least* one Employer Contribution Class, the *Plan Default Class*. **Default Eligibility:** Unless an employer specifies otherwise, any employee who is scheduled to work at least twenty hours a week or 1000 hours a year is eligible to participate in the plan.

The checklist below should help you in completing the agreement.

- Read the Agreement carefully
- Include any retirement plan terms that are unique to your church or organization.
- Complete an Employer Contribution Class description for each Employer Contribution Class. Make additional copies of page 3 as needed. Every employer will have at least one class.
- Any qualified church/employer official can sign.
- Notify employees of eligibility to receive retirement benefits including the ability to make salary deferral contributions. A sample notice of **“Right to participate in the FCMM 403(b) Retirement Plan”** can be requested by contacting FCMM.
- Follow the instructions on the final page for enrolling employees.
- Keep a copy of the Agreement on file.
- Submit a copy of this Agreement (pages 1-4) to FCMM.

For questions regarding this agreement, contact the FCMM office at (800)995-5357 or fcmm@fcmmbenefits.org.

IMPORTANT: The employer must keep the Employer Adoption Agreement current in terms of the kind of retirement benefit provided and must administer retirement contributions as stated in the Agreement. Failure to do so could result in significant IRS penalties.

_____, hereby elects to
Name of Employing Church or Organization

participate in the Free Church Ministers' and Missionaries' (FCMM) Retirement Plan, and agrees to remit to the Trustees of FCMM employer and/or salary deferral contributions for certain employees of the named church or organization. Employer contributions may be made annually, semi-annually, quarterly, monthly, or per pay period.

The individual terms and conditions of this Adoption Agreement are incorporated by reference into the FCMM Retirement Plan and together are intended to satisfy the plan documentation requirements of section 403(b)(9) of the Internal Revenue Code and the Treasury regulations thereunder for this qualified employer. The FCMM Plan must serve as the sole retirement plan of the adopting employer.

FCMM provides the Retirement Plan to eligible churches (including associations of churches, such as EFCA districts) and qualified church controlled organizations (QCCOs). A QCCO adopting employer must also submit Form 26 QCCO Certification for review and approval.

The FCMM Retirement Plan is an employer plan that receives contributions to participant accounts submitted by employers *only*. The amount may include either employer contributions or employee salary deferral contributions, or both. These contributions shall be limited by IRS Code sections 402(g) and 415(c) (see last page).

This agreement shall continue in force and effect until terminated by the:

- a) Written notice of cancellation of the agreement to the FCMM Plan, by the employer specifying a cancellation date at least thirty days from the date of the notice, or
- b) Termination of the FCMM Retirement Plan.

Employer contributions for the named church or organization will be determined based on the information adopted for the following Employer Contribution Classes. Contributions indicated as a percentage must be based on compensation. FCMM defines **compensation** as consisting of *the participant's salary plus housing allowance and any other amounts which are excludable from gross income* under sections 125, 132(f), 402(e)(3), 402(h), 403(b), or 457(b) of the IRS Code. See the FCMM Plan Document for more detailed information.

OPTIONAL

Terms Unique to this Adopting Employer (applies to all Employer Contribution Classes):

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EMPLOYER CONTRIBUTION CLASS DESCRIPTION(S)

Every employer will have at least one class (DEFAULT). Sections provided on pages 2 and 3 for additional Classes. Make copies of page 3 if needed.

CLASS #: DEFAULT



Plan Default Class: Per the FCMM Retirement Plan Document, FCMM has an *established eligibility criteria* for an employee's participation in the Plan. At a minimum, this default eligibility permits **any employee that works 20 hours or more per week OR 1000 or more per year to participate in the FCMM Retirement Plan by contributing voluntary Salary Deferral Contributions on a Pre-tax or Roth basis.** This parallels the *Universal Availability Rule* contained in IRS Code Section 403(b).

CONTRIBUTION TYPE(S) FOR THIS CLASS

- SALARY DEFERRAL**
Participants may voluntarily choose a tax-deferred contribution or Roth contribution. Must be offered to all eligible employees.

ELIGIBILITY

- PLAN DEFAULT**
All employees scheduled to work at least 20 hours/week or 1000 hours/year
- Other (*Overrides Plan Default*) _____

WAITING PERIOD

- PLAN DEFAULT**
Immediate upon employment
- First day of month after start of employment
- First day of month after completing 3 months of employment
- Other _____

VESTING – All contributions are 100% vested (fully credited to the benefit of the participant and not subject to forfeiture). FCMM does not allow delayed or partial vesting.

CLASS #: _____ Description: _____

CONTRIBUTION TYPE(S) FOR THIS CLASS

(Indicate relevant contribution type, amount, & frequency)

- EMPLOYER CONTRIBUTION**
Amount: (Percentages based on compensation)
 - 10% 5%
 - _____% \$_____**Frequency:**
 - Per pay period* Quarterly
 - Monthly Annually
- EMPLOYER MATCH OF EMPLOYEE CONTRIBUTION**
 - Match 100% of employee contribution up to 6%
 - Match 100% of employee contribution up to 3%
 - Match 50% of employee contribution up to 6%
 - Match _____% of employee contribution up to _____%
 - Match _____% of employee contribution up to \$_____
- SALARY DEFERRAL**

ELIGIBILITY

- Employees scheduled to work at least 20 hours/week or 1000 hours/year
- Other _____

WAITING PERIOD

- PLAN DEFAULT**
Immediate upon employment
- First day of month after start of employment
- First day of month after completing 3 months of employment
- Other _____

VESTING – All contributions are 100% vested (fully credited to the benefit of the participant and not subject to forfeiture). FCMM does not allow delayed or partial vesting.

EMPLOYER CONTRIBUTION CLASS DESCRIPTION(S) – Continued

CLASS #: _____ **Description:** _____

CONTRIBUTION TYPE(S) FOR THIS CLASS

(Indicate relevant contribution type, amount, & frequency)

EMPLOYER CONTRIBUTION

Amount: (Percentages based on compensation)

- 10% 5%
- _____% \$_____

Frequency:

- Per pay period* Quarterly
- Monthly Annually

EMPLOYER MATCH OF EMPLOYEE CONTRIBUTION

- Match 100% of employee contribution up to 6%
- Match 100% of employee contribution up to 3%
- Match 50% of employee contribution up to 6%
- Match _____% of employee contribution up to _____%
- Match _____% of employee contribution up to \$_____

SALARY DEFERRAL

ELIGIBILITY

- Employees scheduled to work at least 20 hours/week or 1000 hours/year
- Other _____

WAITING PERIOD

- PLAN DEFAULT**
Immediate upon employment
- First day of month after start of employment
- First day of month after completing 3 months of employment
- Other _____

VESTING – All contributions are 100% vested (fully credited to the benefit of the participant and not subject to forfeiture). FCMM does not allow delayed or partial vesting.

CLASS #: _____ **Description:** _____

CONTRIBUTION TYPE(S) FOR THIS CLASS

(Indicate relevant contribution type, amount, & frequency)

EMPLOYER CONTRIBUTION

Amount: (Percentages based on compensation)

- 10% 5%
- _____% \$_____

Frequency:

- Per pay period* Quarterly
- Monthly Annually

EMPLOYER MATCH OF EMPLOYEE CONTRIBUTION

- Match 100% of employee contribution up to 6%
- Match 100% of employee contribution up to 3%
- Match 50% of employee contribution up to 6%
- Match _____% of employee contribution up to _____%
- Match _____% of employee contribution up to \$_____

SALARY DEFERRAL

ELIGIBILITY

- Employees scheduled to work at least 20 hours/week or 1000 hours/year
- Other _____

WAITING PERIOD

- PLAN DEFAULT**
Immediate upon employment
- First day of month after start of employment
- First day of month after completing 3 months of employment
- Other _____

VESTING – All contributions are 100% vested (fully credited to the benefit of the participant and not subject to forfeiture). FCMM does not allow delayed or partial vesting.

FORM 20: EMPLOYER ADOPTION AGREEMENT (Page 4)

The adopting church or employing organization listed below, by executing this Adoption Agreement, hereby agrees to the terms, provisions, and conditions of the Plan, as it may be amended from time to time, and as supplemented by this Adoption Agreement.

It is agreed that the Plan will be amended only by the Trustees of FCMM. However, the adopting church or employing organization may from time to time change the options available to it under the Adoption Agreement, including the right to change the provisions of this Agreement as they relate to future employer contributions. Any such change must be reported by filing an amended Adoption Agreement.

The adopting church or employing organization agrees to:

1. Monitor the calendar year contribution limits for all Employer contributions, salary deferral contributions, and age-based catch-up contributions. Contact FCMM for more information on these limits. The adopting employing organization is required to inform its employees of the annual contribution limits and to submit completed Salary Deferral Agreements for its employees to FCMM.
2. Utilize the FCMM Retirement Plan as the sole retirement plan of the employer, unless fitting an approved exception.
3. Remit salary deferral contributions to FCMM within a reasonable time for the proper administration of the plan. An example of a reasonable time is no more than fifteen (15) business days following the month in which contributions are withheld from an employee's salary. The adopting church or employing organization understands that it must remit contributions within the required time periods prescribed by law, even if no invoice or reminder notice is provided to the adopting employing organization by FCMM.
4. Provide certain personnel information to FCMM upon an employee's termination of employment, retirement, death or disability. FCMM may request other information from the adopting employing organization at any time and for any reason in order to properly administer the Plan. The adopting church or employing organization agrees to cooperate with any information request from FCMM.
5. Notify all employees of their eligibility to participate in the FCMM Retirement Plan.
6. Make the Summary Plan Description (Form 38) available to all FCMM plan participants as a reference when questions arise about their 403(b) accounts.
7. Recognize FCMM as their agent for all matters involving this Plan and its participants.

When FCMM receives contributions, FCMM will credit such contributions to the FCMM Plan account for the employee(s) of:

Name of Employing Organization

Effective Start Date of this Agreement

Street Address

Signature Church/Employer Official

Today's Date

City, State, Zip code

PRINT Name & Official Position of Signer



REQUIRED:

Name, phone, AND email of person at the church who will be administering the retirement plan.

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NOTE: All participants must complete enrollment forms specifying their personal investment choices.

1. Enrollment Application (Form 01) – required of all participants.

This form has a section for both the employee and the employer to complete. On it, the employer specifies the employee class to which the participant belongs. An employer or church official's signature is required on this form.

2. Beneficiary Designation (Form 02) – required of all participants.

This form specifies who inherits the account upon death of the account holder.

3. Investment Selection Form (Form 03) – required of all participants.

This form indicates where contributions made on behalf of the employee will be invested. On this form, the employee specifies investment choices and can agree to a voluntary salary deferral contribution from his or her paycheck.

4. Supplemental Investment Selection Forms (Forms 04, 05, 06, and 07) – required for those investing in the Self-Directed Mutual Funds or the Adjustable Rate Investment through CIF.

- American Funds (Option F), complete Form 04
- Vanguard Funds (Option G), complete Form 05
- Biblically Responsible Funds (Option J), complete Form 07 and
- Adjustable Rate Investment through Christian Investors Financial (Option H), complete Form 06.

IRS CODE SECTIONS 402(G) AND 415(C) CONTRIBUTION LIMITS

Only the *lesser of* \$56,000 or 100% of includible compensation (housing allowance is excluded) can be invested in the Plan for 2019. Within this amount a participant can elect to defer up to \$19,000 of annual compensation as salary deferral contributions. In 2019, a participant over age 50 can make salary deferral contributions up to \$6,000 above these limits. These limits apply to the total of all contributions to all 403(b) and 401(k) plans participated in and are adjusted annually by the IRS.

The FCMM Summary Plan Description is available at www.fcmmbenefits.org and should be made available to all FCMM plan participants as a reference when questions arise about their 403(b) accounts.

A copy of this form *must be kept at your location* for your records and sent to **FCMM.**

Submit this completed form to FCMM by mail, email, or fax.

Mail:

FCMM Benefits & Retirement
901 East 78th Street
Minneapolis, MN 55420

Email:

fcmm@fcmmbenefits.org

Fax:

(952)853-8474